



**Government of the Republic of Uganda  
Office of the Prime Minister**

## **Phase II Evaluation of the Implementation of the Paris Declaration in Uganda**



**FINAL REPORT**

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## **ACRONYMS**

AAA	Accra Agenda for Action
ADB	Asian Development Bank
AfDB	African Development Bank
APIR	Annual Programme Implementation Review
BADEA	Arab Bank for Economic Development in Africa
CHOGM	Commonwealth Heads of Government Meeting
DAC	Development Assistance Committee
DP	Development Partner
DRC	Democratic Republic of Congo
DWD	Directorate of Water Development
EAC	East African Community
ESIP	Education Sector Investment Plan
EU	European Union
FGD	Focus Group Discussion
FY	Fiscal Year
GDP	Gross Domestic Product
GOU	Government of Uganda
HDI	Human Development Index
HIV/AIDS	Human Immuno-Deficiency Virus/ Acquired Immune Deficiency Syndrome
HPIC	Highly Indebted Poor Countries
HSSP	Health Sector Strategic Plan
IDA	International Development Association
IRG	International Reference Group
JAF	Joint Assessment Framework
JBSF	Joint Budget Support Framework
KII	Key Informant Interviews
LG	Local Government
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries
MDA	Ministries, Departments and Agencies
MDGs	Millennium Development Goal
MoFPED	Ministry of Finance, Planning and Economic Development
MTEF	Medium Term Expenditure Framework
NAADS	National Agriculture Advisory Services
NDP	National Development Plan
NGO	Non Governmental Organisation
NIMES	National Integrated Monitoring and Evaluation System
NMEWG	National Monitoring and Evaluation Working Group
NPA	National Planning Authority
NRG	National Reference Group

OAG	Office of the Auditor General
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
OPM	Office of the Prime Minister
PAC	Public Accounts Committee
PD	Paris Declaration
PEAP	Poverty Eradication Action Plan
PFM	Public Financial Management
PMA	Plan for Modernisation of Agriculture
PRSP	Poverty Reduction Strategy Paper
SSA	South Saharan Africa
SWAp	Sector Wide Approach
UBOS	Uganda Bureau of Statistics
UDHS	Uganda Demographic Household Survey
UGX	Uganda Shilling
UJAS	Uganda Joint Assistance Strategy
UNDP	United National Development Programme
UNHS	Uganda National Household Survey
UPE	Universal Primary Education
USA	United States of America
USD	United States Dollar
USE	Universal Secondary Education



# 1 Executive Summary

## 1.1 Purpose and background

Uganda is home to a population of 31.8<sup>1</sup> million people with a nominal per capita gross domestic product (GDP) of USD 500 per person in 2009<sup>2</sup>. About 31% of the population currently falls below the national poverty line, one of the lowest in the East African Community. Growth in GDP has been above 6% per annum for the past eight fiscal years. The Gini coefficient is reportedly down from 0.43% in 2002/3 to 0.408 by 2005/6. Total aid disbursed to Uganda over the period from 2000/01 to 2008/09 rose to USD 1,120 million in 2003/04 before falling to USD734 million in 2005/2006 the year of signature of the PD. It immediately rose to a new peak of USD 1,277 million the following year but fell to a new low of USD512 million in 2007/08.

The aid architecture of Uganda is dominated by budget support which modality accounted for an average of approximately 42 % of total disbursements over the period from 2000/01 to 2008/9. This is followed by investment project assistance (29%) and project technical assistance (13%). There are more than 30 development partners present in Uganda. A major feature of this aid architecture is that the top three development partners together accounted for over three-quarters of disbursement in 2008/9<sup>3</sup>. The largest donors are at present The World Bank, the European Commission, 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.

The Phase 2 Evaluation of the Paris Declaration in Uganda is part of a global evaluation comprising 23 country evaluations<sup>4</sup>, and a number of development partner studies that have been commissioned by their Headquarters. It is part of the on-going monitoring of the implementation of the Paris Declaration (PD) and the Accra Agenda for Action (AAA) currently being conducted by the OECD DAC Working Party on Aid Effectiveness.

Uganda is one of the 57 Partner Countries that endorsed the Paris Declaration on Aid Effectiveness on 2 March 2005 together with 22 development partners. The agreement lays down 56 commitments that define new ways of working between development partners and aid recipient partner countries which are aimed at improving the quality and impact of aid so as to accelerate achievement of Millennium Development Goals. The commitments are organised around five key principles of effective aid, namely: Ownership, Alignment, Harmonisation, Management for Development Results, and Mutual Accountability.

The Accra Agenda for Action came into being in September 2008, after the Phase I Evaluation of the implementation of the Paris Declaration and the 3<sup>rd</sup> High Level Forum on Aid Effectiveness (2-4 September 2008) identified a number of additional concrete measures needed to deepen the implementation of the Paris Declaration. The AAA is a joint statement endorsed by ministers of developing and donor countries responsible for promoting

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<sup>1</sup> 2010 Mid-year estimates based on Census 2002 results

<sup>2</sup> Statistical Abstract 2010 (estimate at exchange rate of 1USD/2200)

<sup>3</sup> Development Cooperation Uganda Report 2008/9 which It shows 0 disbursements by USA

<sup>4</sup> The countries are: Afghanistan, Bangladesh, Benin, Bolivia, Cambodia, Cameroon, Colombia, Cook Islands, Ghana, Indonesia, Kyrgyz Republic, Malawi, Mali, Mozambique, Nepal, Philippines, Samoa, Senegal, South Africa, Sri Lanka, Uganda, Vietnam, and Zambia.

development and Heads of multilateral and bilateral development institutions pledging their commitment to take bold action to accelerate progress in the achievement of the PD commitments. Twelve pledges were made through the AAA, namely to: *broaden country-level policy dialogue on development; strengthen the capacity of developing countries to lead and manage development; strengthen and use country systems to maximum extent possible; reduce costly fragmentation of aid; increase aid's value for money; welcome and work with all development actors; deepen engagement with civil society organisations; adapt aid policies for countries in fragile situations; focus on delivering results; become more accountable and transparent to the public for results; continue to change aid conditionality to support ownership; and increase the medium-term predictability of aid.*

The **overall objective** of the Phase 2 Evaluation is to document, analyse and assess the relevance and effectiveness of the Paris Declaration in the country and its contribution to aid effectiveness and ultimately to development results, including poverty reduction. The **purpose** of the Uganda country study is primarily to answer the **core evaluation questions** on the effects of the Paris Declaration on both aid effectiveness and development results. The study assesses the effectiveness in this regard of development partners/agencies in the country, alongside that of the country stakeholders, and of the partnerships between them.

An important difference between the phase one and phase two evaluations is their focus. The first phase Evaluations of the PD took stock of the early implementation process looking mainly at **inputs and early outputs** that were used to feed into the 3<sup>rd</sup> High Level Forum on Aid Effectiveness held in Accra, Ghana, in September 2008. The second phase of Evaluations focuses on **outcomes and results** and is designed to answer the critical question of whether the intended long-term effects of the Paris Declaration are being achieved or advanced. Of particular importance and relevance to Uganda is the significance being placed on contextual issues in the evaluations, namely taking into account preconditions or enabling conditions that may have led to or inhibited positive development results supported by aid. Prior to the PD Uganda had well defined partner engagement frameworks around its Poverty Eradication Action Plan (PEAP) that are in many ways similar to the PD and therefore this fine distinction in the focus of the evaluation becomes significant.

The timing of the Phase 2 Evaluation coincides with the tabling and expected cabinet debate on the place of aid in financing the implementation of the country's new National Development Plan (2010/11-2014/15), a successor to the Poverty Eradication Action Plan (PEAP). *In this regard, the key question to be answered is whether or not aid has been effective and whether the country should rely on more or less aid in the implementation of its national development programmes.*

## 1.2 Overall Conclusions on Common Evaluation Questions

### 1.2.1 “What are the important factors (enablers and the inhibitors) that have affected the relevance and implementation of the Paris Declaration and its potential effects on aid effectiveness and development results (the Paris Declaration in context)?” (Core Question 1)

The PD principles were needed in Uganda to improve the effectiveness of aid in achieving more equitable income growth and poverty reduction. Uganda's growth path created opportunities that were skewed in favour of urban areas of the centre and the west, leaving

behind rural areas and northern and eastern Uganda where poverty is now concentrated. The emphasis of the PD on development results, especially the need to ensure that aid addresses gender and social exclusion issues was pertinent.

More prudent macro-economic management, two decades of private sector-oriented structural reforms and emphasis on decentralisation created the space for government, donors, civil society and the private sector to adopt new ways of working together promulgated by the PD.

Concrete steps taken by Uganda towards regional integration after signature of the EAC Treaty in 1999, the launch of the EAC Customs Union in 2005 and the signature of the EAC Common Market Protocol in 2009 have both fostered and hindered full implementation of the Paris Declaration. The focus of the EAC on reducing taxation levels for example, contradicted with the general agreement between the GoU and the development partners to increase tax revenues partly through higher levels of taxation.

The Poverty Eradication Action Plan Partnership Principles, the early SWAs which pre-date the PD (e.g., in health and education sectors), the UJAS developed in 2005 to strengthen ownership, and strategies for division of labour worked out by donors in consultation with the government created a fertile ground for implementation of the PD by creating the necessary institutional arrangements for donor-to-donor and donor-to-government coordination. Although the DoL exercise was not followed up after 2008, largely due to the protracted transition from the PEAP to a new National Development Plan (as donors were waiting for the identification of new priorities around which to divide their labour), the Phase I Evaluation of the PD concluded that the DoL exercise had been to some extent successful with some donors rationalising their sector presence to concentrate on fewer sectors where they had a comparative advantage. However, the DoL suffered from lack of strong government leadership. SWAs, on the other hand, led to more systematic dialogue between donors and the government, strengthened state party leadership and improved aid coordination.

Political interests, wider style of economic governance and development partner sectoral interests have negatively influenced the manner in which the PD has been implemented in Uganda. The cycle of elections and new political manifestos for example has exerted pressure on existing PD commitments and to some extent undermined both government and donor commitments to the national development agenda. The fight against corruption has slowed and weakened by a general reluctance to hold those in high political offices accountable for financial misappropriations, prompting reprisal suspension of aid by some donors during the PD period. Development partners remain particularly concerned about the slow progress in curbing high profile corruption.

Rigid perceived sector mandates, interests and comparative advantage of some DPs have kept those DPs in some sectors like health and education even though such sectors have clearly been congested, leaving behind sectors such as environment and agriculture underfunded.

Performance assessment frameworks (PAFs) introduced as part of the General Budget Support have produced good results by tracking government processes and linking resources

to policy objectives, but greater scope remains for improving the indicators for some sectors (e.g., Agriculture) and the quality of information used to monitor the progress.

The lack of consensus among development partners on the ideal mode of funding remains one of the most stumbling blocks to successful implementation of the PD in Uganda. Some DPs are fully convinced that the use of GBS should be strengthened (DFID, Netherlands, Ireland, Nordic countries), whilst others (e.g., USAID, Japan, etc) are not convinced government systems are capacitated and safe enough, for them to use without major objections from tax payers in their home countries. Occasional surfacing of cases of fraud, and especially the non-conclusion of past court cases on these cases (for example, those on the CHOGAM), is one of the main barriers affecting the use of national systems by development partners. The others are aid policies of development partner countries which continue to hinder multi-year commitments and the use of government systems for public financial management and procurement.

Long contractual commitments between donors and government have been instrumental to the fairly stable ODA contributions to the budget despite some volatility in total aid flows to Uganda. Government's clear message on its preference for GBS as the ideal funding modality appears to have been effective in securing stability of support through this instrument. Adoption of GBS as a preferred instrument also helped improve budget monitoring and coordination of government programmes in general.

Sudden changes in national priorities and directions in poverty reduction (fluidity of policy) as well as new strategic partnerships that are outside of the traditional development partners have at times created a climate of confusion and uncertainty which eroded the confidence, genuine enthusiasm and commitment of traditional donors towards the PD principles.

The emergence of non-traditional sources of finance (e.g., China, India and Korea) and the proliferation of vertical funds for global and regional initiatives that support health and agriculture led by multi-lateral donors and large private foundations (e.g., the Gates Foundation) have both offered new funding opportunities but at the same time run the risk of undermining the core SWAp principles of harmonisation, coordination and an integrated sector policy framework. The sheer number of DP and NGO projects operating outside the SWAp modality and difficulties in coordination with the UN agencies also exacerbate this challenge especially in the health sector.

Political changes in development partner countries have also had an influence on the level of interest and commitment to providing aid to Uganda as well as the practical aspects of implementing aid. For example, changes in government in Sweden and the United Kingdom have resulted in more conservative signals that cut back on aid flows overall and call for more stringent measures around aid to counter corruption and financial leakages.

Fatigue over slow or non-realisation of tangible development results from SWAps appears to have started creeping in and holding back development partner support towards certain critical sectors.

**1.2.2 “To what extent and how has the implementation of the Paris Declaration led to an improvement in the efficiency of aid delivery, the management and use of aid and better partnerships (process and intermediate outcomes)?” (Core Question 2)**

Uganda started operating in a manner consistent with PD principles in the late 1990s before the PD principles were signed. Improvements in the quality of partnerships, management and use of aid and efficiency of aid delivery in general started before the PD and acted more as a catalyst for application of PD principles post 2005, which by and large resembled Uganda’s PEAP Partnership Principles. It is evident that there has been a strengthening of the ownership of Uganda’s national development framework as exemplified by the strong leadership by Uganda and the inclusiveness of the process of formulating the new National Development Plan. This strengthening of ownership is, however, inconsistent at sector level where it appears weak in health and agriculture but stronger in the water sector. In both agriculture and health, strategy has been driven by donors who contribute the largest aid flows to these sectors. Furthermore, CSO participation has not been optimal, and the Parliament has not fully and freely played its oversight and legislative function, a development that has undermined ownership to some degree. Parliament is still to be fully accorded its space to make critical decisions on new and existing aid, including monitoring its impact on the population and holding sector ministries and development partners to account.

Alignment of development assistance to national priorities appears to have been severely compromised by the poor articulation of priorities in the PEAP and the new National Development Plan. Both documents have been criticised especially by donors to be too broad and, typically failing to communicate shorter lists of priorities<sup>5</sup>, although, conversely some in government argue that the pillars of the PEAP and the policy actions to be achieved under each pillar offered an adequate framework for targeting aid hence the early success of SWAps in Uganda.

Alignment has mainly been through strengthening the use of the general and sector budget support instruments, leading to an increase in the number of donors using the instruments as well as the funding flows. Results of Phase I Evaluation of the PD concluded that the prominence of the general budget support instrument over other modalities has increased with the advent of the PD to the extent that most DPs misconceived the PD to be about delivering their aid through the GBS.

The coming into effect of the PD has strengthened Government of Uganda’s voice to donors over issues of alignment and harmonisation. The monitoring of the share of project funding managed outside government systems has also improved indicating increased government capacity to engage donors on processes and outcomes of the PD.

Project funding remains the mainstay of many large donors, and the extent to which these projects are aligned and harmonised with Uganda’s national development framework and

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<sup>5</sup> Jimat Consult (2008). Phase I Evaluation of the Implementation of the Paris Declaration in Uganda, Final Report.

preferred operational approaches depends on the level of involvement by the government in management of project aid, which in most cases is not strong in Uganda.

Though results management has improved partly as a result of lessons learnt from past experience in this regard, the progress made in recent times demonstrates a contribution of the PD. However, it appears, beyond the sectors that have SWAs, PD has not had any noticeable impact on quality of aid partnerships and efficiency of aid delivery.

Concrete measures that are being taken with the influence of the PD and Uganda's experience with the PEAP Partnership Principles are likely to be effective in building more inclusive and effective partnerships for development in the future. These include the provisions in the National Development Plan, the Partnership Policy, the Memorandum of Understanding that will supplement the Partnership Policy, and the institutional framework of the Local Development Partners Group.

Transaction costs remain high and these are associated with demands DPs are continuing to place on Government in terms of time, reporting needs, and use of the resources through numerous missions and meetings. Although coordination of missions has improved with a larger proportion of missions being carried out jointly and with good coordination, the improvement is not large enough to equally significantly reduce the absolute number of missions that are uncoordinated such that the Government of Uganda is planning to introduce a "closed season" during which missions will not take place to create uninterrupted time for government to continue executing its tasks without the burden of uncoordinated missions.

Aid flows remain highly unpredictable and may remain so in some cases until some of the donor countries shift from annual budget cycles to multi-year commitments. Multilaterals already provide aid through multi-year commitments, but what needs to improve is the system of some bilateral donors which confine aid commitments to annual cycles.

Efforts to monitor development impact and account for the results have been strong before PD but have been stronger during period of implementation of the PD. However, the main problem to be addressed for Uganda, which was also documented in the Phase I Evaluation of the PD, is not so much to do with measurement of outcomes and impacts per se, but about the weak monitoring of the quality of inputs and of implementation of aid financed initiatives, which is hindering aid effectiveness.

### **1.2.3 "Has the implementation of the Paris Declaration strengthened the contribution of aid to sustainable development results (development outcomes)? How?" (Core Question 3)**

Knowledge and application of the PD principles varies widely across sectors. Results in terms of development outcomes are also mixed across sectors, with health showing either a stagnation of some of the development outcomes or a decline in some indicators due to sustained periods of lack of leadership in critical positions which apparently has also led to reduced funding for the sector. Coordination of a large number of CSOs implementing fragmented projects continues to be a challenge, despite the advent of the PD, and perhaps militating against positive impact. Decentralisation of health service delivery to districts has

not been matched with improvement in staffing capacity at that level, which remained at an average of 56% and as low as 30% in the worst districts<sup>6</sup>. Constraints remain which raise the question whether the PD principles have enabled the government and DPs to better coordinate priority setting and direct resources to the critical areas of support for the health sector.

In the water sector, PD compliant aid funding instruments introduced prior to the PD were sustained post-2005. The conclusion reached in this sector is that aid effectiveness principles in general (and not the PD specifically although the declaration may have helped to solidify the focus on measures to improve aid partnerships) may have been instrumental to the substantial improvement in outcome indicators such as access to clean water, especially in the rural areas (access has risen from 50% and 60% in rural and urban areas to 65% and 66%, respectively, from 2000 to 2009).

Whilst the PD was ratified long after Uganda had introduced aid effectiveness principles that have improved the management of aid, the contribution of the PD in strengthening aid effectiveness instruments such as the Water Sector Working Group that pre-date the PD and have been working well in the sector is clearly evident with greater division of labour, greater transparency in procurement at central government level through the properly constituted contracts committees that are largely independent of political patronage and report to the Public Procurement and Disposal of Assets Authority and with improved results monitoring. In the water sector, the government and development partners coordinate policy and expenditure programmes using a well functioning common approach, with considerable investment in institutional strengthening for water supply management. The quality of dialogue is also considered to be generally higher than in other sectors (e.g., agriculture and health). In agriculture, no tangible impacts in relation to aid effectiveness principles in general or the PD, in particular can be observed. The sector has been characterised by constant development of new national strategies and programmes with little implementation. Both annual sector growth and the share of agriculture in total GDP have declined during the PD period. Absence of a SWAp for agriculture has hindered effective donor coordination and alignment. Knowledge of the PD principles among staff working in the sector has been scant. The plethora of policy and strategy documents has brought about inconsistencies and confusion among stakeholders in the sector and this partly explains the lack of achievement of measurable development results. It is not clear whether without the PD, the decline in sector performance could have been worse.

There is no convincing evidence to conclude that the PD has necessarily influenced priority setting in favour of the needs of the poorest, who include women and girls and those socially excluded. Both national plans developed prior to and after signature of the PD (PEAP and NDP) defined appropriate strategies for dealing with social exclusion. Despite existence of these strategies, social vulnerabilities and gender disparities remain.

Civil society efforts to promote gender and equity budgeting within government pre-date the PD, together with the efforts by the Ministry of Finance, Planning and Economic

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<sup>6</sup> Annual Health Sector Performance Report, Financial Year 2008/2009

Development to introduce gender and equity budgeting for use by government ministries. Such efforts have not succeeded to close capacity gaps at district level, where skills and incentives to address social exclusion, gender and equality issues in annual budgeting processes are lacking.

The PD has popularised the Budget Support instrument and to some extent Investment Project Finance, both of which rose to new highs after the signature of the PD. During the period of the PD, funding of the government budget also became more diversified with aid dependency declining by half from 70% of government expenditure in 2003 to 33% in 2009/10, but it is not clear how the PD may have contributed to this, since both the donors and the government have been emphasizing the implementation of more effective strategies for boosting tax revenues even before the signature of the PD.

PD implementation has sustained pre-PD initiatives for strengthening national service delivery capacity at all levels (central government, local government and civil society levels). This includes the capacity of ordinary poor men and women citizens to defend their rights through political decision-making processes, access to basic services and opportunities to earn meaningful income and realise their ambitions. Stronger capacity for development management has also been built in line ministries but this has not been uniform across central government (weaknesses remain in health, education and agriculture). Transparency has improved in the award of contracts at the central government level through properly constituted contracts committees, but capacities remain weak at the local government level where district tender boards lack capacity and qualified personnel, and are sometimes open to political influence from local councillors. At the central government level where capacities are stronger, each contracts committee is assisted by procurement secretariats that are supported by trained and qualified professionals.

Capacities to undertake value for money audits on government programmes and to investigate financial mismanagement have also been strengthened though challenges remain in effectively applying these new capacities at times because of undue political influence over these processes.

Capacity for planning and management has also been strengthened at local government level through the intensified donor influence and support to the decentralisation process but application of this capacity and value for money has been curtailed by policy reversals such as the elimination of the graduated tax which provided local governments with 5% of their total revenue which they used for discretionary expenditures. This removed an opportunity for local citizens to contribute directly to local development and thereby reduced accountability of local governments to local citizens. A larger share of the funds allocated to districts is spent on salaries and administration costs with little being left for service delivery.

NGO capacities have increased with expansion of the sector post-PD but provisions of the NGO Registration Amendment Act have imposed a tighter rein on their activities. It would appear the PD is of little or no consequence to unilateral declarations of policy or legal frameworks by the Government yet ideally and in the spirit of the PD principles, this should



be done after broad-based consultations involving the ordinary population, civil society organisations, the private sector, and development partners.

PD-associated increases in aid flows to Uganda in some sectors (e.g., works) have strained absorption capacities inherent in those sectors, exacerbating under-absorption of funds and prompting government to propose amendments to the Public Procurement and Disposal of Assets Act, which in the longer run may have detrimental effects on value for money and accountability in the use of public funds.

The increased investment in the water sector which has come about with successful implementation of PD principles is yet to be accompanied with strong environmental mitigation measures to prevent over-exploitation, degradation of water catchments, and pollution of water resources, thus risking sustainability and affordability of water resources.

Uganda is on course to achieving at least two of the eight MDGs by 2015 (Goals 1 and 3). ODA has clearly had an impact based on its weight in government expenditure, and the fact that it has become more aligned to government priorities, especially at sector level. Over the last five years, the PD has been a clear unifying factor behind DP and Government joint efforts to devise more effective strategies and keep a clear focus on accelerating the achievement of the Millennium Development Goals through better aid partnerships.

### **1.3 Key Lessons and Recommendations on Common and Specific Questions**

To add value, the PD commitments require fertile ground or enablers, such as enabling political governance, prudent macro-economic management, decentralisation, strong sector leadership by Government, including the presence of a Sector Wide Approach. The Government of Uganda and development partners should work towards introducing a SWAp in sectors where this modality has not yet been applied. In Agriculture, the CAADP Compact already offers a solid foundation for the launch of a SWAp in that sector.

The success of all PD principles hinges on the central issue of good governance (sound public financial management and procurement, respect for human rights and a strong and visible fight against corruption). With good governance, PD commitments would be easier to fulfil. Beyond PD critical thinking is needed on how to positively influence this precondition for aid effectiveness.

The PD in its current form is less influential in holding the executive to account for changes in governance that may negatively affect aid effectiveness and weaken the commitments by governments and development partners. Better mechanisms for donors and the executive of partner countries to hold each other accountable are also needed, and good ideas of what measures and mechanisms would promote this high level accountability need to be tabled at future international dialogue meetings on aid effectiveness.

Measures to increase opportunities for other interest groups likely to be able to influence the executive through Parliament and civil society voice to put pressure on the executive and on donors to create an enabling environment for efficient management of aid and to hold them

accountable for the delivery of development results are needed. Most importantly would be strengthening of mechanisms for ordinary citizens to exert their influence on key decisions by policy makers that have a bearing on aid effectiveness.

Genuine ownership requires political leverage and space as well as a legal-institutional framework that ensures that citizens – including the poor and the most marginalised women and men – are able to engage in decision-making processes and hold their governments accountable.

To improve the predictability of aid, development partners have to boldly shift from commitments that are based on annual budget cycles to multi-year commitments governed by medium (5 years) to long-term (10 years) development partnership arrangements. Whilst this is not an issue for multi-lateral institutions such as the World Bank, African Development Bank and the European Commission, who already provide multi-year commitments, it is a big policy issue for some bilateral donors such as the USA and Japan who are constrained by their constitutions back home. Serious discussions on policy and constitutional reforms that may be needed to improve the effectiveness of aid in future need to be boldly considered as a matter of priority by development partner countries.

Non-traditional development partners may not coordinate their efforts effectively with the OECD donors if not coerced by an explicit policy statement of the government to encourage their collaboration with other donors by joining aid effectiveness meetings and activities of the Local Development Group.

The use of aid conditionality to influence specific policy choices on the recipient country may erode the commitment of partner countries to the use of aid modalities that promote more effective use of aid (such as General Budget Support), thus reversing gains made in the implementation of the Paris Declaration principles. An appropriate set of good practice principles on aid conditionality should thus be developed and widely promoted for adoption by development partners, including non-traditional donors.

Project aid can crowd out critical strategies that require central financing to implement them. Recipient country governments should always maintain a strong involvement in the management of project aid in order to direct it to critical services as defined in the sector plans.

Uganda urgently needs a streamlined national policy framework for Agriculture to be developed and launched, building upon the CAADP Compact as a foundation for sector strategy and precursor to the eventual launch of a SWAp. Such a policy instrument should be developed in a consultative manner with leadership being provided by the Agriculture sector stakeholders.

As the nature of aid architecture is quickly evolving, the Government of Uganda should embrace new aid (e.g., from Global Funds or non-traditional sources like the Gulf States and China) but safeguarding the good practice principles for aid management which were enshrined in the Partnership Principles and are being strengthened under the up-coming

partnership policy and the existing SWAp arrangements. Parliament should be a clearing house for such aid but this institution needs to be appraised of the PD principles and the need to ensure that any new forms of aid do not undermine current aid relationships.

Year-round aid effectiveness activities should be imbedded into the work of the lead institutions driving the aid effectiveness agenda at country level (e.g., Office of the Prime Minister and the Ministry of Finance, Planning and Economic Development) and cascaded to sectors. Such work should include a strong information, education and communication component that promotes transparency and accountability in the use of all taxpayers' money (whether locally generated or donated to Uganda by external sources). The Government of Uganda should, in addition to utilising international PD monitoring surveys and evaluations, institutionalise a country-led processes for continuous monitoring of aid effectiveness and for influencing critical decisions in government (e.g., new partnerships) and the development partner community (e.g., tying of aid) that have an influence on aid effectiveness. At the global level these efforts at country level should be supported with the development and refinement of methodologies and user-friendly tools for monitoring and evaluating aid effectiveness, not only at intermediate result level (efficiency of aid management) but at final outcome and impact level (development effectiveness).

It is critical now to have another aid effectiveness round table at country and international level to generate innovations that keep the momentum high among those actively participating in efforts to improve efficiency of aid management and impact of the aid, whilst at the same time reinvigorating energy among those now trapped in aid effectiveness fatigue at country level.

The Government of Uganda should therefore urgently map expectations (and/or frustrations) at various levels in government and among the development partners in relation to aid effectiveness and develop appropriate strategies to meet these.

Transparency in policy decision making should be promoted in Uganda; any planned changes in policy should be adequately discussed with and communicated to development partners and civil society so that they can contribute through debate on the pros and cons of such decisions.

A framework to guide the entry into new partnerships with non-traditional donors should also be put in place that ensures such partnerships do not take precedence over existing partnerships but are preceded with adequate consultations both within and outside government and all the due care is exercised to maximise coherence and synergy with existing aid instruments. Prototypes of well functioning frameworks should be developed and promoted at international level to assist developing countries institutionalise technically sound models of clearing houses for aid.

#### **1.4 Conclusions on whether PD overall has been a success or a failure in Uganda**

In order to bring out a clear message on the conclusion of the study in relation to whether the PD was a success or not, the team used a customised OECD evaluation rating scale whereby various aspects of the PD could be rated on a scale of 1-4 as follows: 1=very successful; 2=successful; 3=some problems; 4=serious deficiencies.

In terms of PD impact on aid effectiveness (efficiency of aid management), the evidence appears mixed. When the evaluators judge the performance of the PD against each principle, the PD has been more of a success in areas that could be considered to be “softer turf” (that is, fostering of the principle of country leadership and ownership of the development agenda which might have otherwise been rated “1” had Parliament been accorded space to fully play its oversight and legislative functions, but will be rated a “2” due to this fact). It has also been fortuitous that the PD was implemented at a time when the Government of Uganda was redefining its development agenda, first by evaluating the Poverty Eradication Action Plan and then proceeding to formulate the new national development plan (NDP). The process put to test stakeholders’ understanding of PD principles, and their commitment to them, with both Government and the development partners initially not being sure of what in practice was meant by country leadership and ownership. For instance, the questions whether country leadership or ownership meant government drafting the NDP alone or with inputs of stakeholders, and if the latter, what would be the best way and timing of soliciting the inputs of stakeholders (e.g., of development partners) without undermining country leadership and ownership became real issues that were not fully resolved.

The PD registered gains but did not do so well in Uganda in more sensitive areas, such as alignment, harmonisation and mutual accountability which could be rated “3”, “3” and “4”, respectively. In sectors where country leadership has been weak (e.g., Agriculture and Health) the main issue of concern for alignment has been whether the policies and strategic plans have been the right ones with Agriculture having too many blueprints whilst Health has delayed completion of the review of its strategic plan.

The use of country systems by development partners, in particular, proved to be a complex undertaking and fraught with risks on both sides. On the recipient country side, the main risk that surfaced to development partners related to perceptions about the weaknesses in systems for public financial management and procurement, and the systems to fight high profile corruption in government. On the development partner side was the possibility of them unilaterally freezing/withdrawing aid at the slightest turn of events, for example, in the event that fraud or theft was detected, irrespective of its scale, or in the event that government made questionable decisions on controversial human rights issues, such as homosexuality. The risk that donor-supported on-budget government programmes would be derailed in the event of donors withdrawing support was real in Uganda and gradually eroded internal political support for the use of PD compliant instruments such as General Budget Support and at the same time gave non-traditional forms of aid more prominence as they appeared to be more predictable and less manipulative of government decisions.

Mutual accountability also failed on account of the lack of articulation by the PD of mechanisms to foster this principle and indicators to monitor progress in this regard. The timeframe for implementation of the PD was also too short for effective learning and refinement of the PD instrument as an aid effectiveness tool. The PD in its current form is less influential in holding the executive to account for changes in governance that may negatively affect aid effectiveness and weaken the commitments by governments and development partners. Better mechanisms for donors and the executive of partner countries to hold each other accountable are needed, including bolstering and leveraging on the activities of civil society and parliament. This principle can be rated a “4”.

PD progress in fostering the principle of managing for development results is evident through better integration of results-based management principles into planning, budget

tracking and strengthening of national systems for performance measurement and monitoring. It can be rated a “2” though more work remains to be done on linking aid to development outcomes and in monitoring the quality of aid (in terms of the mix of aid instruments, conditionality, timeliness of disbursements, adequacy of resources, etc), other complementary inputs into the sector and the quality of delivery of the activities funded by the aid.

In relation to development effectiveness, the evidence is not conclusive on whether the PD has been successful and depends on the sector and whether or not it had a SWAp arrangement prior to and during the PD, which tended to catalyse the implementation of the PD principles, all other things held constant. Other countervailing factors appear to have hampered initial progress made through aid effectiveness principles. They range from capacity inadequacies, lack of strong leadership and clear strategy in some sectors, declining funding and the crowding out of service delivery by administration costs. Due to this mixed evidence, the sector level added value of the PD in relation to development outcomes can be rated a “2” for water sector, or “3” for both health and agriculture.

### **1.5 Recommendations for the Period beyond the PD**

Globally, the discourse on aid effectiveness should now shift to helping developing countries to institutionalise good practices in strategies to improve aid effectiveness, based on evidence of what works and what doesn't work which has been generated from implementation experience of the PD. Special focus should be on making aid achieve development outcomes and impacts and best practice in evaluating such impacts should be further developed, refined and well documented. Needed support should be mobilised and provided to developing countries to institutionalise them.

Development partners should continue to provide indicative resource allocations on a multi-year rolling plan basis and improve reliability of disbursements in order to improve aid predictability and this could be further buttressed by multi-year aid agreements with the aid recipient country. Bilateral DPs that are constrained by their home country constitutions and aid policy frameworks should seriously consider aligning with those of other countries that are able to commit on a multi-year framework, though disbursements may continue to be effected annually to promote accountability for resource use on the part of the aid recipient country.

Top priority should be given by DPs to building national systems for public financial management and procurement by using them, as opposed to strengthening them from outside. Recent experience involving corruption in the developed world also shows that even the most developed systems can be manipulated. Hence, a genuine sense of partnership is necessary to cultivate trust between the DPs and the recipient governments, and such a partnership should seek to jointly address challenges (e.g., fraud) as they manifest rather than use them as a basis for DPs to criticise Government systems leading DPs to discontinue the use of national systems or, consequently, Government to change the preferred source of aid or delivery instrument.

In addressing new global challenges such as climate change, DPs should promote the use of existing aid delivery channels that favour harmonisation of approaches with other development partners before introducing new ones. Foundations should embrace the PD principles and promote the channelling of their funds through government preferred aid

modalities at country level. They should also use national systems, but strengthen them with safeguards that have sufficient rigour to guard against misappropriation, fraud or outright theft.

Since good governance is the pillar of aid effectiveness, support for increasing the capacity and voice of all development actors, including non-state actors, to take an active role in dialogue on development policy and governance issues should be prioritised by DPs and the recipient government. DPs should collaborate more closely on framing better country level dialogue and support around issues such as high profile corruption, and respect for human rights.

As Uganda transitions from the Poverty Eradication Action Plan to the new National Development Plan whose vision is to enable Uganda to takeoff into middle income status, the discourse on aid also has to change with emphasis shifting from “aid for recovery” (from war, etc) to “aid for economic take-off”. This entails a shift in focus to a new type of aid, quantity of aid and a new nature of engagement with DPs. This re-orientation must be advanced through the new Partnership Policy.

As Uganda graduates from LDC status to middle income status, the nature of aid will change by reducing the share of grants in total aid and increasing the share of loans, payable from local resources such as the newly discovered oil. The terms of aid (in this case borrowing) will have to change as the countries borrows more for business and pay back through oil revenues. These changes will define new aid partnerships that might undermine the existing grant-based relationships and care needs to be taken to ensure the importance of the latter, even in reduced magnitude is recognised and safeguarded.

The PD principles are not a panacea to development challenges confronting developing countries. Limitations associated with greater efforts towards harmonisation and alignment, for example, need to be identified and ways to address them found. For instance, while efforts by DPs to strengthen Harmonisation and Alignment have seen the DPs supporting the government-led Universal Primary Education in Uganda, the low primary school completion rates and little support going to technical vocational education and training (TVET) mean that a large number of pupils are not reached by aid. Hence in future DPs should identify other areas of support to cater for those excluded from government priorities due to other socio-economic factors that marginalise them. Support to post-primary education for literacy and numeracy and that for the TVET system to produce an enterprising population are both critical to complement resources already being channelled to priorities in the formal education system that have been identified by the partner country.

## **2 INTRODUCTION**

### **2.1 The Paris Declaration and Accra Agenda for Action: Engagement of Uganda**

The Paris Declaration on Aid Effectiveness was endorsed on the 2<sup>nd</sup> March 2005 by over 100 Heads of Governments and Head of Agencies from 22 Development Partners and 57 Partner Country Governments including Uganda. 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. The PD lays down 56 commitments to improve the quality and impact of aid and to improve the effectiveness of aid for the stated purpose of accelerating the achievement of the 2015 Millennium Development Goals and reducing poverty and inequality.

The implementation of the PD was followed by several on-going aid effectiveness policy debates. The climax of these debates was the High Level Forum 3 on Aid Effectiveness held in Accra, Ghana in September 2008. The High Level meeting in Ghana came up with the Accra Agenda for Action. This Accra Agenda for Action adapted several commitments by all stakeholders. The Accra Agenda for Action Further specified some of the PD's commitments with the aim of in particular of strengthening country ownership; building more inclusive partnerships; and sharpening the focus of development results.

Uganda has been at the fore front of reforms to strengthening aid effectiveness since the late 1990s with the development of its own partnership principles and national development strategies. In 2005 when the PD was signed, the country embraced it and utilised it to enhance its engagements and relationships with development partners in the country. The country engaged and continues to do so with regards to national and international efforts to strengthen aid effectiveness.

### **2.2 Purpose and Scope of the Phase Two Evaluation**

This report presents results of the second independent Evaluation of the Implementation of the Paris Declaration in Uganda. The study was 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 overall purpose of the evaluation is to answer the core evaluation questions on the effects of implementation of the Paris Declaration on aid effectiveness and development results, including poverty reduction. The evaluation assesses the effectiveness in this regard of the Development/agencies in Uganda, alongside that of Uganda country partners, and of the partnerships between them. The aim of the evaluation is to document, analyse and assess the relevance and effectiveness of the PD in Uganda and its contribution to aid effectiveness and ultimately to development results, including poverty eradication.

The specific objectives include:

- To document the results achieved in Uganda through implementing the PD;
- To enable the country and development partners active in Uganda to clarify, improve and strengthen policies and practice consistent with the PD in pursuit of aid effectiveness and development effectiveness;
- To highlight barriers and difficulties that may have limited the effectiveness of the PD and its effects and impacts- and ways that these barriers and difficulties may be overcome; and
- To enable sharing and exchange of experience among stakeholders with other countries and partnerships to facilitate reflection, lesson-learning and policy improvement.

The TORs for the Uganda Country Level Evaluation were specifically customised to;

- i. Assess the success and shortfalls of the implementation of the PEAP Partnership Principles from 2003;
- ii. Evaluate the performance of the Joint Budget Support assessment Framework and the use of its assessment instrument, the Joint Assessment Framework (JAF) for measuring Government and development partners' performance; and
- iii. Review the process of developing a partnership Policy for the Country and advise on how to strengthen its uses in enforcing the implementation of the principles of the PD in the Country.

## **2.3 Approach, Methodology and Limitations**

### **2.3.1 Conceptual and Analytical Approach**

The Second Phase Evaluation is a participatory qualitative assessment of three main aspects: (1) the contextual relevance of the PD in Uganda and factors that positively or negatively affected the process of implementing the PD commitments, (2) the impact of the PD on efficiency of aid management, and (3) the contribution the PD has made towards achievement of sustainable development results. Efficiency of aid management in this study refers to “the arrangement for the planning, management and deployment of aid that reduces transaction costs and is targeted towards development outcomes including poverty reduction” while sustainable development results are expected to be found at two levels: (a) “the capability of States and other development actors to transform societies in order to achieve positive and sustainable development outcomes for their citizens” and (b) “achievement of sustainable development results related to MDGs that have country level impacts that have discernable effects on the lives of the poor”<sup>7</sup>.

The qualitative assessment is about analysing the relevance of the operating environment (political, social, and economic) of the PD in Uganda, the nature of behaviour change that has occurred among development partners and the partner country, and the development results that have been enabled or supported by this behaviour change. The study adopts the

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<sup>7</sup> See “Evaluation of the Paris Declaration, Phase 2 - Approach Paper”. 25 May 2009.



“**theory of change approach**” and uses it to interrogate fundamental assumptions underlying both the “logic chain” and anticipated “results framework” for the PD to see if these have held true in the Ugandan context. It uses **multiple descriptors and multiple sources of evidence** to allow sufficient **rigor and triangulation** of emerging findings before drawing conclusions and recommendations. The approach involves looking back at what has happened in the past (**retrospective summative analysis**) as well as the future focus of the national and global debate about making aid more effective (**formative analysis**).

### **2.3.2 Sampling**

The sampling of sectors and key stakeholders included in the evaluation was based on an analytical framework that situates the assessments between two important time frames – Pre and Post-PD (2005). Furthermore, the performance of sectors and the engagement of different institutions covering the period from 2000 to 2010 was an important part of the analysis. Key stakeholders who were both the focus of investigations and sources of information consists of government (including Line Ministries and agencies), Development Partners (bi-lateral and multi-lateral); Civil society organizations<sup>8</sup> were selected based on a stakeholder analysis which focused on an assessment of respective roles, interests, priorities and influence in the selected sectors. These stakeholders were key people, groups of people, or institutions such as aid-coordination groups and structures (national, sector, theme, programmes), other joint groups (donor, government, civil society), joint missions, donor country offices, line ministries, policy-making processes.

The assessment linked to both institutional appraisal and social analysis: drawing on the information deriving from review of documents, the NDP, DP’s country strategy papers, independent monitoring and evaluations reports, key informant interviews and focus group discussions.

There are in total 17 Government sectors, and sampling the sectors was based on the level of implementation of PD principles and extent of PD outcomes at pre- PD (2005) and currently. As indicated in the inception report, the sampling was designed to select one sector from those sectors that were judged as at a low level of PD principles implementation pre- PD and currently remains at a low level; another sector which was at a medium level of PD principles implementation pre-PD and currently remains at the same level will also be selected for assessment. Finally, one sector that is has moved from being at a medium level pre-PD and which has since moved to a high level of PD principles implementation will also be selected for assessment.

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<sup>8</sup> Government

- The Office of the Prime Minister
- Line Ministries
  - the Ministry of Finance, Planning and Economic Development
  - the National Planning Authority
- Development Partners
- Aid co-ordination groups
- Other joint groups (donor, government, civil society)
- Academia
- Local Consultants

Each sector's status in relation to PD implementation was obtained from preliminary consultations with a cross-section of stakeholders and OPM and review of the PD First Phase Evaluation and PD monitoring reports. Apart from determining progression of sectors in PD principles implementation another important criterion used to select the three sectors for assessment was availability of well-documented statistical information on development results to make the assessment feasible. The strategic focus of the three selected sectors will be considered in detail because this is more likely to deliver a considered assessment of aid effectiveness and provide the benchmarks for assessing overall performance against the Paris Declaration. The rationale for selecting Health, Water and Agriculture for assessment is based on the criteria set out in the analytical model for this evaluation as outlined above and agreement with a sample of stakeholders including OPM.

### **2.3.3 Data Collection**

The evaluation used both qualitative and quantitative data collection approaches, and these included: desk research and review of existing reports and secondary data; face to face semi structured interviews; self administered structured interviews; focus group discussions; and workshops. The range of methods for the evaluation presented in the evaluation framework included:

- a. **Document review against structured checklist** – documentary review was used to assist in the analysis of the context, extent of PD implementation and statistics on aid delivery, development and socio-economic indicators, economic and budgetary data. These documents included reports from government and donors, evaluations, media reports, sector programmes, etc.
- b. **Key Informant Interviews** – The consultant engaged stakeholders from government and the development partner agencies, civil society and academia in a face to face interviews using a purposely developed interview guide
- c. **Focus Group Discussion (FGD)** - FGDs were used to build consensus on broad issues during the evaluation. These issues were followed up during in-depth key informant interviews and documentary review. The FGDs were carried out in working group format with a cross-section of stakeholders – civil society, development partners and government.
- d. **Consensus Workshop** – A workshop will be held once a draft final report has been prepared and a workshop program will be developed at that stage. Participants to the workshop will include as many stakeholders involved during the information collection stage as possible. Such participants will include development partners, government civil society and media, academia and private sector. The purpose of the workshop would be to validate the findings of the Consultants. A workshop programme to systematically guide the workshop will be developed after the drafting of the report.

In order to undertake the assignment in a systematic manner, the following instruments were developed and utilised:

- a. **Semi-structured Key Informant Interview guide** – This guide was developed prior to interviews to help ensure systematic coverage of questions and issues by

team members working individually. The topics were developed around the evaluation questions, but grouped and targeted according to the organisation or individual being interviewed. Being semi-structured, they allowed interviewers to explore unforeseen avenues of enquiry as issues arose. Interviews were held with officials at different levels of government, donor representatives and observers, civil society representatives, private sector representatives, parliamentarians and politicians at different levels.

- b. **Structured interview guide** – structured interviews was aimed to capture a large proportion of stakeholders by the evaluation. Adoption of this tool was aimed at enabling the team to question a wider range of respondents and those who are geographically dispersed via the internet to gather views that otherwise might not have been possible to incorporate. The questionnaire was distributed by e-mail or hand delivered to identified stakeholders for the evaluation.

#### **2.3.4 Limitations**

Although Uganda has many sources of data including the Uganda Bureau of Statistics which has undertaken many studies and produced broad national statistics, detailed national and sector statistics presented some challenges. There are administrative statistics from many sectors. However, national impact related statistics presented a challenge. Although an agricultural census commenced in 2008/2009, this has not been finalised and results issued. As a result, the team worked with data old data from the Agriculture and Livestock Census held in 1990/91 and the Annual National Household Survey of 2005/6. Development outcomes data was a challenge across all sectors. These data sources have been complimented with evidence from relevant sector studies and assessments.

As already indicated, the process of ownership, alignment and harmonisation in several sectors in Uganda including health started prior to the PD. However, at the level of impact and outcomes, the challenge is how to interpret the results in the selected sectors with reference to the PD although, as far as overall poverty reduction is concerned, available national data suggest a positive trend.

Another factor that makes attribution difficult relates to the growing influence of non-aid resource flows and growing aid (private and official) outside the PD frameworks, which means that significant development assistance remains off-plan (meaning that it is not linked with the Governments' development priorities) and off-budget (meaning that it is neither reflected in the Government's budget nor disbursed through Government systems).

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**PART I:**  
**THE PARIS DECLARATION IN CONTEXT**

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### **3 KEY FACTORS RELEVANT TO THE IMPLEMENTATION OF THE PARIS DECLARATION IN UGANDA**

#### **3.1 Key Characteristics that have been relevant to the implementation of PD**

##### **3.1.1 Human development and social and poverty trends**

Uganda’s Human Development Index (HDI) score, which among other indicators, considers life expectancy, literacy, and education enrolment rates, improved from 0.508 in 2000 to 0.581 in 2006 before reducing again to 0.514 in 2009. This is lower than the score of Kenya (0.541) and Tanzania (0.530) in 2009 but within the range of the medium human development category countries. Uganda’s 2009 HDI score translates into a rank of 157 out of 182 countries with data (Table 1). The improvement in Uganda’s HDI from 0.508 in 2000 is mainly attributed to the Universal Primary Education (UPE) program that has improved school enrolment as well as disposable per-capita income.

**Table 1: Uganda’s Human Development Index 2007**

<b>HDI value</b>	<b>Life Expectancy at Birth (years)</b>	<b>Adult Literacy Rate (% ages 15 and above)</b>	<b>Combined Gross Enrolment Ratio (%)</b>	<b>GDP Per Capita (PPP US\$)</b>
1. Norway (0.971)	1. Japan (82.7)	1. Georgia (100.0)	1. Australia (114.2)	1. Liechtenstein (85,382)
155. Djibouti (0.520)	155. Burkina Faso (52.7)	106. Comoros (75.1)	126. Viet Nam (62.3)	161. Burkina Faso (1,124)
156. Lesotho (0.514)	156. Malawi (52.4)	107. Kenya (73.6)	127. Vanuatu (62.3)	162. Mali (1,083)
157. Uganda (0.514)	157. Uganda (51.9)	108. Uganda (73.6)	128. Uganda (62.3)	163. Uganda (1,059)
158. Nigeria (0.511)	158. South Africa (51.5)	109. Guatemala (73.2)	129. Equatorial Guinea (62.0)	164. Afghanistan (1,054)
159. Togo (0.499)	159. Cameroon (50.9)	110. Lao People's Democratic Republic (72.7)	130. Malawi (61.9)	165. Nepal (1,049)
182. Niger (0.340)	176. Afghanistan (43.6)	151. Mali (26.2)	177. Djibouti (25.5)	181. Congo (Democratic Republic of the) (298)

*Source: Human Development Reports 2007 and 2009*

**Table 2: Movements in Uganda’s Human Development Index (HDI)**

	2000	2002	2003	2005	2007	2009
HDI	0.508	0.449	0.488	0.581	0.514	0.514

*Source: Human Development Report 2007 and 2009*

Over the last decade, Uganda has made significant strides in reducing poverty, closing the gender gap in education, and improving health service delivery. The proportion of people living in poverty fell from 57 percent in FY93 to 31 percent in FY06. However, there is

substantial and growing urban-rural inequality and inequality between regions. The national Gini coefficient fell from 0.428 percent in 2002/03 to 0.408 percent in 2005/06<sup>9</sup>, because of a reduction in urban areas (from 0.483 to 4.43) while the rural areas remained unchanged at 0.363.

**Education:** Since the introduction of UPE in 1997, net enrolment has increased to about 92 percent for boys and girls, although completion rates remain low at 52 percent. In 2006, Uganda launched a phased universal post-primary education and training program to absorb an increasing number of primary education graduates and improve the low secondary enrolment rates (27 percent in 2008). However, the Ministry of Education's annual sector reviews and a draft parliamentary report reviewing the government's free education programs have warned that increases in enrolment are overstressing the capacity of existing school systems and facilities, negatively affecting quality of education.

**Gender:** Since 1990, Uganda has exercised affirmative action in favour of women with regard to admission into universities and other tertiary institutions. Women applying for admission into institutions of higher learning are awarded extra points in addition to their scores to increase their chances of gaining admission. Indeed, the policy led to significant increase in the number of women at universities. The proportion of females to the total student enrolment increased from 31% in 1993 to 40% in 2002 and up to 42% in 2004. In primary teacher colleges, women were 48% of the total student population in 2003.

At the national level, every district has an elected woman Member of Parliament. In addition, women are encouraged to compete with men for the other constituencies – nine women won parliamentary seats after contesting with men. Thus, in the 2006 elections which elected the current Parliament, 89 of the 310 elected members were women, representing 28.7% of the legislative body. This is an improvement from the 18% registered in 1995. Despite the improvements, however, the number of women MPs still lags far behind that of men, suggesting that the policy of affirmative action should be maintained and efforts to enhance women's participation doubled.

**Health:** Uganda's infant mortality and under-five mortality rates remain high. According to the 2006 Uganda Demographic and Health Survey (UDHS), infant mortality rate was estimated at 76/1,000 and under-five mortality rate at 137/1,000 (UNHS 2005/6). Overall there was a downward trend in mortality rates though of limited magnitude: infant mortality rate declined from 88/1,000 in 2000/1 to 76/1,000 in the period 2005/6 while under-five mortality rate declined from 158/1,000 to 137/1,000 over the same period (UNHS, 2002/3 and UNHS, 2005/6).

Indicators related to maternal mortality such as antenatal care coverage, delivery in health facilities, and medical assistance at delivery have progressed only marginally over the last ten years. As a result, maternal mortality in Uganda remains among the highest in the world, linked to high fertility and poor pre- and post-natal care, although there was a decrease between 2000/1 and 2005/6, from 880 to 550 per 100,000 live births, respectively (UNICEF, 2009) and to 435 for 2005/6 (UNHS, 2005/6).

As a result of the country's more than twenty-year fight against HIV/AIDS, Uganda has seen the prevalence of HIV infection among adults aged 15-49 years fall from an average

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<sup>9</sup> Annual National Household Surveys, 2002/3 and 2005/6

prevalence of 18% in 1992 to 6% in 2002 (UN, 2004). Nevertheless progress seems to be slowing down as the most recent estimates (5% in 2007) reveal that the prevalence declined by only 1 percentage point between 2002 and 2007 (UN, 2004; UNAIDS, 2008).

Access to health services remains a nation-wide problem in spite of the establishment of various programmes within the National Health Policy and the decentralization process. The Government removed cost-sharing fees from public health institutions in 2001, thus improving to some extent access to health services for the poor. However, inadequate and low-skilled human resources, poor infrastructure, equipment and utilities still hinder access to quality health care (UN, 2004).

**Water and sanitation:** health, especially in poor urban areas is exacerbated by poor water and sanitation despite the significant progress in increasing access to safe drinking water over the past decade (UNDP, 2007a). Access to safe water improved from 50% and 60% for rural and urban dwellers respectively in 2000/1 to 65% and 66% respectively in 2008/9<sup>10</sup>. Improvements in the rural sector were in line with the PEAP (Poverty Eradication Action Plan) target of 65% coverage by 2005 (MoFPED, 2003). Access to improved sanitation is at a similar level at 68% and 73% for rural and urban populations, respectively<sup>11</sup>. Poor sanitation coupled with unsafe water sources increases the risk of water-borne diseases and illnesses due to poor hygiene.

Overall, the social indicators outlined above reveal a slow but positive trend that masks concerns over the significant size of the population (approximately 31%) living below the poverty line.

### 3.1.2 Key Economic Features, Issues and Trends

Over the past two decades, Uganda has established a strong record of prudent macroeconomic management and structural reform. Uganda was one of the first Sub-Saharan Africa (SSA) countries to embark on liberalization and pro-market policies in the late 1980s. Uganda was also one of the first SSA countries to adopt a policy of decentralization. Through the 1990s, the government maintained a stable macroeconomic environment and continued to undertake private sector oriented reforms.

By 2006, Uganda had graduated into a mature reformer. Annual Gross Domestic Product (GDP) growth rates averaged 7 percent in the 1990s and accelerated to more than 8 percent over the seven years to 2007/08. However, due to rapid population growth, real GDP growth per capita averaged only 3.4 percent in the 1990s and around 4 percent in the 2000s (Table 3).

**Table 3: Key Indicators**

Indicator	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09
Real GDP growth (%)	-	8.5	6.5	6.8	6.3	10.8	8.4	9.0	7.0
Real GDP P/Capita growth (%)	-	5.1	3.1	3.4	3.0	7.3	5.0	5.6	3.6
Poverty Head Count)	44	38			38	31			
Inequality	0.40		0.43			0.41			

*Sources: Background to the Budget 2009/2010, NDP (2010)*

<sup>10</sup> Water and Sanitation Sector, Performance Report 2009

<sup>11</sup> Water and Sanitation Sector, Performance Report 2009

Macroeconomic stability and sound policies have helped sustain growth despite exogenous shocks. Conflicts in neighbouring DRC and Southern Sudan constrained regional trade. Post-election unrest in Kenya in December 2007 resulted in temporary closure of the main trading route to Mombasa, underscoring Uganda’s vulnerability as a landlocked country. Uganda has also endured droughts, a severe energy crisis, and surges in food and oil prices.

Private investment and exports have been important drivers of growth; both almost trebled in real terms between FY01 and FY08. Private investments were mainly driven by construction of commercial and residential property. The rise in exports was led by fish, tourism, and oil re-exports (and, to a lesser extent, flowers, tobacco, and maize), rather than the traditional exports of coffee, tea, and cotton. Primary agricultural commodities still account for more than 50 percent of exports, and exports of food staples to the DRC, Kenya, Rwanda, and Southern Sudan have increased in recent years.

The economy has undergone little (Table 4) structural transformation over the past decades, but at an increasingly slower pace. Over the period from 2001/2 to 2009/10, as share of GDP, agriculture, industry and services all remained stable with averages of 23.5%, 23.9% and 46.6% respectively.

**Table 4: GDP by economic activity at current prices, percentage share**

	2001/2	2002/3	2003/4	2004/5	2005/6	2006/7	2007/8	2008/9	2009/10	AVERAGE
Agriculture	23.3	24.5	23.8	25.1	24.1	22.3	21.4	23.1	23.9	23.5
Industry	22.8	22.7	22.9	23.5	22.8	25.1	25.8	24.7	24.6	23.9
Services	47.5	46.6	47.4	45.4	47.2	47.0	46.9	46.4	45.4	46.6

*Source: Background to the Budget 2008-9; 2009-10; Statistical Abstract 2010*

The labour market transition has lagged the structural change of the economy. Many economically active people are trapped in low productivity, low income activities due to both a poorly educated and rapidly growing (3 percent per annum) labour force. Agriculture and non-wage smaller enterprises employ the bulk of new entrants into the labour market.

In recent years, the government has shifted public expenditures towards addressing Uganda’s infrastructure constraints. The 2006 energy crisis, the deterioration of transport infrastructure, and analytical work highlighting binding constraints to growth led to a scaling up of infrastructure investments in the budget since FY 2008.

Uganda’s tax-to-GDP ratio is the lowest among East Africa Community (EAC) countries. Government revenue excluding grants amounted to 12.5 percent of GDP in FY 2009, compared to the EAC average, excluding Uganda, of 17.8 percent. Efforts to boost tax receipts have relied largely on improvements in revenue administration.

Uganda's economy was better positioned than many in Africa to weather the global economic crisis; but the impact of the crisis has become more apparent. Initially, Uganda’s economy showed resiliency due to strong fundamentals, prudent policies, comfortable reserves, and a sound and well regulated financial system. Exports, remittances, and foreign direct investment began to slow in late 2008, and the government responded with increased public investment expenditures as a fiscal stimulus. However, the planned stimulus did not actually happen due to under-spending. In FY09, GDP growth fell to 7.1 percent, only



slightly short of the projected 8.0 percent. In FY10, GDP growth is expected to fall to 5.6 percent.

Uganda has taken further steps toward regional integration since signing the EAC treaty in 1999. Uganda was a signatory to the EAC Customs Union launched in January 2005, which aims to reduce non-tariff barriers and stimulate trade. An EAC Common Market protocol signed in November 2009 will allow for the free movement of goods, people, and services, increasing Uganda's opportunities for regional trade and investment. Uganda has demonstrated its commitment to EAC integration by reducing tariffs, harmonizing standards, and supporting the establishment of the East African Legal Assembly. Tax reforms being undertaken as part of EAC Common Market regional integration initiatives will reduce taxation and this contradicts with the general push by government and donors for a higher tax regime to reduce aid dependency.

Uganda is also a member of the Common Market for East and Southern Africa (COMESA). The EAC, COMESA, and the Southern Africa Development Community are working to increase collaboration and launch a new East and Southern African Free Trade Area.

### 3.1.3 External and Domestic Resource Mobilization Patterns, and Place of Aid

The Development Cooperation Uganda Report of 2008/09 gives details of donor disbursement by type of assistance (Table 5). Total disbursements decreased from US\$1,039 million in 2004/05 to US\$512 million in 2007/08 before recovering slightly to US\$729 million in 2008/09. Generally, post PD total disbursements were below the pre-PD disbursements. We note however that immediately after signing the PD disbursements to Uganda increased to US\$1,277 million in 2006/07. The following year there was a dip in disbursements to only US\$512 million, partly attributed to governance concerns that some donors raised immediately after Uganda held Presidential Elections in 2006.

**Table 5: Donor Disbursements by Type of Assistance (USD Million)**

Type of Assistance	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	Average	
Debt Relief	0.6	-	-	-	0.7	-	-	1.9	-	0.4	0%
HIPC Debt Relief	74.4	71.1	68.4	61.7	65.1	81.2	51.6	50.0	67.3	65.6	7%
Budget Support	254.6	451.3	376.3	454.3	441.6	225.9	615.4	243.9	288.5	372.4	42%
Emergency Relief Assistance	18.5	24.7	24.7	47.0	59.9	0.7	0.5	-	-	19.6	2%
Food Aid	7.2	0.3	0.2	1.4	2.5	6.7	-	-	-	2.0	0%
Free Standing Technical Cooperation	47.8	41.3	46.4	56.6	35.2	57.5	51.3	8.3	10.0	39.4	4%
Investment project Finance	229.8	205.4	195.8	350.8	277.8	172.8	332.6	177.9	328.5	252.4	29%
Investment Related Technical Assistance	76.5	96.4	156.6	133.8	141.8	178.9	183.4	15.2	20.6	111.5	13%
Other Project Related Assistance	22.8	17.6	29.5	15.2	14.8	10.4	42.3	14.8	14.1	20.2	2%
<b>Total</b>	<b>732.2</b>	<b>908.1</b>	<b>897.9</b>	<b>1,120.8</b>	<b>1,039.5</b>	<b>734.1</b>	<b>1,277.1</b>	<b>512.1</b>	<b>729.1</b>	<b>883.4</b>	<b>100%</b>

*Source: Development Cooperation Uganda Report 2008/9*

It is important to note that data on aid to Uganda available on the OECD DAC website (Table 6) is generally higher than the data provided by the Aid Liaison Department of the Ministry of Finance, Planning and Economic Development and quoted in the DCR. The OECD DAC data which is captured on a calendar year basis shows an average of USD 1,446.12 million per year over the period from 2003 to 2009. This data also shows wide fluctuations in aid to Uganda. Further details of aid to Uganda as captured by the OECD DAC website and by the DCR are presented in Section 3.2 and Annexes 6 and 7 of this report.

**Table 6: Total Net ODA disbursements (USD Millions) to Uganda**

Year	2003	2004	2005	2006	2007	2008	2009	Average
All Donors, Total	997.48	1,215.64	1,191.91	1,553.68	1,737.02	1,641.25	1,785.88	1,446.12
Source: OECD DAC Website								

Despite efforts to improve domestic resource mobilization through deliberate measures to strengthen tax administration and widen the tax base, Uganda's domestic resources mobilization effort as measured by the Domestic Revenue/GDP ratio has generally stagnated since 2004/05, ranging between 12 percent and 13 per cent (Table 7). Therefore, the increase in tax revenues in nominal terms from UGX 2,230.85 billion in 2005/06 to UGX 3,662.32 billion in 2008/09 is almost exclusively a result of GDP growth, which as alluded to already, averaged over 7% per annum during the past decade.

**Table 7: Selected Indicators of Central Government Operations**

Description	Outturn 2004/05	Outturn 2005/06	Outturn 2006/07	Outturn 2007/08	Outturn 2008/09	Budget 2009/10
Tax Revenue/GDP	13.6	12.3	12.4	12.9	12.5	12.7
Domestic Revenue /GDP	13.8	12.7	12.8	13.3	12.6	12.9
Total Expenditure/GDP (inclusive of domestic arrears)	23.6	19.7	19.4	18.8	17.4	20.2
External Grants/GDP	8.5	4.9	5.1	3.0	2.9	3.6
Donor assistance/GDP	10.5	7.5	9.0	4.9	5.3	7.2
Donor assistance/total expenditure	44.5	38.1	46.4	26.1	30.4	35.6

*Source: Background to the Budget 2010/2011*

Government expenditure as a proportion of GDP ranged between 17.4 per cent in 2008/09 to 23.6 per cent in 2004/05, far above domestically mobilized financial resources. Uganda has been relying on foreign aid to bridge the gap between available resources and the desired expenditure levels. With a decision to reduce the fiscal deficit, the proportion of total Government Expenditure/GDP has generally been on the downward trend from 23.6 per cent in 2004/05 to 17.4 per cent in 2008/09, which explains the decrease in the fiscal deficit from 9.8 per cent in 2004/05 period to 4.8 per cent in 2008/09.

External resources mobilization, grants as a proportion of GDP fell from 8.5 per cent in 2004/05 period to 2.9 per cent in 2008/09. Similarly, total donor assistance as a proportion of GDP fell from 10.5 per cent in 2004/05 to 5.3 per cent in 2008/09. As a consequence of these developments, the proportion of the budget funded with donor assistance declined from 44.5 per cent in 2004/05 to 26.1 per cent in 2007/08 before rising slightly to 30.4 per cent in 2008/09.

While noting the decreasing significance of foreign aid in financing Uganda's national budget, foreign aid still remains a major source of revenue to government with about 30 per cent of the budget funded using aid resources. ODA finances over 70 per cent of the development budget as most of the domestic revenue goes to financing the recurrent budget. Crucial government programmes such as the Universal Primary Education Programme and the Universal Secondary Education Programme (USE) are highly dependent on foreign aid while the HIV/AIDS, Malaria and Tuberculosis programme is almost wholly dependent on foreign aid.

### **3.1.4 Governance and fragility**

Uganda improved the quality of governance in the early part of the decade by strengthening accountability sector institutions, introducing decentralization, and accelerating public sector and public financial management reform. However, despite considerable transparency and a strong anti-corruption legal framework, accountability and enforcement remain low. There are also several other significant actions that have shaped the governance arena in Uganda, including the opening up of multiparty political competition and the lifting of the presidential term limit. In addition, the high level of corruption and the mismanagement of public funds with impunity in the country have emerged as major governance issues that could adversely affect aid effectiveness.

The referendum on multi party politics, the removal of presidential term limits in 2005 and the holding of the first multi-party elections in February 2006 signaled a change in the political governance direction including a seemingly greater concentration of political power in the executive. There is evidence of increasing intolerance for variant political views as exhibited during the violent suppression of public demonstrations against arrests of opposition politicians, and intended sale of the Mabira Forest to a private investor amongst others. These actions have raised concern among development partners and civil society organizations about possible political fragility in the country.

A statement issued in August 2010 by a group of 11 development partners that support the Joint Budget Support Framework based on conclusions from an appraisal of government performance in 2008/9 captures donor dissatisfaction with government efforts to, among others, curb rampant corruption. These donors jointly finance Uganda's budget and typically contribute \$360 million (sh773.4b) as joint budget support.

Despite government's declared policy of "zero tolerance for corruption" and the

establishment of an array of anti-corruption agencies at the national and local levels, Parliament's Public Accounts Committee (PAC) and Local Government Public Accounts Committee (LGPAC) probes of cases of wrongdoing, corruption remains unabated.

In addition to the growing concerns over corruption in the country, there are concerns over social intolerance as demonstrated by the anti-homosexuality stance captured in the *Bahati Bill* which advocates the death penalty and prison sentences for offenders. Some donors have indicated that the passing of this bill would negatively affect the level of their development assistance to Uganda<sup>12</sup>.

### **3.1.5 Capacity development needs/priorities**

Uganda's National Development Plan identifies weak public sector management as one of the key constraints to economic development and poverty reduction. In particular, it highlights weak policy, legal and regulatory frameworks; weak institutional structures and systems; weak civil society and civic participation; inadequate data and information; inadequate standards and weak quality infrastructure; limited social protection and support systems; and weak management of environment and climate change<sup>13</sup>.

Uganda faces deficits in the supply of skilled human resources despite the large and fast growing youthful labour force and Government's efforts to provide education and training at many levels. The lack of skilled human resources is associated with quality issues in the education systems including low completion rates, limited capacity in the vocational and technical training institutions, and the brain drain in the country. This is exacerbated by inadequate manpower planning in key areas of the economy<sup>14</sup>.

Although considerable effort has been made to reduce corruption, including putting in place appropriate legal and institutional framework, it still affects public service delivery in the country. The citizenry is not adequately empowered to effectively demand for better performance from government institutions.

In spite of efforts to realise results in service delivery in sectors such as health, education, agriculture, water and sanitation, etc, critical capacity challenges, such as: (i) public sector financial (including procurement) management both at the central and local government levels; (ii) recruitment and retention of qualified staff to implement the decentralisation policy; and (iii) monitoring and evaluation of government programs at all levels, still remain.

### **3.1.6 National development and cooperation strategies and outcome based monitoring and evaluation**

Uganda has implemented its development strategy throughout the decade, firmly anchored on its Poverty Eradication Action Plan (PEAP) framework which is also the country's PRSP. PEAP has been Uganda's overarching policy framework for achieving economic development in Uganda since 1997. PEAP 1 covered the period 1997 to 2001, PEAP 2 2001 to 2004 and PEAP 3 covered the period 2005 to 2008 but was extended for one year (i.e.

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<sup>12</sup> Key informant interviews with development partners

<sup>13</sup> National Development Plan (2010/11-2014/15)

<sup>14</sup> National Development Plan (2010/11-2014/15)

2009/10) to allow for the completion of the successor National Development Plan (NDP). The PEAP has also been the country's main strategy framework for the attainment of the Millennium Development Goals (MDGs). It was designed to guide policy makers and implementers and identifies 5 main priority areas of investment (pillars) for poverty eradication. The poverty eradication priority areas of the PEAP were born out of extensive consultations at different levels ranging from local Governments, line ministries, the executive and the legislature. The budget allocations were translated into expenditure on national sectors through three year rolling Medium Term Expand Framework (MTEF). The PEAP was evaluated and updated every four years, through a wide consultative process. New developments were incorporated that reflected the changing aspirations of the people of Uganda.

The NDP is being implemented for five years from 2010/11 to 2014/15. The NDP is designed and built on the achievements of the PEAP. Whereas the PEAP reflected a focus on eradicating poverty, micro-economic stability, and enhancement of human well-being, the NDP is growth oriented, focusing on the production of goods and services, growing per-capita income and enhancing human well-being. The NDP focuses on the rapid modernization of the economy, whose development strategy is aimed at wealth creation. The NDP with its seven objectives classifies the sectors of the economy into the following four clusters; 1) primary growth sectors; 2) complementary sectors; 3) the social sectors; and 4) enabling sectors. Consequently, for promoting sustainable development, the NDP has identified the following as priorities; a) lifting economic growth in the key sectors; a) improving the environment for economic growth; and c) ensuring social development.

The NDP, which expands the vision of the earlier PEAPs, was developed through an extensive, broad-based and country-driven consultative process over the period 2008–2009. Although the process took longer than expected, it combined bottom-up and top-down approaches entailing active consultations with the grass-root stakeholders, including at the local government level. Cabinet discussions helped to build greater ownership within Government prior to the presentation of the final NDP to Parliament. The NDP, therefore, reflects a broad national consensus on the country's strategy for growth, social progress, and governance. Sector strategies and policies have been and are developed in line with the overall national development strategy.

***Development Cooperation Strategy:*** The Government's position on Official Development Assistance (ODA) has been set out in the "Partnership Principles between the Government of Uganda and its Development partners" of 2003. Further, Uganda and its main Development Partners are signatories to the Paris Declaration on Aid Effectiveness (2005) and the Accra Agenda for Action (2008).

The NDP and the mechanisms in place to implement it, provide a basis for determining the type and quantity of aid required. Government has initiated the formulation of a Partnership Policy aimed at updating the "Partnership Principles between the Government of Uganda and its Development partners" to reflect the changes in the policy environment in the country. It is expected that this Partnership Policy will be supplemented by a Memorandum

of Understanding that will be signed by the Government of Uganda and all Development Partners, binding all signatories to the commitments therein. This MoU will take into consideration existing agreements between the Government and each development partner. It is expected that key aspects of the Partnership Policy will include: (i) alignment of development assistance to the priorities of the NDP; (ii) reduction of transaction costs by following established guidelines; (iii) strengthening of structures which promote dialogue with development partners and other stakeholder; (iv) improvement of the predictability of and information on aid flows; (v) formulating and institutionalizing measures and mechanisms for assessing mutual accountability; and (vi) incorporation of partners commitments beyond aid.

***Outcome-based Monitoring and Evaluation:*** The Office of the Prime Minister is functionally responsible for coordination, monitoring and evaluation of all government policies, programmes and projects. It is supposed to ensure that national and sectoral policies and programmes that are 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 central and local government levels. It is also responsible for ensuring that they are effectively and efficiently coordinated and implemented.

In 2003, the Government developed a National Integrated Monitoring and Evaluation Strategy (NIMES) with the purpose to ensure that all Government programmes work in a rational and synchronized manner. NIMES is a coordination framework intended to improve the monitoring and evaluation of all Government policies and programmes. It covers all existing M & E systems from a country-wide, sector-wide and local government perspective. Within the OPM, the implementation and oversight of the NIMES framework is delegated to the NIMES Secretariat which provides support to the National Monitoring and Evaluation Working Group (NMEWG).

NIMES works closely with stakeholders to harmonise and rationalise national monitoring and evaluation reports. NIMES produces a number of outputs, including the 'National Policy and Program Performance Status Report' published every year, and includes information from various ministries and agencies of government such as the Uganda Bureau of Statistics (UBOS).

### **3.2 The place of Aid subject to the PD principles**

ODA to Uganda has played an important role in supporting the country's recovery, growth, and poverty eradication efforts. However, the country has over the years reduced its dependence on ODA from 70% of government expenditure in 2003 to a projected 32.6% in 2009/10<sup>15</sup>.

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<sup>15</sup> Background to the budget 2009/10

**Table 8: Average Donor Disbursements Using Data from Two Sources**

Donor	Average (FY00/01-FY08/09) -DCR Data		Average (2003-2009) – OECD Data	
	Amount	Percent	Amount	Percent
ADF	58.4	7%	92.6	6%
BADEA	0.6	0%	2.5	0%
EADB	0.4	0%		
EU INSTITUTIONS	101.6	13%	134.9	9%
IDA*	252.6	31%	297.4	21%
IFAD	6.2	1%	7.7	1%
IMF	4.4	1%	-10.4	-1%
NDF	5.0	1%	4.1	0%
UNDP	4.6	1%	7.8	1%
WFP	23.7	3%	8.6	1%
GEF	1.5	0%	0.9	0%
FAO	1.1	0%		
UNTA			2.3	0%
UNICEF	6.8	1%	13.9	1%
UNFPA	0.8	0%	5.0	0%
ACBF	0.0	0%		
GAVI			5.6	0%
UNHCR			4.5	0%
GLOBAL FUND	8.6	1%	29.3	2%
IAEA			.2	0%
UNAIDS			0.5	0%
WHO	4.1	1%		
UNESCO	0.0	0%		
AUSTRA	4.9	1%	9.7	1%
BELGIUM	3.2	0%	13.9	1%
CANADA	0.7	0%	14.6	1%
CHINA	1.5	0%		
DENMARK	31.4	4%	77.5	5%
FRANCE	2.5	0%	9.3	1%
GERMANY	24.5	3%	45.7	3%
IRELAND	33.8	4%	58.4	4%
ITALY	4.1	0%	9.3	1%
JAPAN	3.5	0%	28.0	2%
SOUTH KOREA	0.4	0%	0.5	0%
NETHER-LANDS	38.1	5%	69.9	5%
NORWAY	19.0	2%	55.4	4%
SPAIN	2.1	0%	5.0	0%
SWEDEN	25.7	3%	51.4	4%
UK	98.5	12%	118.8	8%
USA	52.2	6%	268.3	19%
OPEC	0.1	0%		
ADB	0.3	0%		
NIGERIA	0.2	0%		

**Phase II Evaluation of the Implementation of the Paris Declaration in Uganda:  
Final Report - January 2011**

Donor	Average (FY00/01-FY08/089) -DCR Data		Average (2003-2009) – OECD Data	
	Amount	Percent	Amount	Percent
CIAT	0.1	0%		
SWITZER-LAND	0.0	0%	3.3	0%
FINLAND			4.4	0%
GRECE			0.1	0%
LUXEMBURG			0.7	0%
NEW ZEALAND			0.4	0%
CZECH REPUBLIC			0.1	0%
ICELAND			2.1	0%
ISREAL			0.1	0%
THAILAND			0.0	0%
TURKEY			0.1	0%
UAE			0.0	0%
MELINDA/BILL GATES			0.1	0%
Total	827.3	100%	1,446.1	100%

As already indicated in Section 3.1, data on aid to Uganda as recorded by government<sup>16</sup> differs significantly from that recorded on the OECD DAC website (Tables 8 and 9). According to the Uganda data, over the period 2000/1 to 2008/9, 41 DPs disbursed aid to Uganda. This included 19 bilateral DPs and 22 multilateral DPs, of which six were UN agencies and two were Global Funds targeting specific themes such as prevention of HIV/AIDS. The relative monetary importance of DPs in Uganda is uneven. Over the period under consideration, the average annual disbursement shows that over half of the financial flows were disbursed by just three DPs (IDA, UK and EU), 75% by 7 DPs and 82% by the top 10 DPs. Thus, 31 DPs disbursed less than 20 percent of ODA to Uganda over this period. Unfortunately, data on disbursements by the USA for FY 07/08 and FY08/09 was not captured by the Development Cooperation Uganda Report which utilizes data from the Aid Liaison Depart of the Ministry of Finance, Planning and Economic Development.

According to the data (Table 9) from the OECD DAC website, disbursements to Uganda are higher than those given by the records of the Ministry of Finance, Planning and Economic Development. It is also note worthy that 58.6% disbursements are from DAC countries and 41.3% from multilateral agencies. As most of the multilateral agencies that provide aid to Uganda subscribe to the PD principles, it may be concluded that most of Uganda's aid is subject to PD principles. As at 2009, the proportion of aid by non-DAC countries, though rising, is still small at less than one percent.

Table 9: Total Net ODA disbursements to Uganda as captured by OECD DAC Website

Year	2003	2004	2005	2006	2007	2008	2009	Average	
Donor								Amount	%
All Donors, Total	997.48	1,215.64	1,191.91	1,553.68	1,737.02	1,641.25	1,785.88	1,446.12	100
DAC Countries, Total	587.41	684.06	690.75	938.35	1002.73	1005.68	1013.26	846.03	58.6
Multilateral Agencies, Total	408.95	530.21	499.33	612.59	731.42	631.54	768.8	597.55	41.3
Non-DAC Countries, Total	1.12	1.37	1.83	2.74	2.87	4.03	3.82	2.54	0.1
Source: OECD DAC Website									

<sup>16</sup> Captured by the Aid Liaison Department of Ministry of Finance, Planning and Economic Development and reported by the Development Cooperation Uganda Report



According to the OECD DAC website, 48 DPs disbursed aid to Uganda between 2003 and 2009; 29 on whom were bilateral and 19 multilaterals. The top 3 (IDA, USA and EU) disbursed 48% of the aid while the top 7 disbursed 73% and the top 10 disbursed 85% (Table 10). The difference between data from the two sources could be explained, at least in part, by the fact both sources do not collect data from a similar set of sources. Uganda's data does not capture recent (FY2007/8 and 2008/09) aid flows from the USA and from other DPs such as GAVI, UNAIDS, UNTA, UNHCR, Australia, Finland, Greece and Melinda and Bill Gates foundation while the OECD DAC does not have data on China and the regional development institutions (e.g. EADB, CIAT)

Table 10: Average Annual Percent Disbursements by Source

<b>Government of Uganda (FY00/01 to FY08/09)</b>		<b>OECD DAC (2003 to 2009)</b>	
<b>Development Partner</b>	<b>Percent</b>	<b>Development Partner</b>	<b>Percent</b>
1. IDA	30%	1. IDA	21%
2. United Kingdom	12%	2. United States of America	19%
3. European Union	11%	3. European Union	9%
4. African Development Fund	7%	4. United Kingdom	8%
5. United States of America	6%	5. African Development Fund	6%
6. Netherlands	5%	6. Denmark	5%
7. Ireland	4%	7. Netherlands	5%
8. Denmark	4%	8. Ireland	4%
9. Sweden	3%	9. Norway	4%
10. Germany	3%	10. Sweden	4%
Others	15%	Others	15%

A review of the list of donors shows that all the top ten development partners are signatories to the PD (but USA not all principles). Although the adherence to the PD principles varies between donors, it would be correct to say that over 82% of donor disbursements to Uganda are subject to PD principles.

**South-South Co-operation:** Countries such as China, India, South Africa and development finance institutions such as ADB, BADEA, Islamic Development Bank are playing increasingly important roles in the development architecture in Uganda, as donors, trading partners and sources of expertise. The Accra Agenda for Action recognises the contribution they make, and encourages them to follow the Paris Declaration principles. It also recognises the importance of exchange of experience between developing countries for capacity development.

According to the Uganda Investment Authority (UIA), China was ranked among the top ten countries that have invested in Uganda from 1991 to June 2007 (PSIS, 2007). As a result China is now among the priority countries UIA has earmarked for investment promotion.

China has substantially stepped up its aid, which it provides to Uganda in the form of technical assistance, with an emphasis on training in Chinese institutions; grants; interest-free loans; preferential loans that have subsidized interest rates; and debt relief. However, since China is not a member of the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD), which reports on members' international aid, it does not provide details about the level and terms of its own aid to other countries—so data and information with regard to types, purposes, conditions, including the extent to which its assistance is tied are not in the public domain<sup>17</sup>. In Northern Uganda a lot of ODA is being channelled through CSOs and also not captured in data supplied to the Ministry of Finance, Planning and Economic Development.

China's contribution to Uganda has been growing over time and it has been mainly directed to infrastructural development, technical cooperation and business related activities. Some of the aid to Uganda is mostly provided in kind, by Chinese companies, and tends to be on a turnkey basis, mostly with Chinese inputs, including labour.

India and South Africa have also increased their engagement in Uganda; but mainly in terms of trade and investment. The development finance institutions have financed ventures aimed promoting trade between Ugandan companies and those from member countries.

There is little evidence of triangular development cooperation in Uganda, whereby Northern donors finance projects or programmes executed by Southern countries. While triangular cooperation forms a significant part of some Southern countries assistance programmes, its overall volume is not known in Uganda due to lack of data.

### **3.3 Key actors in the country and among its Development Partners**

**Government of Uganda:** The lead institutions of the Government of Uganda regarding aid decisions are: The Ministry of Finance, Planning and Economic Development, the Office of the Prime Minister, the National Planning Authority, the Parliament of Uganda, and sector ministries and agencies. The sector ministries and agencies are responsible for the origination and eventual implementation of development programme priorities in their sectors; MoFPED for sourcing the most appropriate funding, Parliament for approval of the recommended funding modalities, NPA for including such priorities in national development plans; and OPM for the monitoring and evaluation of implementation

**The Private Sector:** The role the private sector plays in influencing aid decisions in Uganda as is not formalized. However, interest groups such as the Private Sector Foundation Uganda (representing the larger private sector), the Uganda Manufacturers' Association, and professional associations such as the accounting profession, among others, have played increasingly important advocacy roles on issues that affect their constituencies. The Private

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<sup>17</sup> Key Informant Interviews with Aid Liaison Department, MoFPED

Sector Foundation Uganda (PSFU) is a strong national focal point for the organisation, promotion and development of the private sector initiatives and remains a leading partner in engaging with Government in the development of a globally competitive Ugandan private Sector. The Uganda Manufacturers' Association, which represents the broad industrial and commercial sectors of Uganda's economy, also supports the shaping of national and regional policies through the promotion of the interests of its members.

The most common framework of engagement has been the development and submission of budget proposals head of government of preparation and reading of the national budget. Subsequently, they also engaged in the debate on the merits and demerits of the final budget proposals of the government. The interests of the individual private sector companies have generally been represented through such associations.

**Civil Society:** Civil society in Uganda has evolved into a credible partner in Uganda's development process. The NGO fraternity has participated in the development process under the umbrella of the Uganda National NGO Forum. Additionally, civil society organizations are involved in work on and discussions around aid and development effectiveness in Uganda and globally. To strengthen synergy and collective action on this wide area, a CSO Aid Platform was launched in January 2009. The CSO Aid platform provides space through which CSOs can collectively and meaningfully influence the Aid Agenda in Uganda, in the region and globally<sup>18</sup>.

The contribution of NGOs to good governance and development in Uganda is now widely acknowledged by citizens, governments and the international development community. Uganda's NGOs lobby for the elimination of unequal development, social, economic and political injustices, conflict and marginalisation. They also deliver essential services to disadvantaged citizens, offer space through which political, social and economic pressure is built to challenge injustices.

**Development Partners:** As already indicated, Uganda currently has over 40 development partners with different levels of ODA contribution to Uganda. The other roles of development partners in Uganda have mainly focused on 4 areas designed to ensure policy coherence, namely: (i) reducing complexity and transaction costs in the delivery of ODA; (ii) increasing flexibility and predictability of aid levels; (iii) enhancing respect for country systems and structures; and (iv) ensuring consistency of aid and provision of longer-term commitments.

To this end, development partners have worked towards strengthening policy coherence through actions such as increased donor coordination (especially in aligning with Government systems and processes and ensuring harmony between DPs); joint financing and monitoring through the Joint Budget Support Framework (JBSF) and the Joint Assessment Framework (JAF) respectively; and capacity building to provide adequate leadership on development by investing in human resources.

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<sup>18</sup> Official Development Assistance to Uganda: FY 1997/98 to 20008/09; NGO Forum

Overall, there is coherence between development partner/agency HQs and field staff in the development and implementation of policies and procedures on the PD and the AAA<sup>19</sup>. The level of institutionalisation of the aid effectiveness agenda varies between countries. In some countries (such as Sweden), it has been enshrined in legislation while in others (Netherlands, UK), action plans and procedures for implementation have been established. In some countries, although the principles are accepted, they remain informal. Another observation made during the Key Informant Interviews is that, for some countries, decisions on aid are led by headquarters with field offices playing support roles while in others, the reverse is true. Whatever the mode of operation, as the two power centres play complementary roles, there is always full knowledge of development actions in progress.

Amongst the bilateral donors to Uganda, Germany, the European Commission Delegation, Britain and Sweden indicated some relative increase in delegated responsibility and authority to country offices to take decisions appropriate to the local context in Uganda<sup>20</sup>. This, nonetheless, remained largely within the parameters of the mother country's strategic interests, even though harmonisation and alignment arrangements such as the UJAS, JBSF were in place. These actions ensured full coherence of positions between the headquarters and field offices.

### **3.4 Influence of the PP and AAA on priorities and incentives**

In signing the Paris Declaration, Uganda 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<sup>21</sup>.

The influence that aid effectiveness principles have on Uganda is demonstrated in several ways. Firstly, Uganda has a long history of promoting donor coordination and alignment that predates the Paris Declaration. Uganda as early as the 1990s introduced specific measures such as joint sector working groups, Sector Wide Approach (SWAp) programmes, pooled funding mechanisms, joint missions, silent partnerships, and joint analytical work and advisory services to facilitate coordination of the DP efforts. Secondly, Uganda has displayed strong leadership by developing all its national development strategies, the PEAP and the NDP. Thirdly, the Government laid out its intent for its relationship with donors in Volume III of the 2000 PEAP, called "Building Partnerships to Implement the PEAP". It is in the process of developing a new partnership policy following the conclusion of the NDP.

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<sup>19</sup> Key Informant Interviews with Development Partners

<sup>20</sup> AFRODAD, A Critical Assessment of Aid Management and Donor Harmonisation, 2007

<sup>21</sup> Evaluation of the Implementation of the Paris Declaration in Uganda, 2007

Many development partners that were interviewed reported a strong influence of the PD and the AAA both at headquarter and field office levels to the aid effectiveness agenda. The only difference was in preferred approaches for achieving this objective. Though found to be rising, commitment to the Paris Declaration among DPs varies markedly across development partners. It is high especially among the JBSF partners who channel a considerable proportion of their aid through country systems (general budget support) and less for those who have retained the project mode of aid delivery. It is noteworthy that some of the JBSF and non-JBSF partners channel a considerable amount of resources through NGOs and this support tends to be under-reported in national aid statistics compiled and published by MoFPED. A significant proportion of aid going to Northern Uganda provided by both traditional and non-traditional donors is by way of project aid.

### **3.5 National and international events that have affected the implementation of the Paris Declaration and Accra priorities**

Several events nationally and internationally have had a bearing on the implementation of the PD and affected the aid effectiveness agenda in Uganda. These events have affected national priorities and direction in poverty reduction as well as new strategic partnerships outside of the traditional development partners.

Important events that affected the implementation of the PD and AAA priorities included:

- i. The war in Northern Uganda which lasted over 20 years. During this period, it was not possible for government to effectively implement its programs in the region. In 2007, the Government of Uganda initiated the formulation a Comprehensive Development Framework, the Peace, Recovery and Development Plan (PRDP. This strategy is not only a response to immediate post-conflict-specific issues, but is also to eliminate the great discrepancies in the development of the Northern and the Southern part of the country. Through the adoption of a set of coherent programmes, the Government of Uganda seeks to achieve four strategic objectives in harmonisation with all stakeholders of the PRDP's implementation process;
- ii. The presidential election of 2006 which was characterized an uneven playing field for the opposition parties and this raised concerns from many development partners about true democracy;
- iii. The forceful suppression of peaceful public demonstrations by government generated fear in the public and development partners about the infringement of the rights of ordinary citizenry to voice their positions on issues of concern to them;
- iv. The increased level and less than satisfactory handling of cases of corruption including allegations of abuse of public resources under the Ministry of Health and CHOGM. These have been broadly criticized by members of the public but have not been addressed convincingly;
- v. The implementation of the East African Customs Union (2010) has directed the attention to regional integration and trade; and

- vi. The seeming intolerance (e.g., Bahati Bill on Homosexuality) for divergent orientation to established norms has generated concerns from development partners with more liberal human rights views.

On the international front the following events, among others, were seen as key to the implementation of aid effectiveness:

- i. The global financial crisis (2008): Although many development partner countries indicated efforts to maintain the existing level of aid, as they strived to minimize the impact of the global financial crisis to their own economies, it has become evident that resources available for aid have become more limited;
- ii. Regular changes in government and in development partner countries have created a level of uncertainty regarding the quality and reliability of aid. In recent years such changes in government have happened in the USA, UK, Sweden, Belgium, etc; and
- iii. The emergence of non-traditional development partners and their modes of engagement have created concerns regarding the sustainability of aid effectiveness. Such examples include the increased engagement of China in trade, infrastructure and energy development and South Africa in trade and investments among others.

### **3.6 The extent, reasons and mode of implementation of the PD Principles**

As alluded earlier 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 underscored Uganda's uniqueness in embedding the principles of local ownership and leadership into national aid policy and practice. These two principles appear to have been given the highest weighting by both the government and DPs, also due to their relatively easiness to achieve. Hence, before 2005, within much of government, commitment to aid effectiveness principles that are similar to those later championed by PD was clearly communicated in national plans (e.g. the PEAP and now the NDP), the SWAp MoUs and PEAP Partnership Principles. It is expected that an MOU will be signed once the new Partnership Policy (currently being developed) has been approved.

A comparison of the commitments under the PP signed in 2003 and the PD 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. Some of the commitments in the PP go beyond the requirements of the PD. These 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<sup>22</sup>.

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<sup>22</sup> Evaluation of the Implementation of the Paris Declaration in Uganda, 2007

Unfortunately, knowledge of the Paris Declaration (PD) is still concentrated in a few individuals who have participated in previous aid effectiveness meetings (local or international). There has been no clear line of responsibility for the dissemination of information on PD-related processes and dialogues. Integration of PD principle in the three sampled sectors of health, water and sanitation and agriculture confirms different of implemented action of the principles.

However, this commitment to PD principles has not been 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 had mixed feelings about the desirability of this aid modality. In spite of the position of the Debt Policy that GBS is the preferred aid modality, there has been some tendency at the highest political levels to backtrack on this policy statement. The budget cuts in 2010 by the JBSF development partners has also been greeted with little surprise, with senior political leaders indicating that they expected it and made provisions for it.

Uganda led the process of developing its policies such as Universal Primary Education (UPE), Universal Secondary Education (USE), Prosperity for All (PFA), and the Rural Development Strategy (RDS) thereby exhibiting strong government leadership. However, some of the country'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. As a result, the level of consultation during some of these processes was not as inclusive as it could have been. DPs bemoan the lack of proper costing of policy options and this applies also to old policies and strategies. The seeming lack of clarity in policy planning and evaluation mandates between the Ministry of Finance, Planning and Economic Development, Office of the Prime Minister, 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 been 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 and absence of strong and visionary leadership in some of the sector ministries (e.g. agriculture, environment, etc).

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**PART II:**  
**PROCESS AND INTERMEDIATE OUTCOMES**

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## **4 PARIS DECLARATION PROCESS AND INTERMEDIATE OUTCOMES: EFFICIENCY OF AID DELIVERY, MANAGEMENT AND USE OF AID, AND PARTNERSHIPS**

### **4.1 Country Ownership over Development**

The Paris Declaration on Aid Effectives identifies country ownership of the national development strategies and frameworks as one important dimension for enhancing the effectiveness of aid.

#### **4.1.1 National development strategies and frameworks**

Prior to signing of the PD in 2005 Uganda had the 2004 Poverty Eradication Action Plan as the overarching national development strategy. The major objective of the PEAP was the eradication of mass poverty and uplifting Uganda's economic status to a middle income country in a period of about 20 years (PEAP 1997, 2000, 2004). Sector policies and strategies such as the Education Sector Investment Plan (ESIP), Health Sector Strategic Plans (HSSP) and the Plan for Modernisation of Agriculture complemented the PEAP. The PEAP defined a framework through which Government provided public goods and services to support private sector led economic growth and development. The Medium Term Expenditure Framework (MTEF) linked the PEAP to the national budget.

The PEAP was widely acclaimed for being nationally owned. It fulfilled a requirement by donors especially the World Bank that the country should have a Poverty Reduction Strategy Paper (PSRP), without which Uganda would not access foreign aid and benefit from debt relief under the initiative for Highly Indebted Poor Countries (HIPC). To the extent that the PEAP responded to demands of Uganda's development partners that public expenditure should mainly focus on delivery of social services, the document was highly acclaimed in terms of its policy orientation. The original 1997 PEAP was organized around four main goals, namely:

1. Goal 1: Creating a framework for economic growth and transformation;
2. Goal 2: Ensuring good governance and security;
3. Goal 3: Actions that directly increase the ability of the poor to raise their incomes;
4. Goal 4: Actions that directly enhance the quality of life of the poor

When the third round of the PEAP expired in 2008 Government decided to replace it with a new development strategy – the Five Year National Development Plan. However, preparation of the NDP delayed and was completed only in 2010. The NDP is a broad development plan with many priorities including delivery of social services as well as provision of economic infrastructure, which was identified as one of the binding constraints to investment and consequently economic growth. The government prepared the NDP almost free of any influence from development partners. Uganda's development partners

welcomed the NDP and made some contribution on the importance of partnerships between the development partners on the one hand, and the Uganda Government on the other.

Uganda demonstrated strong ownership by driving the process of developing the NDP. The process of preparation of the NDP entailed a long process of consultation of all major stakeholders, including the country's development partners. As the key stakeholders (MFPED, OPM and NPA) in the management of this process have exhibited good knowledge of the PD principles, it may be concluded that the contribution of the principles to this level of ownership was significant.

However, at the sector level there are differences in terms of level of ownership of sector development frameworks for the three selected sectors i.e. water, agriculture, and health. Nonetheless, some progress has been made in each of these sectors and the positive trend suggests that, based on the level of knowledge of the PD Principles, some contribution of the PD in terms of ownership of sector strategies exists. Ownership is stronger in the water sector compared to health and agriculture.

Uganda embarked on reforms in the water sector in 1998 with support from development partners. With this help from development partners, Government separated policies for urban water from those relating to rural water. A national enterprise, the National Water and Sewerage Corporation was required to supply clean and safe drinking water in urban areas on commercial terms; there were specific provisions to cater for the urban poor. The Department of Water Development (DWD) in the Ministry of Water, Lands and the Environment focused on rural water supply. The sector challenges shifted as implementation was being informed by sub-sector reform studies. More recently in 2009, Government prepared the Strategic Investment Plan for the Water Sector (SSIP) through a consultative and participatory approach involving all stakeholders.

In the agriculture sector, in 2009 Uganda completed preparation of the Development Strategic Investment Plan (DSIP) for the agriculture sector. However, national ownership of the agriculture sector plans has been contested for a long time even within the Ministry of Agriculture, Fisheries and Animal Industry (MAIF) itself. Since its development, the Plan for Modernization of Agriculture has guided investments in agriculture although; a new overall National Agriculture Policy is currently under development. The PMA Secretariat, which largely benefited from support of the development partners, was expected to be the main vehicle for delivering services in the agriculture sector. Some officials in MAIF saw the PMA as a donor outfit<sup>23</sup> that could not serve the agricultural development needs of Uganda. Within the PMA, which had seven pillars, only one pillar – the National Agriculture Advisory Services (NAADS) was actively pursued, albeit with major problems of corruption.

In the health sector, Uganda has over time prepared Health Sector Strategic Plans (i.e. HSSP1; HSSP2; and HSSP3 (under development)) and articulated clear and nationally

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<sup>23</sup> Key informant Interviews with officials of MAIF

owned health sector development priorities and strategies. Indeed, national ownership of the health sector strategic plans has over time become stronger, suggesting some contribution from the PD. However, as will be discussed further under alignment, there are major implementation problems in the health sector that raise questions about national ownership of the interventions in the health sector. The existence of the health sector strategic plans notwithstanding, donors who fund the biggest proportion of the sector budget are the ones who drive most of health sector interventions.

Although there are mixed messages regarding ownership at the sector and lower levels arising mainly from inadequate sensitization on aid effectiveness, at the national level, ownership of national strategies and frameworks is high<sup>24</sup>. The coordination of the development of the NDP was strong and the actualisation of NDP priorities is linked with the implementation of annual plans and budgets by MDAs and LGs although discrepancies exist between the overall budget and sector allocations for FY10/11 as laid out in the NDP and the actual budget for FY10/11. It is the MDA and LG structures which are expected to provide the mechanism for the NDP process planning and review of results<sup>25</sup>.

#### **4.1.2 Alignment of aid to national development strategies, institutions and procedures**

Development Partners in Uganda reported that they use Uganda's national development frameworks to identify areas of assistance to Uganda<sup>26</sup>. They also indicated that prior to the PD development partners were using the PEAP. The PEAP continued in operation during the PD era until 2008 when it expired. When the PEAP expired in 2008, Uganda did not prepare another development framework to replace it immediately. Accordingly, the Uganda Government extended the PEAP pending completion of the new five year NDP. The NDP was launched in April 2010 and the President of Uganda, at the occasion of the launch, called upon development partners to use it to identify areas of assistance to Uganda.

Notwithstanding the reports that Uganda's development partners align their assistance to Uganda to national development frameworks, Uganda's national development frameworks over the years have tended to be broad and all encompassing. One major criticism leveled against the PEAP and the current NDP is that the frameworks hardly gave priorities, which left a lot of room to development partners to choose and pick areas of their interest and not necessarily those of highest priority to Uganda's development needs. It has been argued that lack of prioritization enabled Uganda's development partners to claim that all their activities were well aligned to the national development frameworks.

On the matter of alignment and harmonization, Government's seems to be from the perspective of whether aid is managed within or outside government systems<sup>27</sup>. To compel donors to align their support to Government systems Uganda, from 2003/04, annually

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<sup>24</sup> 2008 OECD Monitoring survey

<sup>25</sup> National Development Plan (2010/11-2014/15)

<sup>26</sup> Key Informant Interviews

<sup>27</sup> MoFPED – Summary of Project support managed outside Government systems

imposes MTEF expenditure ceilings and monitors the proportion of the expenditure cap that is managed outside the Government systems. General budget support is the most aligned and harmonized form of assistance<sup>28</sup>.

The following development partners have been very active in giving budget support to Uganda: The World Bank, African Development Fund, United Kingdom, Ireland, Netherlands, Sweden, Austria, Norway, Belgium, Canada, Germany, Denmark, France and Italy. All budget support was in principle allocated to a Poverty Action Fund (PAF), which is a fund established to channel resources for priority programmes with direct poverty reduction benefits. The budget support to Uganda was based on the PEAP. Some donors (e.g. Norway) started giving assistance to Uganda in the form of budget support as way back as in 2002. The prominence of general budget support has since increased.

However, some donors still give their assistance to Uganda in forms different from general budget support and/or sector support, mainly through project aid. The extent to which project aid is aligned and harmonized with Uganda's national development framework and operational procedures largely depend on the level of involvement by the Government in management of the project aid. A 2009 report by the government entitled "**Summary of project support managed outside Government systems**", which largely refers to the Paris Declaration and the Accra Agenda of Action, states that:

*"The proportion of support to Uganda that is administered outside Government systems is significant, and in some sectors exceeds 90 per cent of the total funding from development partners"*(page 4).

Support that is managed outside Government systems falls in three broad categories namely,

- i. Government managing project implementation only, while procurement and payments are managed by the donor organization;
- ii. Government directly managing project implementation and procurements, but not the payments, which are made by the donor organization; and
- iii. Government neither managing project implementation nor project financing, which are managed by a non-Governmental organization (NGO) or donor organization or embassy.

The report provides information on the volume of aid resources that is managed outside Government systems suggesting lack of alignment and harmonization to Government systems. While the report takes cognizance of the increasing proportion of aid delivered in the form of budget support, it notes that of the total project support, 56 percent is managed outside government systems.

In 2008/09 the health sector received and managed the highest amount of support (USD 475.93 million) outside Government<sup>29</sup> of which 90.54% was non-MTEF (i.e., off-budget). Yet,

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<sup>28</sup> MoFPED

from the perspective of the donors, their support to the health sector was aligned to the health sector plans. The tendency on the part of the donors was to concentrate only on a few areas of the HSSP (HIV/AIDS, Malaria, and Tuberculosis) while not supporting other areas. The case of the health sector represents lack of alignment and harmonization of aid to national systems.

The performance of the water sector in 2008/09 as regards alignment and harmonization was relatively better. The water sector in 2008/09 received and managed US\$60.15 million in form of project aid outside government systems, of which 29.34% was non-MTEF (i.e. off-budget)

In the same year, the agriculture sector, received and managed support totalling US\$100.11 million outside government systems 16.79% of which was non-MTEF (i.e. off-budget) Though alignment and harmonization in agriculture was reported to be better compared to water and health, effectiveness is reported to have remained limited<sup>30</sup> especially because of the lack of national ownership of the country's agriculture sector development strategy already alluded to.

Since the Phase 1 Evaluation of the PD and the 2008 PD Monitoring Survey, key actions that have strengthened alignment with country systems include: (i) the enactment of the National Audit Act 2008 which strengthened the financial, administrative and operational independence of the Office of the Auditor General; (ii) the establishment of the Joint Budget Support Framework (JBSF) by ten development partners to provide budget support. Under the JBSF, a Joint Assessment Framework (JAF) was agreed upon, which provides indicators and actions against which Government performance is assessed on an annual basis, and thereafter lays the basis for donor disbursement decisions. However, the above data indicate that a significant amount of aid to Uganda is not aligned to Uganda's systems.

The weakened accountability (technical and financial), monitoring, planning and budgeting system in the government continue to worry donors and partly explains the significant amount of aid that is flowing to Uganda with is off-plan (meaning it is not linked to the national priorities) and off-budget (meaning it is not reflected in the Government's budget nor disbursed through Government systems).

The fact that the Government of Uganda is raising concerns over alignment and harmonisation with donors suggests some contribution of the Paris Declaration to the enhancement of alignment and harmonization. Furthermore, it suggests that Government capacity to engage donors on these issues exists and is becoming stronger. The report on project support managed outside government systems is a significant step in monitoring processes and intermediate outcomes of the Paris Declaration.

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<sup>29</sup> Interview with MoFPED staff

<sup>30</sup> Key Informant Interviews

#### **4.1.3 Measures and standards of performance and accountability of partner country systems in public financial management, procurement, fiduciary standards and environmental assessments**

The country PFM and procurement systems are relatively strong, aid is fairly accurately estimated in the budget, and technical co-operation is co-ordinated with country programmes<sup>31</sup>. However, Development Partners expressed concern about the impact of proposed amendments to the Public Procurement and Disposal of Assets Act, especially the introduction of unrestricted use of force account operations for public works, on value for money and accountability in the use of public funds.

Uganda has had many public financial management (PFM) diagnoses over the past few years including the 2008 Public Expenditure and Financial Accountability (PEFA) self-assessment conducted by the Office of the Auditor General (OAG) of Uganda, annual PFM assessments conducted for purposes of poverty reduction support credits (PRSCs) and the recent Joint Budget Support Operation mission reports.

The reports record the tremendous progress that Uganda has made in improving its PFM systems<sup>32</sup>. Major improvements have been made in budget classification, formulation, and credibility; and minimizing overall deviations, bringing the budget more in line with agreed strategies and policies, and successfully implementing the Oracle-based IFMS. The IFMS has been implemented in 19 (out of 21) ministries, Treasury, Parliament, Judiciary, Office of the Auditor General, and 14 local governments (8 districts, and Kampala City Council and its Divisions).

The reports provided inputs for designing PFM reform programs. The Government of Uganda (GoU) prepared a comprehensive program of PFM reforms, the Financial Management and Accountability Program (FINMAP). For FINMAP the GoU signed a memorandum of understanding with development partners as a unified approach to PFM reforms.

Institutional arrangements for regular and ongoing dialogue on PFM reforms have been established and are functioning well. A Public Expenditure Management Committee (PEMCOM) was set up as the forum for dialogue on PFM issues between the GoU and development partners on all PFM reforms including FINMAP and discussions on PRSC. On the donor side, a PFM Donor Group has been set up, and in 2008, comprised of up to 15 development partners.

External scrutiny has also improved as the newly independent Office of the Auditor General has extended the scope of its work and begun conducting value-for-money audits. However, the pace of reform in some other PFM areas has been slower than expected in 2008/09, including the roll-out of IFMS, and continued unsatisfactory performance in the areas of procurement, control of arrears and compliance with existing PFM rules and legal framework.

One of the main conclusions of the 2008 PEFA assessment was that while Uganda has robust systems of PFM laws and regulations, one of the biggest challenges is compliance

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<sup>31</sup> 2008 OECD Monitoring Report

<sup>32</sup> Public Financial Management Performance Report 2008, The Republic of Uganda

with these regulations. Other challenges are in respect to compliance, capacity and coordination.

## **4.2 Building more inclusive and effective partnerships for development**

### **4.2.1 Rationalization of efforts and implementation of more cost-effective Development Partner activities**

The 2003 “Partnership Principles between the Government of Uganda and its Development Partners”<sup>33</sup> is an agreed position on Official Development Assistance (ODA) between the Government of Uganda and its Development Partners. This position was reinforced by the signing of the Paris Declaration on Aid Effectiveness in 2005 and later in 2008 the Accra Agenda for Action.

As already mentioned earlier, data from the Development Cooperation Report shows Uganda’s development partners numbered over 40 in 2009, comprising of, among others, 29 bilateral development partners and 14 multilateral development partners of which 8 were UN agencies and two were Global Funds targeting specific themes such as HIV/AIDS. The large number of Uganda’s development partners notwithstanding, a significant proportion of foreign assistance to Uganda comes from only a few. According to the National Development Plan, of the US\$ 6.7 billion ODA disbursed to Uganda over the 2003-07 period half was disbursed by just three DPs namely the World Bank, United States of America, and the United Kingdom. Furthermore, more than 90 percent of ODA was disbursed by only 12 DPs, suggesting that 31 DPs disbursed less than 10 percent of ODA to Uganda. This is generally in line with data presented in section 3.2.

The Uganda Government is in the process of preparing a new Partnership Policy that will be supportive of the achievements of the NDP development aspirations. The NDP expresses strong need for determining the type and quality of aid that is required and in which areas, with a view to ensuring that the NDP achieves the set objectives. According to the NDP, the nature of partnerships will also reflect relationships beyond ODA, to include commitments made in the Millennium Development Goals (e.g., Goal 8 on equitable trade, financial system, market access, and debt sustainability, among others).

The Partnership Policy will update the “Partnership Principles between the Government of Uganda and its Development Partners” of 2003 to reflect the changes in the policy environment in the country (particularly the launched NDP), subsequent international agreements, and policies of the increased number of partner countries and agencies. A memorandum of understanding signed by the Government and all Development Partners will supplement the Partnership Policy to ensure alignment. According to the NDP the Partnership Policy will seek to address the following issues among others:

- i. Alignment of aid with Uganda development priorities and systems;
- ii. Reducing the transaction costs/burden of efficiency;

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<sup>33</sup> See Volume three of the 2003 PEAP

- iii. Coordination with development partners and other stakeholders;
- iv. Predictability of and information on aid flows;
- v. Mutual accountability for development results; and
- vi. Partnerships beyond aid.

***Alignment with the NDP:*** The NDP notes that significant proportion of aid remains off-plan and off-budget. While vertical funds are beneficial to development in some areas, they usually have distortionary effects on Government's efforts to attain an optimal allocation of resources across sectors and sub-sectors. Furthermore, the NDP acknowledges that technical assistance is not always effective, and in some instances is perceived to undermine local capacities rather than improving them. Through the NDP, the Government calls upon development partners to ensure that their assistance to Uganda is well-coordinated with Government funded initiatives. Government undertakes to ensure that capacity to effectively and efficiently coordinate technical cooperation is in place.

The NDP points to weak or non-existent strategies in some sectors as one of the explanations for lack of alignment. In this regard, in preparation of the Partnership Policy, Government undertakes to ensure that clear sector strategies as well as national systems, institutions and procedures for managing aid are in place.

***Guidelines aimed at reducing transaction costs:*** The NDP confirms that transaction costs related to receiving development assistance are often high. Notable are the continuous demands DPs place on Government in terms of time, reporting needs, and use of the resources through numerous missions and meetings.

The OECD Monitoring Report 2008 indicates that 66 out of 313 (i.e. 21%) development partner missions were joint and coordinated as compared to the 2005 baseline of 17%. The improvement of 3% over two years (data was collected in 2007) shows that the target of 40% for 2010 (data was being collected during this assignment) will be a significant challenge to achieve.

In its attempt to consolidate reduction in transactions costs in aid management the Government of Uganda has indicated its preference for General Budget Support to other forms of support which have relatively higher transaction costs. However, the reality on the ground has seen demands by GoU for project support in sectors such as health and infrastructure. Government is also aware of limitations some donors face as far as providing aid through General Budget Support is concerned. Accordingly, room for project aid still exists in the NDP but the policy will provide for guidelines to ensure that aid is delivered in an effective and efficient manner, in line with Government priorities and with the objective of reducing transaction costs.

The NDP points to Government commitment to strengthen Public Financial Management (PFM) and procurement systems and calls upon DPs to make use of Governments PFM and procurement systems. The Partnership Policy will, to the extent possible, require Uganda's



DPs not to create parallel implementation structures because doing so increases transaction costs of aid and reduces its effectiveness.

A large number (31) of development partners participated in the division of labour exercise in order to improve harmonisation and alignment. In spite of this, the Aid Information Map (FY 2008/09) which is the most recent available data still shows engagement in many sectors by some development partners. The EU is active in 17 sectors, UNDP in 13 and USA in 11. In spite of this, some development partners indicated intentions and moved out of some sectors. Ireland has move out of 4 sectors, Demark out of 3, Austria, Belgium and Germany out of 2.

It seems that it has been difficult to get emerging donors, like China, Russia, and the Arab Funds on board. Likewise, a few vertical funds like GAVI and the Global Fund did not participate, even though these vertical funds contribute important funds especially to health and HIV/AIDS. Private foundations, mainly philanthropic American foundations were also not included, even though they play an important role. Finally, it continues to prove a challenge to ensure comprehensive participation of the UN system in harmonization exercises.

The division of labour exercise showed that the highest level of congestion of aid is in the health sector (16 DPs). This is followed by agriculture (13), social development (11) and education. Many small donors (particular non-traditional European donors) are disbursing very small amounts of aid across many sectors.

Through the NDP, the Government of Uganda, is encouraging co-financing and division of labour among donor agencies. The Government expects DPs to provide their assistance in line with Government priorities as outlined in the NDP and to exercise the principles of mutual accountability and respect in aid relationships. To reduce on the number of missions, the Uganda Government will operate a “closed season” in which it will not engage with aid related missions.

***Structures to strengthen dialogue with development partners:*** NDP builds upon the Local Development Partners Group (LDPG) to propose a structure for dialogue between development partners and the Uganda Government. The LDPG was established after the PD and has been very active. The World Bank chairs the LDPG. The Partnership Policy proposes that Government will communicate on matters relating to ODA primarily through the LDPG. For this purpose, the Government of Uganda through the NDP is requesting providers of external assistance to Uganda, including the non-traditional partners, to join and activity participate in the LDPG or act under its umbrella.

The NDP provides that Government will utilize the national coordination system mechanism, established by Cabinet in 2003, under the leadership of the Office of the Prime Minister, to consult with the LDPG on implementation of the NDP, and review development partner assistance as well as efforts to improve effectiveness. The NDP further provides that

Government will work with the LDPG to review the current aid architecture to ensure that the sector/technical working groups are aligned with implementation of the NDP. The measures, which are in line with PD principles, are testimony of the contribution the PD has made in terms of strengthening dialogue between the Government and development partners.

#### **4.2.2 Reformed and simplified Development Partner policies and procedures and more collaborative behaviour**

Aid effectiveness is enhanced when donors use common arrangements to manage and deliver aid in support of partner country priorities. A sound mechanism for aid coordination can be described as one that builds on shared objectives and that reconciles, in a constructive manner, the various interests of stakeholders. On harmonisation, as with alignment, the picture in Uganda is encouraging and demonstrates that sound progress can be made if a government works closely with its development partners.

In the 2006 Baseline Survey, 50% of aid to Uganda was recorded as using PBAs, with around three-quarters of this accounted for by aid provided through budget support. Data for 2007 showed that 66% of aid used PBAs, thus meeting the Paris Declaration 2010 target. Some 54% of the aid using PBAs is provided as budget support, indicating that use of PBAs has spread beyond budget support in recent years<sup>34</sup>. This impressive achievement reflects the collective efforts by donors and the government to make better use of budget support, sector-wide approaches (SWAs) and joint funds.

In 2009, the Government together with Development Partners developed the JBSF and a Joint Assessment Framework which provides indicators and actions against which Government performance is assessed on an annual basis, and thereafter lays the basis for donor disbursement decisions in a clear and transparent manner. This enhanced the use of similar procedures and strengthened collaboration amongst DPs. Nevertheless, some donors still make only limited use of PBAs; further progress on this aspect of harmonisation would be welcome.

#### **4.2.3 More predictable and Multi-year Commitments**

For many countries, development assistance constitutes a vital source of revenue and resources. Being able to predict aid disbursements – in terms of both how much aid will be delivered and when – is an important factor in the ability to manage public finances and undertake realistic planning for development. It is particularly crucial to enabling partner countries to implement medium- to long-term development plans and to optimise the allocation of resources within and across sectors. In this regard, the Paris Declaration calls on donors to provide reliable, indicative commitments of aid over a multi-year framework, and to disburse aid in a timely and predictable fashion according to agreed schedules.

For Uganda, the data for 2005 show that 84% of planned disbursements was recorded by government, with around two-thirds of the gap resulting from differences between scheduled

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<sup>34</sup> 2008 OECD Monitoring Survey Report

and actual disbursements. For the average donor, in-year predictability stood at 66%. The Paris Declaration 2010 target for Uganda was set at 92% for the overall average Data for 2007 show slippages to 74% for the overall average and to 56% for the average donor<sup>35</sup>.

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.<sup>36</sup> 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 were about half the projections for 2006/07, giving a false impression that aid would decline by half in 3 years.

Most of the predictability gap is explained by differences between scheduled and actual disbursements. Such differences arise from a number of reasons, including DP's aid disbursement process and the failure of government to meet the conditions for disbursement. The government's ability to record disbursements has been undermined by the tendency of some line ministries to not declare some projects because of the impact on sector ceilings.

As regards vertical funds such as GAVI and GFTAM, there are difficulties resulting from the tight levels of earmarking in such funds and the fact that they are normally off-system. In Uganda, they were subject to lengthy and sometimes unpredictable administrative delays, as well as considerable use of conditionality. In consequence, they rendered resource flows unpredictable, both in terms of short- and medium-term predictability. Their off-system nature – channelling large sums of money outside of established channels and associated accountability structures – increased the level of unpredictability. By their very design they were relatively more open to misappropriation and mismanagement, which is what ensued, and consequently high unpredictability as a result of suspension.

To close the predictability gap, donors will need to provide better information about their funding plans over a multi-year period and the government will have to improve data capture systems and ensure that ministries provide full information about the aid received.

The NDP is taking steps to improve the predictability of aid. Through the NDP the Uganda Government is committing itself to the implementation of a single platform for the reporting of data on planned and actual disbursements of aid. The Government expects all DPs to provide reliable indicative commitments of aid disbursements (both on-budget and off-budget) over a multi-year framework as well as timely and accurate data on actual disbursements.

However, Uganda Government's desire for predictability of aid inflows notwithstanding, aid inflows will remain unpredictable in some cases. This is because some donors back in their home countries operate single year budgets. Accordingly, they cannot make multi-year commitments on aid inflows to Uganda.

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<sup>35</sup> 2008 OECD Monitoring Survey Report

<sup>36</sup> Evaluation of the implementation of the Paris Declaration in Uganda, 2008

#### **4.2.4 Sufficient delegation of authority to Development Partners' field staff, and adequate attention to incentives for effective partnerships between Development Partners and partner countries**

The extent of delegation of authority to development Partners' field staff in Uganda varies widely. Some mission delegates are responsible for definition and implementation of country programmes entirely to field staff with only minor consultation and guidance by the home office while, for others, the country office has remained only *a post office* for the receipt and transmittal of messages between the home office and the Government of Uganda. The level of delegation is not determined by availability of appropriate staff capacity but the political will of the home country office<sup>37</sup>.

Missions that have implemented high levels of delegation have put in place frameworks for the recruitment and retention of the required staff. Multilateral and bilateral development organisations such as the World Bank, the European Union, the African Development Bank DFID, USAID, etc, have implemented their own decentralisation policies.

The World Bank maintains a decentralized and high-capacity Uganda Country Office<sup>38</sup>. Out of 21 operations, 13 are supervised by Task Team Leaders based in the Country Office or neighbouring country offices, and this is expected to increase to 17 by the end of FY10. The Bank office includes the Cluster Leader for governance for Central and East Africa who is based in Kampala and a local governance specialist. The Bank has established a satellite office in Gulu, intended to be shared with the UN family, to strengthen on-the-ground supervision of programs in northern Uganda, deepen dialogue with local government officials and other stakeholders, and to improve understanding of issues affecting the poorest part of the country. In total, the office currently comprises 81 staff and consultants.

As a result many of these development partners have technical specialists in Uganda covering all sectors of operation. They are therefore able to fully engage with their Ugandan Counterparts to make critical decisions on aid. For most of them, support from headquarter offices relate to policy and strategic issues<sup>39</sup>.

#### **4.2.5 Sufficient integration of global programmes and initiatives into partner countries' broader development agendas**

The main global programmes in Uganda today are the Global Fund to Fight AIDS, Tuberculosis and Malaria and the Global Alliance for Vaccines and Immunisation whose mission is to save children's lives and protect people's health by increasing access to immunisation in poor countries. A review of the Health Sector Strategic Plan shows that the activities supported by the two global funds are in fact core programmes of the Ministry of Health. Uganda achieves this in two ways: (1) it has been Ministry of Finance, Planning and Economic Development policy to include project funding within sector ceilings, hence donor project funding automatically displaces government funding in the MTEF except for

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<sup>37</sup> Evaluation of the implementation of the Paris Declaration in Uganda, 2006

<sup>38</sup> Country Assistance Strategy 2010

<sup>39</sup> Key Informant Interviews with Development Partners

critical services that remain funded through the government budget; and (2) MoFPED carries out systematic and comprehensive analysis of the donor projects with respect to funding composition, flow of funds, compatibility towards HSSP and others to ensure they are well aligned with sector priorities, efficiency and equity (Ministry of Health, Health Sector Strategic Plan II, 2005). Thus the programmes and initiatives are embedded in Uganda's broader sector development agenda.

### **4.3 Delivering and accounting for development results**

#### **4.3.1 Stronger partner countries' capacities to develop and implement results-driven national strategies**

Prior to the Paris declaration on aid effectiveness, Uganda was already concerned about management for results. The PEAP and sector strategies had results matrices. Every result matrix has clear monitorable indicators. Recently revised policy documents still carry results matrices, which are improved following some lessons learned from previous implementation of strategies. The Strategic Investment Plan for the Water and Sanitation sub-sector of 2009 has elaborate results matrix. Similarly, the HSSPs had well worked out results matrices. However, the agriculture sector plans lacked elaborate results matrices; for example, the Agriculture Sector Development Strategy and Investment Plan: 2010/11-2014/15 lacks a results matrix. Similarly, the PMA lacked a results matrix.

The Uganda Government and its DPs began focusing on delivering and accounting for development results much before the PD. Prior to the PD Government was already focusing on poverty monitoring. The MoFPED had a Poverty Monitoring and Analysis Unit (PMAU), which received financial support from DFID. In fact, it was the PMAU that metamorphosed into the BMAU.

The donors too were making an effort at joint programming and monitoring prior to the PD. United Nations Agencies were using the United Nations Development Assistance Framework (UNDAF) as a mechanism for coordinating their assistance for effective results on the ground. Similarly, the Uganda Joint Assistance Strategy (UJAS) was mooted by donors to collaborate in their delivery of assistance to Uganda with a view to increasing development impact on the ground. These efforts continued even after the PD was signed in 2005.

From 1992, Government conducted regular household surveys, which generated useful information as regards accounting for development results. The Economic Policy Research Centre (EPRC) analyzes household data whose results inform the public about Uganda's development situation. Analysis of different set of household surveys indicates that Uganda witnessed significant reduction in income poverty, from 56 percent in 1992 to 31.5 percent in 2006. Post PD, the efforts to monitor poverty reduction have continued. Analysis of the household survey that was conducted in 2010 is not yet complete.

The Ministry of Finance Planning and Economic Development (MoFPED) is a leading institution in management for results. In addition to financial reporting requirements by the Accountant General's office, MoFPED has a Budget Monitoring and Analysis Unit (BMAU), which follows up budget implementation to ensure results. MoFPED produces a budget monitoring report every year. In its January – March 2010 budget monitoring report, the MoFPED says that the budget monitoring efforts of government are geared towards enhanced effectiveness of public expenditures. The focus continues to be on the sectors – education, energy, health, industrialization, ICT, microfinance, and water and sanitation. Indeed, budget monitoring in Uganda is building upon the principles espoused in the PD suggesting a contributory role of the PD in this regard.

Following the Sector Wide Approaches (SWAp), every sector is required to undertake Annual Programme Implementation Reviews (APIR) and to produce a sector performance report annually, with focus on assessing the extent to which targeted results have been achieved. Preparation of sector review reports is participatory, involving line ministries and development partners in specific sectors. The practices are indeed in line with provisions of the Paris Declaration. Although the Government was already implementing management for results even before the PD, the progress made in recent times demonstrates a contribution of the PD in this regard.

The Government and development partners have been investing in Monitoring and Evaluation. The National Integrated Monitoring and Evaluation System established under OPM was one of the measures that were geared to management for development results. The BMAU is another institution established to ensure that financial resources are used for planned purposes and lead to achievement of planned objectives. These measures among others point to the contribution the PD has made as far as delivering and accounting for results is concerned.

#### **4.3.2 Enhanced respective accountability of countries and Development Partners to citizens and parliaments**

The development and revision of the past editions of the PEAP involved detailed consultations with DPs. The NDP formulation process deepened consultations with civil society but DPs initially let the Government to take leadership with minimal interference but later got engaged for their input and buy-in, thus raising the question of when it will be most appropriate to start engaging DPs when formulating national development plans.

Mechanisms for joint review of the PEAP, PRSC, and UJAS have been generating information of reasonable quality that donors and Government use to retrospectively account to each other for performance achieved and make necessary adjustment for the subsequent year.

The *Annual PEAP Implementation Review* (APIR) has been a core event in the process of informing stakeholders about progress being made in implementing the PEAP. The APIR

was based on linkages, synergies and complementarities between sectors and pillars and it informed the process of coordinating different elements of the Government M&E strategy.

In the spirit of harmonising and aligning behind the government programme, the Uganda Joint Assistance Strategy (UJAS) Partners relied on the government's own assessment of the results of the PEAP in judging the development effectiveness of the UJAS. Unfortunately, this did not function as intended partly because the PEAP's own results framework was incomplete. The UJAS itself took long to evolve and, as it was fully aligned to the national development strategy (PEAP) which had been rendered inactive having been virtually replaced by the NRM manifesto, was outdated and irrelevant when published.

On the part of DPs, evidence of accountability remains in the annual and periodic reporting of implementation progress by local offices to home/headquarters.

#### **4.3.3 Less corruption and more transparency, strengthening public support and supporting effective resource mobilization and allocation**

Even before PD, Uganda recognized that corruption undermines effectiveness of aid in development. However post-2005 Government has renewed its commitment and boldness to take concrete actions 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 (iv) prosecuting perpetrators and strengthening efforts to recover embezzled funds. However undue political influence continues to undermine efforts to bring to justice high level corruption hence more progress is still needed before corruption is drastically reduced.

Post 2005, Uganda strengthened the audit function by enhancing the role, capacity and independence of the Office of the Auditor General. This was strengthened further with the enactment of the new Audit Bill giving more financial, administrative and operational independence to the Office of the Auditor General is enacted. The result is that the capacity of the OAG has been strengthened and exemplified by the audit reports prepared and presented and formed the basis of the activities of the Public Accounts Committee of Parliament. The report of PAC on the audit of CHOGM has demonstrated the capacity of sections of Parliament to deal some critical issues

Uganda strengthened its commitment to implementing fully the public service reform, including pay reform which is consistent with improving delivery of public services. Much of this commitment has come about as a result of development partners' increasing pressure on government for enhanced efficiency in the public service and greater ability of DPs to speak with Government with one voice on the issue.

#### 4.4 Unintended consequences of the Paris Declaration for aid effectiveness and evidence of better ways to make aid more effective

On signing the PD principles in 2005/6, resource flows to Uganda generally increased. This exacerbated Uganda's already low absorption capacity in many ministries leading to big deviations between planned and actual expenditure, particularly in the works sector, but also within some of the service sectors<sup>40</sup>. The Government, in response to the delays in procurement, is proposing amendments to the Public Procurement and Disposal of Assets Act, which include the introduction of unrestricted use of *force account* operations for public works, on value for money and accountability in the use of public funds.

Efforts to introduce stronger local accountability mechanisms by local government and Civil Society Organisations have had a negative impact on transparency as measured by the local government assessment process. The assessments argue that the continued low levels of local revenue (less than 5% of total local government financing) have reduced accountability by LGs to the citizen as the bulk of the resources are now being transferred through central government. The majority of the population is led to believe that their role in demands for accountability by local governments stops at locally raised revenues.

The implementation of the PD resulted in many DP and GOU sector and other groups (e.g. LDDPG, Sector SWAPs, Cross-cutting issues, etc). Consequently, many meetings are taking place to plan monitor and evaluate thereby taking valuable time of government counterparts away from the work of implementing programmes and generating the required results on the ground<sup>41</sup>

Although Uganda has implemented civil service reform for approximately two decades, the reluctance of donors to support recurrent costs, may be, part of the reason for the decrease in civil-service salaries in real terms. The increased levels of corruption and a weakening of the capacity of the government in many ministries and agencies<sup>42</sup> could be attributed to these low salaries.

The Government of Uganda has demonstrated strong ownership in its dealings with development partners, both in terms of aid effectiveness and conditionality. For example, the development of the NDP under the leadership of the NPA was managed by the government with little consultation from its development partners. The Government is also moving forward with strengthening what it sees as emerging concerns about partnership and conditionality through the development of a new partnership policy. To support the continuous aid effectiveness discussions, government needs to establish and maintain strong analytical capacity within an appropriate office.

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<sup>40</sup> JBSF Final Appraisal Report, 2010

<sup>41</sup> Discussions with Development Partners

<sup>42</sup> Key Informant Interview with Development Partner



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**PART III:**  
**DEVELOPMENT OUTCOMES**

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## 5 THE IMPACT OF THE IMPLEMENTATION OF PARIS DECLARATION ON THE CONTRIBUTION OF AID TO SUSTAINABLE DEVELOPMENT RESULTS

### 5.1 Were results in specific (especially Health, Water and Agriculture) sectors enhanced through the application of the PD principles?”

Uganda recognized the importance of aid effectiveness in its development agenda and started operating in line with PD principles as far back as the late 1990s. However, even today, various sectors in the economy exhibit varying levels of knowledge and application of the principles. The three sectors of Health, Water and Sanitation and Agriculture have varying experiences in the implementation of the PD principles, as well as its challenges and achievements.

#### 5.1.1 Health Sector

**Main Developments and Achievements:** Uganda’s health sector agreed a SWAp arrangement as early as 1999 and exhibited adherence to aid effectiveness principles. There was good cooperation between government and development partners which led to the translation of the NHP into an operational plan-the Health Sector Strategic Plan 2000-2005 (HSSP I). Development partners aligned and harmonised their strategies to the sector policies and strategies.

The first few years of the health SWAp (HSSPI) (pre-PD period) were quite successful. An MOU covering: (i) an obligation of the government to steadily increase the budget for health and (ii) a commitment from development partners to increasingly use general or sector budget support as the principal aid modality was signed. In response, the resource flow to the sector improved; more staff was hired and new infrastructure was developed. The result was that deliveries in health facilities increased from 22.6% in 2000/01 to 38% in 2004/05 over the same period DPT3 vaccination coverage from 48% to 89%, positions filled with qualified staff increased from 40% to 68% and stock-out rates declined to 35%.

However, immediately post PD and following the launch of the HSSP II in 2006, the leadership of the sector weakened as key strategic positions were held in acting capacity for long periods of time. This may explain why, although the National Development Plan 2009/10-2013/14 was launched in April 2010, the Ministry of Health is still in the process of drafting the second National Health Policy 2009-2018 and the third Health Sector Strategic Plan (HSSP III). This might explain the fall in sector financing as a percentage of the government budget from 9.7% in 2004/05 to 8.3% in 2008/09<sup>43</sup>. Although DP funding increased, this has mainly been in the form of project based development aid.

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<sup>43</sup> Ministry of Health: Annual Sector Performance Report, 2008/09

**Table 11: Key Health Sector Financial Data**

FY	GOU	DP	Total	% DP Funding	Per Capita	Health as % Budget
2008/9	375.8	253.1	628.9	40	10.4	8.3
2007/08	277.4	150.9	428.3	35	8.4	9.0
2006/07	242.6	139.2	381.8	36	7.84	9.3
2005/06	229.9	507.4	737.3	69	15	9.0
2004/05	219.6	254.8	474.4	54	10	9.7

*Source: Annual Health Sector Performance Report, 2008/2009*

Since 2000, the HSSP benefited from direct donor support through the SWAp. Unfortunately, financing for the sector as a proportion of the national budget has stagnated at approximately 9% (Table 11). This is lagging behind the 15% target of the Abuja Declaration on HIV/AIDS, Tuberculosis and Other Related Infectious Diseases, signed by the Government of Uganda in 2001.

Following the reforms and the SWAp implemented in the health sector since the early 1990s, there was significant impact on the sector, contributing to significant improvements in health outcomes, specifically over the period 1999/00 – 2003/04. Post 2005 the performance of the sector stagnated with deliveries in Health facilities falling to 34% in 2008/09, DPT3 vaccination to 85%, and percentage of positions filled with qualified staff to 56%. Although some health sector performance indicators suggest some improvements in health service delivery, (e.g. impact indicators such as maternal and infant mortality), they have remained unacceptably high at 76/1000 and 435/100,000 respectively (Table 12).

**Table 12: Health Sector Indicators**

Indicators	Financial Year and Values								
	0/1	1/2	2/3	3/4	4/5	5/6	6/7	7/8	8/9
<b>Impact</b>									
Infant Mortality/1,000	88	89	88			76			
Maternal Mortality/100,000	505					435			
<b>Outcome</b>									
OPD utilization in GOU & PNFP					0.9	0.9	0.9	0.8	0.8
Deliveries in HF	22.6	19.0	20.3	24.4	38	29	32	40	34
DPT3 Vaccine Coverage	48	63	84	83	89	89	90	82	85
<b>Output</b>									
% of filled positions	40	42	66	68	68	75	38.4	51	56
Non-Stock out rate			40		35	27	35	28	26

*Source: Annual Health Sector Performance Report, 2008/2009; ANHS, 2005/06*

**Main Challenges:** The main challenge in the health sector appears to have been lack of effective leadership and stewardship of the sector by the Ministry of Health. This slowed down the development and finalisation of the National Health Policy II and of the Health Sector Strategic Plan III, a reorganisation of MOH which has been pending for several years, and conclusion of important issues like the Social Health Insurance and the Public-Private

Partnership policy. The coordination of the large number of CSOs in the sector also remains a challenge.

Under the decentralisation policy, the implementation of health service delivery activities is delegated to districts and yet critical human resource problems continue to exist in many districts. The sector staffing level is at an average of 56% with some districts as low as 30%. Other human resource challenges include low morale, absenteeism, staff attrition due to poor remuneration, and poor support and supervision of health workers.

Global funding initiatives such as GFTAM and GAVI have not always been on budget and well aligned to sector priorities (Ministry of Health, Health Sector Strategic Plan II, 2005). Resources have been channelled through donor project funding mode and predictability has been limited. The suspension of support through GAVI is also blamed for the loss of gains in immunisation coverage according to a recent ODA Report on Aid Predictability in Uganda (2010). In order to improve overall efficiency in the sector it is planned that funding from global initiatives will be better integrated with HSSP III activities and more predictable in the future.

The delivery of health services in rural Uganda continues to be hampered by lack of electricity and donor funding for rural electrification programmes remains low. Should ODA increase for the energy sector this will have in the medium to long term significant impact on health outcomes.

### **5.1.2 Water and Sanitation Sector**

**Main Developments:** The water and sanitation sector started operating according to aid effectiveness principles as early as 1999. A Water Sector Policy was approved in 1999 in line with the PEAP. The first Joint Sector Review was undertaken and the Water Sector Working Group (WSWG) and the Uganda Water and Sanitation Network (UWASNET) were established in 2001 while the Development Partners Working Group (DPWG) was subsequently established 2003. The SWAp became operational in 2002 and according to the AFDB/OECD African Economic Outlook Report for 2007, the water sector SWAp is the most advanced modality in Uganda with strong dialogue and good coordination of policy and expenditure management between donors and the government, improved mechanisms for transparency in procurement especially at the central level, good results management and good participation of CSOs and CBOs and the private sector in water supply provision. Appropriate funding modalities including the GBS, Rural Water Supply and Sanitation (RWSS) Conditional Grants, SBS came into being before the PD. With the coming of the PD in 2005 these activities were sustained and even strengthened through better division of labour and increased attention being given to achievement of measurable development outcomes. However, efficiency in contract award and management at district level continues to suffer from lack of capacity and qualified manpower and political influence from local councillors (AFDB/OECD African Economic Outlook Report for 2007).

The Water and Sanitation Sector Working Group (WSSWG), established in 2002, under the chairmanship of the Permanent Secretary of the Ministry of Water and Environment (MWE) and comprising of MWE, other relevant government ministries, development partners, the private sector and NGOs has played the lead role in planning and budgeting functions and, as a result, brought together different players through JSR, sub-sector working groups, budget reviews and monitoring and evaluation. The WSSWG derives its mandate from the Partnerships Principles. With active support of the WSSSDPG, all interventions by development partners in the sector were in support of the WSS policy and strategies. Since 2001, MWE undertook annual Joint Sector Reviews and produced an annual Sector Performance Report which reported on the performance of sector indicators.

Over the ten years since 2000/01, the sector achieved significant strides in its performance indicators. Access to clean water rose from 50% and 60% in 2000/01 to 65% and 66% in 2008/9 for rural and urban water, respectively (Table 13). The functionality of water systems in both rural and urban areas is high at over 80%. Sanitation coverage in the rural and urban areas is at 68% and 73% respectively while pupil to latrine ratio has improved to 43:1.

The WSSWG seem to have a good handle of sector issues and methods of operation clearly take account of aid effectiveness issues.

**Table 13: Water and Sanitation Indicators**

<b>Indicators</b>	<b>0/1</b>	<b>1/2</b>	<b>2/3</b>	<b>3/4</b>	<b>4/5</b>	<b>5/6</b>	<b>6/7</b>	<b>7/8</b>	<b>8/9</b>
Access – Rural	50		55		61	61	63	63	65
Access – Urban	60	60	65		-	51	56	61	66
Functionality – Rural			70		82	83	83	82	85
Functionality – Urban					No data	93	82	89	87
Improved Sanitation-Rural					57	58	59	62	68
Improved Sanitation-Urban								74	73
Pupil to Latrine Stance in Schools					57	61	69	47	43

*Source: Water and Environment Sector, Performance Report 2009*

They still need to deal with issues such as strengthening of PFM and procurement systems, human resources and capacity at the local government level affected by wide decentralization policies, although some are outside the control of the sector.

### **5.1.3 Agriculture**

**Main Developments:** Investments in the agriculture sector have, since 2000, been guided by the Plan for Modernisation of Agriculture (PMA) whose main objective was poverty reduction through commercialization of agriculture was in line with the PEAP pillar of production competitiveness and incomes. The PMA was designed to comprise of seven pillars judged to be critical for agriculture and these were research and technology; advisory services; rural financial services; agro-processing and marketing; agricultural education; natural resource management and physical infrastructure. The coordination of the PMA was

vested in a special purpose unit while the implementation of the pillars remained with specialised agencies of government. The implementation of the PMA proved difficult because of problems with coordinating between many agencies.

In response to the implementation challenge and to address persistent poor poverty levels in the country, in 2005/6, government developed the Rural Development Strategy (RDS). The RDS was intended to facilitate profound agrarian productivity especially in selected enterprises and, with the exception of a community information system, its other components were already contained in the PMA. In 2006/7 the Prosperity for All programmes was established with the purpose of transforming the Country from a peasant society into a modern, industrial, united and prosperous society, in a stable and peaceful environment. Like the RDS, the PFA did not introduce new programmes; rather it was aimed at establishing more effective supervision and coordination of existing programmes.

In March 2010, Uganda signed the Comprehensive African Agriculture Development Programme (CAADP) compact aimed at supporting the implementation of the agricultural sector Development Strategy and Investment Plan (DSIP). In signing the compact, Uganda like other signatories, committed to achieving an annual growth rate of 6% in agriculture, and the Maputo Declaration of allocating 10% of the national budget to the agricultural sector. The compact makes reference to the PD and commits the partners to dialogue, coordination, joint program reviews, accountability mechanisms modalities specified in its aid policy and to a strong collaboration and coordination arrangements with key stakeholders through the activities of the Agriculture Sector Working Group.

**Table 14: Agriculture Sector Performance Report**

<b>Indicator</b>	<b>0/01</b>	<b>01/2</b>	<b>02/3</b>	<b>03/4</b>	<b>04/05</b>	<b>05/6</b>	<b>06/7</b>	<b>07/8</b>	<b>8/09</b>	<b>9/10</b>
Agriculture Sector Growth	7.9	7.1	2.1	1.6	2.0	0.5	0.1	1.3	2.5	2.1
Agriculture as a % of GDP (current prices)	-	23.3	24.5	23.8	25.1	24.1	22.5	21.4	23.1	23.9

*Source: MoFPED, Background to the Budget, 2007, 2008, 2009, UBOS, Statistical Abstract 2010*

The contribution of the agriculture sector to GDP (current prices) has been quite stable between 21.4% and 24.5% between 2001/2 and 2009/10. The percentage change of agricultural GDP has varied on a declining basis from 7.1% in 2001/2 to 2.1% in 2009/10 (Table 14). It is note-worthy that both these indicators were generally high during the pre-PD than post PD periods.

The country's average calorie intake per person per day declined from 2,066 in 2002 and to 1,971 in 2005 as illustrated in Table 15. The annual average is still less than the recommended 2,300. The proportion of the population who are food insecure over the years contradicts the general poverty trends. The population who are food insecure increased from 12 million in 1992 to 17.7 million in 2005 probably because of a relatively higher population growth.

**Table 15: Food insecurity trends in Uganda - calorie terms, 1992-2005**

	Mean caloric intake (kcal)			Food secure (%)		
	1999	2002	2005	1999	2002	2005
Uganda	2,193	2,066	1,971	58.7	63.5	68.5
Rural	2,230	2,100	2,020	56.5	61.6	66.2
Urban	1,920	1,880	1,690	73.0	75.4	80.9

*Source: UBOS 2004 and 2008 Statistical Abstracts*

**Main Challenges:** While there is a Sector Working Group comprised of officials of development partner and government officials, there has been no SWAp implemented in the sector. Although the recently (2010) signed CAADP compact makes reference to the PD, there is scanty evidence of knowledge of the principles of the PD in MAAIF.

The existence of several policy frameworks in the sector, sometimes running in parallel, has raised concerns with regard to policy in consistency and the extent to which this might be affecting the performance of the sector<sup>44</sup>. Some policy frameworks were developed and or are supervised by agencies of government other than MAAIF. The Ministry decided to develop and overall National Agriculture Policy (NAP) and started this process in 2009. However, this process has not been completed and the policy is still in draft form.

The results framework for the sector has not been developed and sector reviews have not taken place. Although the Ministry undertook a census of agriculture in 2008/9, the results of this census have not been published.

Furthermore, Uganda has delayed in implementing a National Nutrition Policy and this could partly explain the lack of progress in food and nutrition security indicators.

## **5.2 Did the implementation of the PD help Uganda to improve the prioritization of the needs of the poorest people, including women and girls, and reduce social exclusion?**

**Main Developments and Achievements:** For over a decade, Government has implemented a wide range of programmes to improve the socio-economic conditions of the population and achieved progress in reducing poverty. As already indicated poverty head count declined from 54% in 1992 to 34 percent in 1999/2000 but rose again to 38 per cent in 2002/2003 before falling to 31 per cent in 2005/6<sup>45</sup>. However, the number of people living below the poverty line remains high and fundamental issues of gender and social inclusion remain to be addressed fully.

One of the key social exclusion issues is the situation in Northern Uganda and Karamoja. Another concerns poor households that are characterised by the presence of vulnerable

<sup>44</sup> MAAIF: Agriculture Sector Development Strategy and Investment Plan: 2010/11-2014/15

<sup>45</sup> Uganda National Household Survey (UNHS) Report, 2005/06

groups such as widows, orphans, the unemployed, youth, PWDs, the chronically ill, victims of natural disasters, etc who are in need of effective social protection intervention

Uganda's previous (PEAPs) and current (NDP) strategies defined appropriate strategies for dealing with social exclusion. However, development progress has continued to be constrained by social vulnerabilities and gender inequalities. In the case of gender, Uganda's Constitution which was promulgated in 1995 promotes equality between women and men, and has a number of affirmative action measures. Additionally, Uganda is a signatory to various international commitments on gender equality and has a Gender Policy which provides for a framework for gender responsive development.

However, despite the presence of these measures, gender disparities still persist and women are marginalised in access to, ownership and control over land; educational attainment; business ownership; skills development; access to financial resources; employment opportunities and inheritance rights. Gender based violence is estimated at 68 per cent for females against 20 percent for males (UDHS 2009). Retention in primary education on the whole is low and exhibits gender disparities with only one third of girls who enrolled in primary education continuing in school to the age of 18 years, compare to half in the case of boys (UDHS 2006). HIV prevalence rate is also higher among women (7.5per cent) than it is among men (5 per cent) (UNHBS 2004/5). Unfortunately, a proposed legislation (domestic relations bill) to provide for protection and relief to victims of domestic injustices which has been extensively discussed since 2003 has not been passed into law.

After over twenty years of conflict in Northern Uganda, a cessation of hostilities agreement was signed on 26<sup>th</sup> August 2006 between government and the LRA. A resettlement programme where IDPs were facilitated to return and integrate into communities was subsequently implemented. The Government developed and rallied development partners around the Peace Recovery and Development Plan for Northern Uganda (PRDP). In the Karamoja region, government proceeded with its disarmament programme which led to a substantial reduction in cattle rustling. Development partners through the PRDP and other programmes have responded to the needs of the people of the region.

Gender and equity budgeting has been promoted by civil society organisations in Uganda since the late 1990s. Guidance on gender and equity budgeting for budget preparation was formally introduced by MoFPED in late 2002 for use by both government ministries and district authorities.<sup>46</sup>

**Main Challenges:** Despite long term, concerted efforts, focussed largely on capacity development for gender and equity budgeting, there are still a number of districts that do not succeed in including gender equality and social inclusion issues in the preparation of their annual budget submissions. The districts will require adequate incentives to produce

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<sup>46</sup> Making aid more effective through gender, rights and inclusiveness; evidence from implementing the Paris Declaration, OPM



responsive budget submissions if they are going to take up necessary capacity building opportunities.

### **5.3 How and why has the mix of aid modalities (including general or sector-specific budget support) evolved, what effect has the Paris Declaration had on different modalities, and what have been the development results?**

Uganda and its development partners have been guided by PD principles well before the Declaration was signed. The country has over the years reduced its dependence on ODA from 70% of government expenditure in 2003 to an estimated 32.6% in 2009/10<sup>47</sup>. According to the Development Cooperation Report Uganda, 2008/9, in 2008/9, the World Bank was Uganda's largest donor with 40% of total disbursements, followed by the European Union at 20%, ADF at 16% and the UK came fourth with 6%. Other donors were Netherlands (4%), IFAD (2%), Norway (2%), Austria (1%), Denmark (1%) and the rest of the donors shared the remaining 3 per cent<sup>48</sup>.

According to the DCR, total aid disbursed to Uganda over the period from 2000/01 to 2008/09 rose to USD 1,120 million in 2003/04 before falling to USD734 million in 2005/2006 the year of signature of the PD. It immediately rose to a new peak of USD1,277 million the following year but fell to a new low of USD512 million in 2007/08. Although data from the OECD DAC database differs in absolute amounts, the general trend is similar. As far as modalities are concerned, both Budget support and Investment Project Finance rose to new highs immediately after the signature of the PD while other forms of ODA either remained stagnant or declined.

The aid architecture of Uganda is dominated by Budget Support, which accounted for most of the ODA from 2000/01 to 2008/09 with the exception of 2008/09 when Investment Project Finance exceeded it. This is in line with Uganda's Debt Strategy of 2007<sup>49</sup>, which identifies Budget Support as the preferred mode of assistance although, in practice, this was not fully supported. Government frequently expressed frustrations with budget support conditionalities and often asked for utilization of other modalities (e.g. request for investment lending in Health and for infrastructure)

Based on the DCR data, over the nine years, the average total annual disbursements to Uganda was USD883 million (Table 16). Of this total, the average annual disbursement through Budget Support financing was USD372 million as compared to USD252 million for Investment Project Finance.

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<sup>47</sup> Background to the budget 2009/10

<sup>48</sup> Data in the Development Cooperation Uganda Reports differ from the one on OECD DAC website

<sup>49</sup> MoFPED, Uganda Debt Strategy, December 2007

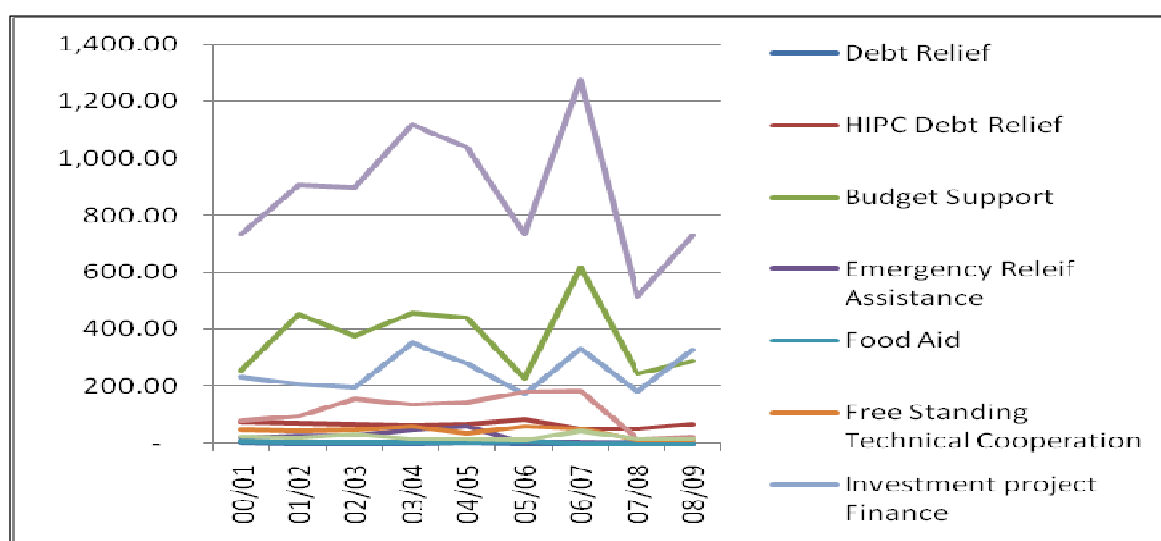
**Table 16: Donor Disbursements (USD Million) by Type of Assistance**

Type of Assistance	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	Average	
Debt Relief	0.6	-	-	-	0.7	-	-	1.9	-	0.4	0%
HIPC Debt Relief	74.4	71.1	68.4	61.7	65.1	81.2	51.6	50.0	67.3	65.6	7%
Budget Support	254.6	451.3	376.3	454.3	441.6	225.9	615.4	243.9	288.5	372.4	42%
Emergency Relief Assistance	18.5	24.7	24.7	47.0	59.9	0.7	0.5	-	-	19.6	2%
Food Aid	7.2	0.3	0.2	1.4	2.5	6.7	-	-	-	2.0	0%
Free Standing Technical Cooperation	47.8	41.3	46.4	56.6	35.2	57.5	51.3	8.3	10.0	39.4	4%
Investment project Finance	229.8	205.4	195.8	350.8	277.8	172.8	332.6	177.9	328.5	252.4	29%
Investment Related Technical Assistance	76.5	96.4	156.6	133.8	141.8	178.9	183.4	15.2	20.6	111.5	13%
Other Project Related Assistance	22.8	17.6	29.5	15.2	14.8	10.4	42.3	14.8	14.1	20.2	2%
<b>Total</b>	<b>732</b>	<b>908</b>	<b>897</b>	<b>1,120</b>	<b>1,039</b>	<b>734</b>	<b>1,277</b>	<b>512</b>	<b>729</b>	<b>883</b>	<b>100%</b>

*Source: Development Cooperation Uganda Report 2008/9*

It is noteworthy that in 2005/6 the year of signature of the PD, disbursements to Uganda dipped but rose to a new high in 2006/7. The year 2007/08 saw a significant reduction, to a new low. The movements in disbursements are mainly due to movements in Budget Support and Investment Project Finance which also constitute the largest shares of disbursements; 42% and 29% respectively. The trends in financing may be a reflection of development partners disquiet with the government, following concerns raised about democracy and the rule of law during the 2006 election.

**Figure 1: Donor Disbursements (USD Million) by Type of Assistance**



*Source: Development Cooperation Uganda Report, 2008/9*

#### **5.4 Has PD implementation led to sustainable increases in institutional capacities and social capital at all levels to deliver services and to respond to development challenges? Why, how and where, and what are the effects?**

The AAA reiterates PD commitments made by developing countries and donors to take the following three actions to strengthen capacity development: (a) identify areas where there is need to strengthen the capacity to perform and deliver services at all levels and design strategies to address them; (b) support for demand-driven and designed capacity development to support country ownership; and (c) working together at all levels to promote operational changes that make capacity development support more effective. Agreements were also made to strengthen and increase the use of country systems.

*Administrative Capacity:* Uganda's National Development Plan identifies weak public sector management as one of the key constraints to economic development and poverty reduction. In particular, it highlights weak policy, legal and regulatory frameworks; weak institutional structures and systems; weak civil society and civic participation; inadequate data and information; inadequate standards and weak quality infrastructure; limited social protection and support systems; and weak management of environment and climate change. The weak institutions, structures and systems take the form of inappropriate organisational structures, inadequate systems, understaffing, limited strategic oversight, overlapping and duplication of roles, protracted institutional infancy, weak client responsiveness and inefficient bureaucracy<sup>50</sup>.

Despite the large and fast growing youthful labour force and Government's efforts to provide education and training at many levels, the country continues to experience deficits in the supply of skilled human resources. The lack of skilled human resources is associated with quality issues in the education systems including low completion rates, limited capacity in the vocational and technical training institutions, and the brain drain the country. This is exacerbated by inadequate manpower planning in key areas of the economy<sup>51</sup>.

Corruption is a major challenge in the public delivery of services in Uganda. Although considerable effort has been made to reduce corruption, including putting in place appropriate legal and institutional framework, it still affects public service delivery in the country. Corruption is most rife in procurement, administration of public expenditure and management of revenue and it is in these areas where the PD appears to have had the least impact. The citizenry is not adequately empowered to effectively demand for better performance from government institutions. Corruption has remain at high levels at various levels of government, with Uganda's ranking moving down from 126 to 130 out of 180 countries on Transparency International's Corruption Perception Indices for 2008 and 2009<sup>52</sup>.

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<sup>50</sup> National Development Plan (2010/11-2014/15)

<sup>51</sup> National Development Plan (2010/11-2014/15)

<sup>52</sup> [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2009/cpi\\_2009\\_table](http://www.transparency.org/policy_research/surveys_indices/cpi/2009/cpi_2009_table)

In efforts to realize results in service delivery in sectors such as health, education, agriculture, water and sanitation, etc, Uganda strived to strengthen national capacity for service delivery at the central, local government and civil society organization levels during both the pre and post-PD periods with support of development partners. Accordingly, programmes to strengthen systems such as laws, institutions and organizations that are essential for a country to pursue its development path were designed implemented.

*Financial Management:* At the central government level, over the last decade, Uganda undertook numerous reforms aimed at strengthening service delivery. Programmes aimed at enhancing capacity for public sector financial management and accountability have been developed and implemented. In 1997, government initiated reform in public procurement and disposal and the Minister of Finance, Planning and Economic Development issued the Public Finance (Procurement) Regulations 2000 to initiate and regulate the new system while government developed a comprehensive law to create an independent Public Procurement and Disposal of Assets Authority to regulate procurement and disposal of public assets in Uganda. The Public Procurement and Disposal of Assets' Act was enacted in 2003.

Other actions included reform leading to the development and implementation of the Integrated Financial Management Systems (IFMIS) by the Ministry of Finance Planning and Economic Development and the strengthening of the capacity of the Office of the Auditor General to undertake value for money audits of government programmes. As a result, the Public Accounts Committee (PAC) of parliament has been able to investigate issues relating to financial management but bringing high profile offenders to justice continues to be the challenge for political reasons.

*Decentralisation:* Uganda was one of the first countries in Africa to embark on decentralization reforms as early as 1992. Local governments are responsible for providing basic public services, such as primary education, primary health care, water and sanitation, feeder roads, and agricultural extension services; and line ministries are responsible for policies, standards, supervision, and oversight and training of local governments. There are three levels of local government: districts and cities; municipalities and city divisions; and towns and sub-counties.

However, over the last five years, there have been policy reversals which are hindering service delivery and value for money. Since the elimination in 2005 of the graduated tax, which provided local governments with 5 percent of their total revenue and was important for discretionary expenditures, local governments have become dependent on non-discretionary central government transfers for over 95 percent of their budget, reducing accountability to local citizens. Real per capita transfers from the central government to local governments fell by 13 percent from FY03 to FY08. The government continues to create<sup>53</sup> new districts, purportedly to improve service delivery. In actuality, it has increased

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<sup>53</sup> In 2000, there were 56 district compared to 112 in July 2010

the amount spent on salaries and administration costs, further reducing resources and capacity available for service delivery. The reality on the ground is, in terms of quantity and quality, local governments do not have adequate capacity for service delivery. Staff numbers in health are at an average of only 56% of the full complement.<sup>54</sup>

*Monitoring, Evaluation & Reporting:* As already indicated, the Office of the Prime Minister is responsible for coordination, monitoring and evaluation of all GOU policies, programmes and projects. It is responsible for ensuring that 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. It is also responsible for ensuring that they are effectively and efficiently coordinated and implemented. Through the NIMES, established in 2003, OPM monitors, evaluates and reports on the implementation of government programmes in a coordinated manner. For this purpose it is supported by all relevant agencies of government and development partners. Government support to OPM for M&E coordination has been increasing due to increasing awareness and focus on development results post 2005.

Many of the actions to strengthen capacity for service delivery were initiated before the PD was signed in 2005. However, support for these actions by both development partners and government continued and was consolidated in the period after the signature of the PD. In spite of these efforts, capacity for service delivery has remained a challenge and the high annual population growth (of 3%<sup>55</sup>) does not help the situation. The Health sector, for example, continues to experience workforce challenges arising from numbers, skill shortages and motivational deficiency factors<sup>56</sup>. The ratio of doctors to patients in Uganda was 1:24,725 which was significantly lower than Kenya at 1: 7,100. The ratio of nurses to the population in Uganda stated at 1:1,634 compared with 1:877 for Kenya. The low number of professionals in Uganda adversely affects the delivery of health services. Other professions also suffer from low levels of qualified professionals.

*Partnerships:* Development partners have rallied around in support of Uganda's reform programmes and the number of DPs in Uganda increased. As already indicated above, there are more than 40 active development partners providing development assistance to Uganda. In order to avoid spreading donor assistance too thin and to reduce the transaction costs of doing business with them, Uganda has promoted a division of labour amongst its development partners.

DPs and GOU maintained concerted efforts to harmonise and align development partner efforts with government priorities and strategies. In 2008, GOU embarked on the division of labour exercise to generate a more efficient development partner division of labour and to ensure balanced spread of financial support and dialogue. As a result, the DPs became more

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<sup>54</sup> Annual Health Sector Performance Review, 2008/9

<sup>55</sup> Statistical Abstract 2010; 2002 Census of the population

<sup>56</sup> Annual Health Sector Performance Review, 2008/9

selective in their programming and policy dialogue, with each concentrating efforts on sectors or areas of comparative advantage.

A single lead donor is assigned in each sector for policy dialogue, coordination and joint reviews with other donors nominating themselves as active partners (participating in sectoral processes) or silent partners (no direct engagement with government). Donors have their own Local Development Partners Groups, where they agree joint positions to be presented by the lead donor. The initiative has now been implemented in a number of sectors, leading to some reduction in transaction costs. Several donors have actually reduced the number of sectors in which they still operate<sup>57</sup>. However, movement on the DoL exercise has slowed down and some of the debates among donors on comparative advantage have proved contentious. Many donors find it difficult to act as silent partners due to their own accountability requirements. Momentum on DoL appears to have been partially stalled at the time of transitioning from the PEAP to the new NDP. DPs appeared to have put everything on hold while waiting for the unveiling of new priorities under the National Development Plan.

Government is also in the process of developing a Partnership Policy to update the “Partnerships Principles between Government and Development Partners” of 2003 to reflect changes in the policy environment in the country (including the new National Development Plan as the successor to the Poverty Eradication Action Plan), the subsequent international agreements, and the policies of the increased development partner countries and agencies.

Additionally, as already indicated, Uganda’s private sector and civil society have established frameworks to enable them to engage in the country’s development discourse and are viewed as valuable partners.

### **5.5 Has the implementation of the PD had unintended consequences for development results, negative or positive? Is there evidence of better ways to make aid contribute more to development results?**

As already indicated, a significant amount of investment has been made in Uganda’s water and sanitation sector and achievements realised. However, recent analysis of issues at professional level and during stakeholder consultations, have indicated that the most pressing emerging issues are inadequate supply and quality of water<sup>58</sup>. These are consequences, not envisaged previously, of poor management of the catchment and the water resources. Water catchments have been degraded which has reduced available water resources and increased the level of required investment and, with it, the unit cost of producing clean water. This undermines continued progress in development results for the sector.

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<sup>57</sup> Key Informant Interviews with Development Partners

<sup>58</sup> Strategic Investment Plan for the Water and Sanitation Sub-sector, August 2009; paragraph 2.2.2

Improving effectiveness of aid in Uganda lies in the definition of innovative solutions for the country's current challenges such as corruption, weak capacity (human resources, systems and procedures, etc), democracy, lack of investment capital, etc

Uganda's past and current development strategies cite the private sector as the engine of growth. However, inadequate attention has been paid to the promotion of Uganda's private sector as aid to Uganda is still largely oriented toward the public sector and the past decade, the focus of aid has been in the social sectors. Although the NDP indicates a shift to the productive sectors as the foundation for future growth, the modalities for delivery of development results is less clear.

As the private sector is generally known to be a more efficient and sustainable framework for delivering development, Uganda should devise a strategy for promoting and private sector participation in its development business.

### **5.6 What has been ODA's impact on achieving the goals of the national development strategy and the MDGs?**

As already indicated, Uganda was already implementing principles similar to those in the PD when the PD was signed in 2005. The country attracted higher resource flows even prior to 2005, and development indicators improved. As regards, MDG indicators, Uganda is expected to reach at least two of the eight Millennium Development Goals (MDGs) by 2015 (Box 1).

#### **Box 1: Uganda's Prospects for Achieving the Millennium Development Goals by 2015<sup>59</sup>**

##### **Goal 1: Eradicate extreme poverty and hunger**

**Likely.** Uganda has made steady and impressive progress on poverty eradication. The number of households living in poverty has declined from 56 percent in 1992 to 44 percent in 1997, 38 percent in FY02, and 31 percent in FY06. Uganda is expected to exceed the target of 28 percent by 2015. The proportion of underweight children under five years fell from 25.5 percent in 1995 to 20.4 percent in 2006, but is still far from the target of 11.5 percent.

##### **Goal 2: Achieve universal primary education**

**Possible.** The introduction of UPE in 1997 led to a 132 percent increase in gross enrollment from 3 million children in 1996 to 7.5 million in 2006. In FY08, Uganda recorded a net enrollment ratio of 93 percent (91 percent for girls, 95 percent for boys). However, completion rates are low at 52 percent (FY09). Drop out and repetition rates need to be addressed or recent achievements will be reversed.

##### **Goal 3: Promote gender equality and empower women**

**Likely.** The ratio of girls to boys in primary (0.99), secondary (0.85) and tertiary (0.72) education institutions indicate progress in achieving gender equality in education, as does the ratio of literate women to men age 15-24 (0.84). In the current parliament, 89 of the 310 members are women, representing 29 percent of the legislative body, up from 18 percent in 1995.

##### **Goal 4: Reduce child mortality**

**Highly unlikely.** The infant mortality rate improved from 119 deaths per 1,000 live births in 1989 to 76 deaths in 2006 (compared to the MDG target of 31). The under-five mortality rate fell from 180 to 137 deaths per 1,000 live births during the same period (compared to the MDG target of 56).

##### **Goal 5: Improve maternal health**

**Highly unlikely.** The maternal mortality rate stagnated at over 500 deaths per 100,000 live births between 1989 and 2000. The estimated maternal mortality is 435 deaths per 100,000 live births (2006) against the MDG

<sup>59</sup>Development Economics and Development Data Group with updates in the World Bank Country Assistance Strategy, 2010

target of 131. On average, only 41 percent of all deliveries receive skilled attendance.

**Goal 6: Combat HIV/AIDS, malaria, and other diseases**

**Possible.** By reducing prevalence rates from around 20 percent in 1990 to 7 percent in 2008, Uganda has already achieved the MDG target for combating HIV/AIDS. Malaria remains the leading cause of morbidity and mortality in Uganda. As of 2003, there were 478 reported cases of malaria per 1,000 people. The MDG target for malaria could be achieved if the anti-malarial interventions continue to expand as planned.

**Goal 7: Ensure environmental sustainability**

**Possible.** Uganda has made progress in increasing access to safe drinking water. Access to clean water has improved to 65 percent against a target of 62 percent, but access to improved sanitation is only 68 percent against a target of 72 percent. There is persistent degradation of the country's natural resources, including declining soil fertility; deforestation; decreasing fish stocks; and water pollution caused by discharge from industries and domestic waste. The forest cover in Uganda declined from 26 percent in 1990 to 18 percent by 2007. The proportion of titled land remains 13 percent, versus an MDG target of 25 percent.

The country is close on halving poverty and has made substantial progress towards universal primary education and in addressing gender inequality. Uganda may even achieve the targets for combating HIV/AIDS, malaria, and other communicable diseases; targets on ensuring environmental sustainability; and targets on global partnerships. MDGs on reducing child mortality and improving maternal health are unlikely to be met. Uganda ranks 157 of 182 countries in the FY09 Human Development Index.

The government sought to expand access to social services, especially education. Since the introduction of Universal Primary Education (UPE) in 1997, net enrolment has increased to about 92 percent for boys and girls, although completion rates remain low at 52 percent. In 2006, Uganda launched a phased universal post-primary education and training program to absorb an increasing number of primary education graduates and improve the low secondary enrolment rates (27% in 2008). However, the Ministry of Education's annual sector reviews and a draft parliamentary report reviewing the government's free education programs warn that increases in enrolment are stressing existing school systems and facilities, negatively affecting educational quality.

Improvements in health care have been mixed. Malnutrition and maternal, child, and infant mortality have improved, but remain unacceptably high: nearly one in seven children die before age five; and one in five children under five years is underweight, down from one in four in 1995. Maternal mortality is among the highest in the world, linked to high fertility and poor pre- and post-natal care. There are high human capital losses due to morbidity and mortality from largely preventable and curable diseases and infections, such as malaria, HIV/AIDS, and tuberculosis.

Governance and capacity weaknesses hinder service delivery. Public expenditure reviews (PERs) in education (FY08) and health (FY09) have revealed high inefficiencies and wastage of public finances, particularly through high teacher and health care worker absenteeism rates and weak drug procurement and supply management. Low actual spending of budget allocations suggests challenges in complying with public financial management regulations, and there are frequent reports of misuse of public funds. Basic social services are delivered by local governments; thus, weaknesses in decentralization affect service delivery. There is a high administration burden at the district level, with wages



consuming a large and increasing share of total expenditures, leaving insufficient funding for non-wage needs. The continued creation of new districts in Uganda exacerbates this situation.

Uganda's population dynamics posed a challenge to development. The country has the third highest total fertility rate in the world (6.7 births per woman according to government data). Population has doubled since 1988; and the median age is just above 15 years. Uganda is one of the few countries where the number of young-age dependents exceeds (by 10 percent) the number of working age individuals. This dependency rate makes it difficult to achieve sufficient per child investments in health and education, and also lowers the country's savings rate. It is a challenge for the government and development partners to keep pace with the increasing demand for social services, let alone improve their quality.

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**PART IV:**  
**CONCLUSIONS, LESSONS AND**  
**RECOMMENDATIONS**

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## 6 CONCLUSIONS ON THE COMMON EVALUATION QUESTIONS

### 6.1 “What are the important factors (enablers and the inhibitors) that have affected the relevance and implementation of the Paris Declaration and its potential effects on aid effectiveness and development results (the Paris Declaration in context)?” (Core Question 1)

1. The PD principles were needed in Uganda to improve the effectiveness of aid in balancing growth and equity through addressing issues of gender, extreme poverty-poverty and other forms of social exclusion. While poverty prevalence has declined from 57% in 1993 to 31% in 2006, focus now needs to shift to reducing urban-rural and region-to-region income inequalities. Gini coefficient has risen from 0.35% in 1997 to 0.41% in 2006. Uganda’s growth path created opportunities that were skewed in favour of urban areas of the centre and west, leaving behind rural areas and northern and eastern Uganda where poverty is now concentrated (e.g., high poverty head count of 60% in the north). Mechanisms to enhance aid coordination and to improve development planning in general have become urgent in this regard. So has emphasis of the PD on development results, especially the need to ensure that aid addresses gender and social exclusion issues become pertinent.
2. More prudent macro-economic management, two decades of private sector-oriented structural reforms and emphasis on decentralisation created the space for government, donors, civil society and the private sector to adopt new ways of working to achieve more inclusive development. Government’s strong stance in improving public financial management and macroeconomic framework boosted DPs’ confidence resulting in an increase in budget support disbursements.
3. Concrete steps taken by Uganda towards regional integration after signature of the EAC Treaty in 1999 (the launch of the EAC Customs Union in 2005 and the signature of the EAC Common Market Protocol in 2009) have both fostered and hindered full implementation of the Paris Declaration commitments by Uganda. The tax reforms being undertaken under the EAC Common Market will reduce taxation and this contradicts the general push by government and donors for a higher tax regime.
4. The global financial crisis has had the effect of reducing transfers through civil society organisations (e.g., NGOs, faith based organisations and international organisations) whilst grants to the government have not contracted. This development may have had the effect of weakening CSOs (relative to donors and government) and therefore compromised their role in the policy discourse, in gap filling for government, development partners and the private sector, and in holding donors and government accountable for the use of aid by monitoring development results.
5. The Poverty Eradication Action Plan Partnership Principles, the early SWApS which pre-date the PD (e.g., in health and education sectors), the UJAS developed in 2005 to strengthen ownership, and strategies for division of labour worked out by donors in

consultation with the government created a fertile ground for implementation of the PD by creating the necessary institutional arrangements for donor-to-donor and donor-to-government coordination. Although the DoL exercise was not followed up after 2008, largely due to the protracted transition from the PEAP to a new National Development Plan (as donors were waiting for the identification of new priorities around which to divide their labour), the Phase I Evaluation of the PD concluded that the DoL exercise had been to some extent successful with some donors rationalising their sector presence to concentrate on fewer sectors where they had a comparative advantage. However, the DoL suffered from lack of strong government leadership. SWAps, on the other hand, led to more systematic dialogue between donors and the government, strengthened state party leadership and improved aid coordination.

6. Political interests, wider style of economic governance and development partner sectoral interests have negatively influenced the manner in which the PD has been implemented in Uganda. The cycle of elections and new political manifestos for example has exerted pressure on existing PD commitments and to some extent undermined both government and donor commitments to the national development agenda. The fight against corruption has slowed and weakened by a general reluctance to hold those in high political offices accountable for financial misappropriations, prompting reprisal suspension of aid by some donors during the PD period. Development partners remain particularly concerned about the slow progress in curbing high profile corruption.
7. Rigid perceived sector mandates, interests and comparative advantage of some DPs have kept those DPs in some sectors like health and education even though such sectors have clearly been congested, leaving behind sectors such as environment and agriculture underfunded.
8. The weakened accountability (financial and technical), monitoring, planning and budgeting system in the government continues to worry donors and partly explains the significant amount of aid that is flowing into Uganda which is off-plan (meaning it is not linked to national priorities) and off-budget (meaning it is not reflected in the Government's budget nor disbursed through Government systems). Weakened institutional capacities within the government continue to overshadow and marginalise the well meaning commitments to PD principles. As a result, development partners continue to deliver aid through multiple channels and in very fragmented ways, causing complexities and high transactional costs associated with having to deal with many bilateral agreements in addition to multilateral arrangements.
9. The inseparability of programmes put forward by the ruling party of the day for political expediency and for development sometimes causes significant difficulty among donors to distinguish which programmes to support and those not to support when these programmes are integrated into national plans and have to be funded through the national budget. Donors are generally hesitant to support programmes that promote political capital yet all successful programmes tend to achieve this objective in one way

or another and irrespective of whether they are explicitly political or genuinely developmental.

10. Performance assessment frameworks (PAFs) introduced as part of the General Budget Support have produced good results by tracking government processes and linking resources to policy objectives, but greater scope remains for improving the indicators for some sectors (e.g., Agriculture) and the quality of information used to monitor the progress.
11. Commitments to donor harmonisation have been more difficult to achieve with division of labour among international organisations proving to be more complex than anticipated. Practical emphasis on joint assistance strategies has been limited even when the government developed the strategies and is working towards enhancing them. The lack of consensus among development partners on the ideal mode of funding remains one of the most stumbling blocks to successful implementation of the PD in Uganda.
12. Long contractual commitments between donors and government have been instrumental to the fairly stable ODA contributions to the budget despite some volatility in total aid flows to Uganda. Government's clear message on its preference for GBS as the ideal funding modality appears to have been effective in securing stability of support through this instrument. Adoption of GBS as a preferred instrument also helped improve budget monitoring and coordination of government programmes in general.
13. Over-reliance on aid in education and health sectors in particular has created an unhealthy dependency on aid which in turn compromised inclusiveness of decision making and the clarity of leadership of the aid recipient country. Decision-making has become more of an outcome of government-donor syndicates rather than government-citizen engagement.
14. Sudden changes in national priorities and directions in poverty reduction (fluidity of policy) as well as new strategic partnerships that are outside of the traditional development partners have at times created a climate of confusion and uncertainty which eroded the confidence, genuine enthusiasm and commitment of traditional donors towards the PD principles. The existence of large vertical funds in particular, whilst at times being beneficial to development in some areas, has had distortionary effects on the government's efforts to attain an optimal allocation of resources across sectors and sub-sectors.
15. The emergence of non-traditional sources of finance (e.g., China, India and Korea) and the proliferation of vertical funds for global and regional initiatives that support health and agriculture led by multi-lateral donors and large private foundations (e.g., the Gates Foundation) have both offered new funding opportunities but at the same time run the risk of undermining the core SWAp principles of harmonisation, coordination and an integrated sector policy framework. The sheer number of DP and NGO projects operating outside the SWAp modality and challenges in coordination with the UN agencies also exacerbate this challenge especially in the health sector.

16. Political changes in development partner countries have also had an influence on the level of interest and commitment to providing aid to Uganda as well as the practical aspects of implementing aid. For example, changes in government in Sweden and the United Kingdom have resulted in more conservative signals that cut back on aid flows overall and call for more stringent measures around aid to counter corruption and financial leakages.
17. Engagement with some of the donors and NGOs in implementation of the PD is affected by the NGO law, interests of donor countries, and those of the ruling party. Introduction of the anti-homosexuality bill in parley for instance led to a cut in aid by some development partner countries. Similarly, donor support to Northern Uganda is mainly project based driven by donor sectoral and project interests and poor in-country accountability processes and systems.
18. Fatigue over slow or non-realisation of tangible development results from SWAPs appears to have started creeping in and holding back development partner support towards certain critical sectors.

**6.2 “To what extent and how has the implementation of the Paris Declaration led to an improvement in the efficiency of aid delivery, the management and use of aid and better partnerships (process and intermediate outcomes)?” (Core Question 2)**

19. Uganda started operating in a manner consistent with PD principles in the late 1990s before the PD principles were signed. Improvements in the quality of partnerships, management and use of aid and efficiency of aid delivery in general started before the PD and acted more as a catalyst for application of PD principles post 2005, which by and large resembled Uganda’s PEAP Partnership Principles. It is evident that there has been a strengthening of the ownership of Uganda’s national development framework as exemplified by the strong leadership by Uganda and the inclusiveness of the process of formulating the new National Development Plan. This strengthening of ownership is, however, inconsistent at sector level where it appears weak in health and agriculture but stronger in the water sector where aid effectiveness principles have been more strongly applied even before the signing of the PD but their application has clearly been invigorated during the PD period. The rural water and sanitation sub-sector for example has been rated as the most advanced in Uganda in terms of SWAP implementation, according to the AFDB/OECD Economic Outlook Report for 2007. In both agriculture and health sectors, strategy has been driven more by donors who contribute the largest aid flows to these sectors than by the aid recipient country.
20. Alignment of development assistance to national priorities appears to have been severely compromised by the poor articulation of priorities in the PEAP and the new National Development Plan. Both documents have been too broad and, typically failed to communicate shorter lists of priorities, whilst others in government also argue that the pillars in the PEAP and the specific policy actions to be undertaken under each pillar

offered sufficient guidance on targeting of aid hence the early success of SWAPs in Uganda. In reality though the breadth of the areas covered, offered development partners a false sense of comfort as virtually everything they wanted to support could be legitimised by these very broad national development frameworks.

21. Alignment has mainly been through strengthening the use of the general and sector budget support instruments, leading to an increase in the number of donors using the instruments as well as the funding flows. The size of the general budget support instrument as compared to other modalities has increased with the advent of the PD to the extent that most DPs misconceive the PD to be about delivering their aid through the GBS.
22. The coming into effect of the PD has strengthened Government of Uganda's voice to donors over issues of alignment and harmonisation. The monitoring of the share of project funding managed outside government systems has also improved indicating increased government capacity to engage donors on processes and outcomes of the PD.
23. Project funding remains the mainstay of many large donors, and the extent to which these projects are aligned and harmonised with Uganda's national development framework and preferred operational approaches depends on the level of involvement by the government in management of project aid which in most cases is not strong in Uganda. This level of involvement is not consistent across sectors, given that in some sectors (e.g., health) over 90% of project funding is managed outside of government systems, whilst the national average is 56.2%. In health, most of the project funding targets a few areas of donor interest leaving much of the sector strategy poorly funded. Performance is better in the water sector where only 29.3% of project funding is managed outside government systems. In agriculture, the proportion of project funds managed outside national systems is even lower (16.7%), but effectiveness of the aid remains constrained by a lack of national ownership of the sector strategies and plans.
24. The fact that budget monitoring now espouses the principles of the PD suggests a contributory role of the PD. In addition to financial reporting done by the Accountant General's Office, budget implementation is now being tracked through the Budget Monitoring and Analysis Unit of the Ministry of Finance, Planning and Economic Development to ensure that results are achieved through the spent funds.
25. Performance in relation to management for development results has improved. PD has made a contribution in encouraging development partners to increasingly focus on development outcomes and the need to work together and also with the government in improving national statistics and poverty monitoring. However, other factors have been equally important. Prior to PD, Uganda's concern for development results was already strong. The PEAP and sector strategies had results matrices, each with a clear set of monitorable indicators. In addition, SWAPs (which pre-date the PD) required each participating sector to produce a sector performance report annually. Such sector reviews have been participatory involving line ministries and development partners in specific

sectors. Though results management has improved partly as a result of past experience gained in this regard, the progress made in recent times demonstrates a contribution of the PD. However, it appears, beyond the sectors that have SWAps, PD has not had any noticeable impact on quality of aid partnerships and efficiency of aid delivery largely due to a general lack of a favourable platform for effective application of aid effectiveness principles. Results management was weak both prior to the PD and at the time of the Phase 2 Evaluation of the PD. The new Agriculture Sector Development Strategy and Investment Plan (2010-2015) and the Plan for Modernization of Agriculture, for example, continue to be characteristic in their lack of results matrices.

26. Concrete measures that are being taken with the influence of the PD and Uganda's experience with PEAP Partnership Principles are likely to be effective in building more inclusive and effective partnerships for development in the future. These include the provisions in the National Development Plan, the Partnership Policy, the Memorandum of Understanding that will supplement the Partnership Policy, and the institutional framework of the Local Development Partners Group. The provisions draw from the PD principles and the Accra Agenda for Action, but in the case of the NDP, they go beyond the PD to reflect relationships beyond ODA, such as commitments in the Millennium Development Goals (e.g., Goal 8 on equitable trade and financial system, market access and debt sustainability), among others.
27. Transaction costs remain high and these are associated with demands DPs are continuing to place on Government in terms of time, reporting needs, and use of the resources through numerous missions and meetings. Although coordination of missions has improved with a larger proportion of missions being carried out jointly and with good coordination, the improvement is not large enough to equally significantly reduce the absolute number of missions that are uncoordinated. Measures have now been conceived in the NDP and the Partnership Policy that are likely to be effective in reducing costs. They include (i) measures to encourage DPs to the extent possible not to create parallel implementation structures, (ii) Government's plans to operate a "closed season" in which it will not engage with aid related missions, and (iii) the policy requirement in the NDP that all providers of external assistance to Uganda, including non-traditional partners, join and actively participate in the Local Development Partners Group or act under its umbrella.
28. Aid flows remain highly unpredictable and may remain so in some cases until some of the donor countries shift from annual budget cycles to multi-year commitments. Multilaterals already provide aid through multi-year commitments, but what needs to improve is the system of some bilateral donors which confine aid commitments to annual cycles. Plans by the Government to implement a single platform for the reporting of data on planned and actual disbursements of aid, is likely to result in collection of reliable indicative commitments of aid disbursements (both on- and off-budget) over a multi-year framework as well as accurate data on actual disbursements for those DPs that can make multi-year commitments. Stronger efforts are still needed in country to improve the quality of aid reporting as the difference between OECD/DAC data on aid



flows to Uganda and the official aid statistics compiled by the Ministry of Finance, Planning and Economic Development and published in the Development Cooperation Report remains significant.

29. Efforts to monitor development impact and account for the results have been strong before PD but have been stronger during period of implementation of the PD. Poverty analysis, the UNDAF, the UJAS and periodic household surveys at national level coupled with the Joint Assessment Framework at sector level are mechanisms that have all benefitted from increased investment post-2005. Increasingly Government of Uganda and development partners are strengthening the monitoring and evaluation function at national level through the National Integrated Monitoring and Evaluation Systems (NIMES) established under the Office of the Prime Minister (OPM). However, the main problem to be addressed for Uganda, which was also documented by the Phase I Evaluation of the PD, is not so much to do with measurement of outcomes and impacts per se, but about the weak monitoring of the quality of inputs and of implementation of aid financed initiatives which is really hindering aid effectiveness in relation to development outcomes.

### **6.3 “Has the implementation of the Paris Declaration strengthened the contribution of aid to sustainable development results (development outcomes)? How?” (Core Question 3)**

30. The level of knowledge and application of the PD principles varies widely across sectors. Results in terms of development outcomes are equally mixed across sectors, with health showing either a stagnation of some of the development outcomes or a decline in some indicators due to sustained periods of lack of leadership in critical positions which apparently has also led to delays in completion of strategy review and consequently reduced funding for the sector. Where development outcomes have shown an improved situation (e.g., maternal and infant mortality), the overall situation remains unacceptable as not enough impact has been achieved. Coordination of a large number of CSOs implementing fragmented projects continues to be a challenge, despite the advent of the PD, and perhaps militating against positive impact. Decentralisation of health service delivery to districts has not been matched with improvement in staffing capacity at that level, which has remained at 56% at best and as low as 30% in the worst districts. Low staff morale, absenteeism, staff attrition due to poor salary and poor support and supervision of health workers have remained critical constraints and do raise the question whether the PD principles have enabled government and DPs to better coordinate priority setting and direct resources to the critical areas of support for the health sector.
31. In the water sector, the available evidence suggests that PD compliant aid funding instruments introduced prior to the PD were sustained post-2005 and have been instrumental in the achievement of notable development outcomes, with the country being on course to achieving the MDG target on access to water supply. These

instruments were instrumental to the substantial improvement in outcome indicators such as access to clean water, especially in the rural areas (access has increased from 50% and 60% in rural and urban areas to 65% and 66%, respectively, from 2000 to 2009). Donors have been working harmoniously in the sector clearly aligning their support with national priorities, and reducing off-budget project funding. Functionality of water systems is high at 80% in both urban and rural areas. Sanitation in schools has correspondingly improved from 57 pupils per stance to 43 during the period 2004-2009.

32. Whilst the PD was ratified long after Uganda had introduced aid effectiveness principles that have improved the management of aid, the contribution of the PD in strengthening aid effectiveness instruments such as the Water Sector Working Group that pre-date the PD and have been working well in the sector is clearly evident with greater division of labour, greater transparency in procurement at central government level through the properly constituted contracts committees that are largely independent of political patronage and report to the Public Procurement and Disposal of Assets Authority and with improved results monitoring. In the water sector, the government and development partners coordinate policy and expenditure programmes using a well functioning common approach, with considerable investment in institutional strengthening for water supply management. The quality of dialogue is also considered to be generally higher than in other sectors (e.g., agriculture and health).
33. In agriculture, no tangible impacts in relation to aid effectiveness principles in general or the PD in particular can be observed. The sector has been characterised by constant development of new national strategies and programmes which make reference to PD principles (the Plan for Modernisation of Agriculture (2000), the Rural Development Strategy (2005), the Prosperity for All (2006) and the Comprehensive African Agriculture Development Programme (CAADP) compact signed in March 2010) but both annual sector growth and the share of agriculture in total GDP have declined during the PD period. It is evident that the absence of a SWAp for agriculture has hindered effective donor coordination and alignment. There is also scant knowledge of the PD principles among staff working in the sector. The plethora of policy and strategy documents has brought about inconsistencies and confusion among stakeholders in the sector and this may have affected achievement of development results. It is not clear whether without the PD, the decline in sector performance could have been worse. What is clear is that the sector still lacks a clear results framework; an agricultural census undertaken in 2008/9 has not been published; some policies for the sector are managed outside the sector; and the process to develop a National Agriculture Policy (NAP) which started in 2009 is still work-in-progress.
34. There is no convincing evidence to conclude that the PD has necessarily influenced priority setting in favour of the needs of the poorest, who include women and girls and those socially excluded. Both national plans developed prior to and after signature of the PD (PEAP and NDP) defined appropriate strategies for dealing with social exclusion. Despite existence of these strategies, social vulnerabilities and gender disparities remain. Women continue to be marginalised in access to ownership and control over land,

education, business ownership, skills development, access to financial resources, employment and inheritance rights. Women bear the brunt of gender based violence which affects 68% of females and only 20% of males. Only one third of girls who enrol continue in school till the age of 18, compared to half of boys. Other areas of gender disparity are HIV prevalence, where it is higher (7.5%) for women than (5%) for men. If PD had been effective in influencing national policies on gender, perhaps the domestic relations bill proposed to provide protection and relief to victims of domestic injustices mooted in 2003 could have been passed into law by 2010.

35. Civil society efforts to promote within government gender and equity budgeting pre-date the PD, together with the efforts by the Ministry of Finance, Planning and Economic Development to introduce gender and equity budgeting for use by government ministries. Such efforts have not succeeded to close capacity gaps at district level, where skills and incentives to address social exclusion, gender and equality issues in annual budgeting processes are lacking.
36. The PD has popularised the Budget Support instrument and to some extent Investment Project Finance, both of which rose to new highs after the signature of the PD. During the period of the PD, funding of the government budget also became more diversified with aid dependency declining by half from 70% of government expenditure in 2003 to 33% in 2009/10, but it is not clear how the PD may have contributed to this, since both the donors and the government have been emphasizing the implementation of more effective strategies for boosting tax revenues even before the signature of the PD.
37. PD implementation has sustained pre-PD initiatives for strengthening national service delivery capacity at all levels (central government, local government and civil society levels). This includes the capacity of ordinary poor men and women citizens to defend their rights through political decision-making processes, access to basic services and opportunities to earn meaningful income and realise their ambitions. Stronger capacity for development management has also been built in a number of line ministries and agencies but this has not been uniform across central government (weaknesses remain in health, education and agriculture). Transparency has improved in the award of contracts at the central government level through properly constituted contracts committees, but capacities remain weak at the local government level where district tender boards lack capacity and qualified personnel, and are sometimes open to political influence from local councillors. At the central government level where capacities are stronger, each contracts committee is assisted by procurement secretariats that are supported by trained and qualified professionals.
38. Capacities to undertake value for money audits on government programmes and to investigate financial mismanagement have also been strengthened though challenges remain in effectively applying these new capacities at times because of undue political influence over these processes. PD has contributed through donors' increased ability to challenge the government with one voice on financial accountability issues.

39. Capacity for planning and management has also been strengthened at local government level through the intensified donor influence and support to the decentralisation process but application of this capacity and value for money has been curtailed by policy reversals such as the elimination of the graduated tax which provided local governments with 5% of their total revenue which they used for discretionary expenditures. This removed an opportunity for local citizens to contribute directly to local development and thereby reduced accountability of local governments to local citizens. Non-discretionary creation of additional districts by central government has also meant a larger share of the funds allocated to districts is spent on salaries and administration costs with little being left for service delivery.
40. NGO capacities have increased with expansion of the sector post-PD but provisions of the NGO Registration Amendment Act have imposed a tighter rein on their activities. It would appear the PD is of little or no consequence to unilateral declarations of policy or legal frameworks by the Ugandan Government yet (ideally) and in the spirit of the PD principles, this should be done after broader consultations involving the ordinary population, civil society organisations, private sector stakeholders and development partners.
41. PD-associated increases in aid flows to Uganda in some sectors (e.g., works) have strained absorption capacities inherent in those sectors, exacerbating under-absorption of funds and prompting government to propose amendments to the Public Procurement and Disposal of Assets Act, which in the longer run may have detrimental effects on value for money and accountability in the use of public funds.
42. The increased investment in the water sector which has come about with the successful implementation of PD principles has yet to be accompanied with strong environmental mitigation measures to prevent over-exploitation, degradation of water catchments, and pollution of water resources, thus risking sustainability and affordability of water resources.
43. Uganda is on course to achieving at least two of the eight MDGs by 2015 (Goals 1 and 3). ODA has clearly had an impact based on its weight in government expenditure, and the fact that it has become more aligned to government priorities, especially at sector level. Tracking of results has also been strengthened and accountability for aid tightened, by-and large. Uganda may even achieve three other MDGs (education, HIV/AIDS, malaria and other diseases, and ensuring environmental sustainability) but many issues remain unresolved that may hinder this progress including (1) weakened capacity for sector and local governance which is hindering service delivery in some areas, (2) disproportionate expenditure on administration which crowds out service delivery at the local government level, (3) leakages due to poor performance management in some sectors (e.g., education), and (4) failure to contain population growth which is diluting the impact of aid through service reach and quality.

## **6.4 Conclusions on whether PD overall has been a success or a failure in Uganda**

44. In order to bring out a clear message on the conclusion of the study in relation to whether the PD was a success or not, the team used a customised OECD evaluation rating scale whereby various aspects of the PD could be rated on a scale of 1-4 as follows: 1=very successful; 2=successful; 3=some problems; 4=serious deficiencies.
45. In terms of PD impact on aid effectiveness (efficiency of aid management), the evidence appears mixed. When the evaluators judge the performance of the PD against each principle, the PD has been more of a success in areas that could be considered to be “softer turf” (that is, fostering of the principle of country leadership and ownership of the development agenda which might have otherwise been rated “1” had Parliament been accorded space to fully play its oversight and legislative functions, but will be rated a “2” due to this fact). It has also been fortuitous that the PD was implemented at a time when the Government of Uganda was redefining its development agenda, first by evaluating the Poverty Eradication Action Plan and then proceeding to formulate the new national development plan (NDP). The process put to test stakeholders’ understanding of PD principles, and their commitment to them, with both Government and the development partners initially not being sure of what in practice was meant by country leadership and ownership. For instance, the questions whether country leadership or ownership meant government drafting the NDP alone or with inputs of stakeholders, and if the latter, what would be the best way and timing of soliciting the inputs of stakeholders (e.g., of development partners) without undermining country leadership and ownership became real issues that were not fully resolved.
46. The PD registered gains but did not do so well in Uganda in more sensitive areas, such as alignment, harmonisation and mutual accountability which could be rated “3”, “3” and “4”, respectively. In sectors where country leadership has been weak (e.g., Agriculture and Health) the main issue of concern for alignment has been whether the policies and strategic plans have been the right ones with Agriculture having too many blueprints whilst Health has delayed completion of the review of its strategic plan.
47. The use of country systems by development partners, in particular, proved to be a complex undertaking and fraught with risks on both sides. On the recipient country side, the main risk that surfaced to development partners related to perceptions about the weaknesses in systems for public financial management and procurement, and the systems to fight high profile corruption in government. On the development partner side was the possibility of them unilaterally freezing/withdrawing aid at the slightest turn of events, for example, in the event that fraud or theft was detected, irrespective of its scale, or in the event that government made questionable decisions on controversial human rights issues, such as homosexuality. The risk that donor-supported on-budget government programmes would be derailed in the event of donors withdrawing support was real in Uganda and gradually eroded internal political support for the use of PD compliant instruments such as General Budget Support and at the same time gave non-

traditional forms of aid more prominence as they appeared to be more predictable and less manipulative of government decisions.

48. Mutual accountability also failed on account of the lack of articulation by the PD of mechanisms to foster this principle and indicators to monitor progress in this regard. The timeframe for implementation of the PD was also too short for effective learning and refinement of the PD instrument as an aid effectiveness tool. The PD in its current form is less influential in holding the executive to account for changes in governance that may negatively affect aid effectiveness and weaken the commitments by governments and development partners. Better mechanisms for donors and the executive of partner countries to hold each other accountable are needed, including bolstering and leveraging on the activities of civil society and parliament. This principle can be rated a “4”.
49. PD progress in fostering the principle of managing for development results is evident through better integration of results-based management principles into planning, budget tracking and strengthening of national systems for performance measurement and monitoring. It can be rated a “2” though more work remains to be done on linking aid to development outcomes and in monitoring the quality of aid (in terms of the mix of aid instruments, conditionality, timeliness of disbursements, adequacy of resources, etc), other complementary inputs into the sector and the quality of delivery of the activities funded by the aid.
50. In relation to development effectiveness, the evidence is not conclusive on whether the PD has been successful and depends on the sector and whether or not it had a SWAp arrangement prior to and during the PD, which tended to catalyse the implementation of the PD principles, all other things held constant. Other countervailing factors appear to have hampered initial progress made through aid effectiveness principles. They range from capacity inadequacies, lack of strong leadership and clear strategy in some sectors, declining funding and the crowding out of service delivery by administration costs. Due to this mixed evidence, the sector level added value of the PD in relation to development outcomes can be rated a “2” for water sector, or “3” for both health and agriculture.

## 7 KEY LESSONS AND RECOMMENDATIONS AROUND THE COMMON EVALUATION QUESTIONS

**Lesson Learnt No. 1: The PD requires an enabling policy environment for all the commitments to be implemented to a significant extent and for development results to be achieved; extent of application of PD principles in any sector depends on the nature of governance in the respective sector**

- To add value, the PD commitments require fertile ground or enablers, such as enabling political governance, prudent macro-economic management, decentralisation, strong sector leadership by Government, including the presence of a Sector Wide Approach. In sectors where country leadership is strong and the SWAp modality exists, it is much easier to make significant progress in the implementation of PD principles. PD is unlikely to work in sectors without stable leadership, with leadership conflicts (too many power centres), or which are steered from powers outside the sector.
- The Government of Uganda and development partners should work towards introducing a SWAp in sectors where this modality has not yet been applied. In Agriculture, the CAADP Compact already offers a solid foundation for the launch of a SWAp in that sector.

**Lesson Learnt No. 2: Focus on poverty reduction is important but alone is not enough**

- Focus on poverty reduction alone through, say, poverty reduction budget support is not sufficient; development partners and partner countries need to equally commit to the goal of reducing income inequalities between regions and between population groups. Hence the quality of partnership between partner countries and development partners should be strengthened to ensure aid is deliberately targeted to geographical regions and socially and economically excluded population groupings that are lagging behind in poverty reduction targets.

**Lesson Learnt No. 3: Political interests, wider economic and political governance and development partner interests have a significant bearing on the extent to which partner governments and DPs can go in implementing the PD principles and the development outcomes achieved**

- The success of all PD principles hinges on the central issue of good governance (sound public financial management and procurement, respect for human rights and a visibly strong fight against corruption). With good governance, PD commitments would be easier to fulfil. Beyond PD critical thinking is needed on how to positively influence this precondition for aid effectiveness.
- The PD in its current form is less influential in holding the executive to account for changes in governance that may negatively affect aid effectiveness and weaken the commitments by governments and development partners. Better mechanisms for

donors and the executive of partner countries to hold each other accountable are also needed, and these may be established at regional and international level.

- Measures to increase opportunities for other interest groups likely to be able to influence the executive, such as Parliaments and civil society, to put pressure on the executive and on donors to create an enabling environment for efficient management of aid and to hold them accountable for the delivery of development results are needed. Most importantly would be strengthening of mechanisms for citizens to exert their influence on key decisions by policy makers that have a bearing on aid effectiveness.
- Genuine ownership requires political leverage and space as well as a legal-institutional framework that ensures that citizens – including the poor and the most marginalised women and men – are able to engage in decision-making processes and hold their governments accountable.

**Lesson Learnt No. 4: Improving predictability of aid requires measures that go beyond improving quality of reporting on planned and actual donor commitments and disbursements to negotiation of longer term aid agreements between development partners and the recipient country**

- To improve the predictability of aid, development partners have to boldly shift from commitments that are based on annual budget cycles to multi-year commitments governed by medium (5 years) to long-term (10 years) development partnership arrangements. Whilst this is not an issue for multi-lateral institutions such as the World Bank, African Development Bank and the European Commission, who already provide multi-year commitments, it is a big policy issue for some bilateral donors such as the USA and Japan who are constrained by their constitutions back home. Serious discussions on policy and constitutional reforms that may be needed to improve the effectiveness of aid in future need to be boldly considered as a matter of priority by development partner countries. Disbursements should also match the commitments that have been made and a mechanism for peer review among donors would help to increase predictability of aid. Government of Uganda on its part should also ensure that Parliamentary approval for projects that require such prior approval is obtained in good time so as to avoid delays in disbursements.

**Lesson Learnt No. 5: Reducing transactions costs and the burden of aid on recipient governments will call for all development partners to coordinate their efforts under the auspices of one local coordination mechanism established for development partners**

- Non-traditional development partners may not coordinate their efforts effectively with the OECD donors if not coerced by an explicit policy statement of the government to encourage their collaboration with other donors by joining aid effectiveness meetings and activities of the Local Development Group.



**Lesson Learnt No. 6: Aid conditionality may or may not influence ownership**

- The use of aid conditionality to influence specific policy choices on the recipient country may erode the commitment of partner countries to the use of aid modalities that promote more effective use of aid (such as General Budget Support), thus reversing gains made in the implementation of the Paris Declaration principles. An appropriate set of good practice principles on aid conditionality should thus be developed and widely promoted for adoption by development partners, including non-traditional donors.

**Lesson Learnt No. 7: The level of involvement of the government in management of project aid is crucial in determining the extent to which projects are aligned and harmonised with the national development framework and preferred operational approaches**

- Where the majority of aid to a sector (e.g., health) is channelled in the form of project aid (via NGOs, local government or separate donor projects, rather than through Central Government) priority areas (e.g., some of the most prevalent diseases) may receive only a small share of total aid. Such aid may miss critical government priorities even if such strategies are developed based on evidence of what works for the poor. Project aid can crowd out critical strategies that require central financing to implement them.
- Recipient country government should always maintain a strong involvement in the management of project aid in order to direct it to critical services as defined in the sector plans.

**Lesson Learnt No. 8: Too many policy and strategy documents in the same sector can bring about inconsistencies and confusion among key stakeholders working in the sector and this may have adverse effects on the results achieved**

- Uganda urgently needs a streamlined national policy framework for Agriculture to be developed/finalised and launched, to provide the necessary policy support to implementation of the CAADP. Such a policy instrument should be developed (finalised) in a consultative manner with leadership being provided by the Agriculture sector stakeholders. Such a blueprint should build on but supersede any other existing policy framework.

**Lesson Learnt No. 9: Aid proliferation and the emergence of non-traditional sources of finance including vertical global funds offer new funding opportunities but that have the potential to undermine the core SWAp principles of harmonisation, coordination and integrated sector policy framework**

- As the nature of aid architecture is quickly evolving, the Government of Uganda should embrace new aid (e.g., from Global Funds or non-traditional sources like the Gulf States and China) but safeguarding the good practice principles for aid management which were enshrined in the Partnership Principles and are being strengthened under the up-coming partnership policy and the existing SWAp arrangements. Parliament should be a clearing house for such aid but this institution

needs to be appraised of the PD principles and the need to ensure that any new forms of aid do not undermine current aid relationships.

**Lesson Learnt No. 10: Slow or non-realisation of tangible development results from SWAps (or the PD) can result in donor and government fatigue that slows down progress or even reverses achievements made in improving aid effectiveness**

- Year-round aid effectiveness activities should be imbedded into the work of the lead institutions driving the aid effectiveness agenda at country level (e.g., Office of the Prime Minister and the Ministry of Finance, Planning and Economic Development) and cascaded to all sectors. Such work should include a strong information, education and communication component that promotes transparency and accountability in the use of all taxpayers' money (whether locally generated or donated to Uganda by external sources).
- The Government of Uganda should in addition to utilising international PD monitoring surveys and evaluations, institutionalise a country-led processes for continuous monitoring of aid effectiveness and for influencing critical decisions in government (e.g., new partnerships) and the development partner community (e.g., tying of aid) that have an influence on aid effectiveness. At the global level these efforts at country level should be supported with the development and refinement of methodologies and user-friendly tools for monitoring and evaluating aid effectiveness, not only at intermediate result level (efficiency of aid management) but at final outcome and impact level (development effectiveness).
- It is critical now to have another aid effectiveness round table at country and international level to generate innovations that keep the momentum high among those actively participating in efforts to improve efficiency of aid management and impact of the aid, whilst at the same time reinvigorating energy among those now trapped in aid effectiveness fatigue at country level.
- The Government of Uganda should urgently map expectations (and/or frustrations) at various levels in government and among the development partners in relation to aid effectiveness and develop appropriate strategies to meet these.

**Lesson Learnt No. 11: Sudden changes in national priorities and directions in poverty reduction as well as strategic partnerships that are outside of the traditional development partners can create a climate of confusion and uncertainty which could erode genuine enthusiasm and commitment of traditional donors to PD good practice principles**

- Transparency in policy decision making should be promoted by the Government of Uganda; any planned changes in policy should be adequately discussed with and communicated to development partners and civil society, and a framework to guide the entry into new partnerships with non-traditional donors should be put in place that ensures such partnerships do not take precedence over existing partnerships but are preceded with adequate consultations both within and outside government and all the due care is exercised to maximise coherence and synergy with existing aid instruments.

## 8 KEY FINDINGS AND CONCLUSIONS, LESSONS AND RECOMMENDATIONS AROUND THE COUNTRY-SPECIFIC EVALUATION QUESTIONS

### 8.1 Implementation of the PEAP Partnership Principles

A comparison of the commitments under the PP (signed in 2003) and the PD indicates that Uganda has strived to mainstream the PD commitments and indicators in the development framework of the country. Implementation of the PP created a “binding” framework on which to hold DPs to account. The signing of the PD in 2005 enhanced the messages in the PP. All the commitments under the PD are covered by the PP.

Other commitments in the PP 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 funds) in the budget in line with other principles.

On coming into being, the PD was implemented in parallel with the PP. It is therefore not possible to conclude that one or the other was entirely responsible for the results witnessed. The following key findings emerge from the review of “Independent Evaluation of Uganda’s Poverty Eradication Action Plan (2008)”, carried out by Oxford Policy Management, among others:

- i. Partnership in Uganda is complex and the number of DPs (including those that are not signatories to the PD) continues to rise. While coordination actions such as the JBSF strengthen partnership, continuous innovations will be required to control the high transaction costs involved in managing the relationships;
- ii. The increased level of aid Uganda received over the last decade is a function of the strength of the partnership. However, outside the JBSF, the aid flows have continued to rely on individual DP decisions, and not on joint commitments. On the other hand, some of the projects implemented by the Government have not always been approved by Parliament on time, with delays in approval in some cases stretching to as much as 18 months. If Uganda is to further increase its level of aid and ensure its predictability, it needs to enhance the strength of its partnership; and
- iii. Although work is in progress to enhance aid partnerships by developing a new partnership policy, there is evidence<sup>60</sup> of fatigue amongst the DPs and GOU. This may be as a result of staff turnover (and continuous loss of institutional memory) on the part of DPs and a weak coordination capacity on the part of GOU.

In order to sustain the achievements already made on partnerships, GOU needs to urgently undertake the following actions, among others:

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<sup>60</sup> A cooling in the progress of DoL process and the slow pace of the Partnership Policy development process

- i. Strengthen its own capacity to interact and take a more pro-active leadership role in interacting with PDs. The process of developing the new Partnership Policy needs to be expedited so that the instrument is implemented;
- ii. Develop a system for mutual accountability, including the independent monitoring of progress with DPs. Such a system might include a Ugandan peer-review system in which DPs monitor each other's performance and engage in discussions with each other to narrow gaps between commitments and practice; and
- iii. Review emerging international ideas about developing more hand-off aid giving including the strengthening and or escalating of the JBSF.

## **8.2 Performance of the JBSF and the use of the JAF**

Ten development partners agreed with the Government of Uganda to provide budget support under a Joint Budget Support Framework (JBSF). Under the JBSF, the Government of Uganda and Development Partners developed a Joint Assessment Framework (JAF), endorsed in October 2009, which provides indicators and actions against which Government performance is assessed on an annual basis, and thereafter lays the basis for donor disbursement decisions.

The JAF was not designed as a parallel instrument but aligned to planning and budgeting instruments of the Government of Uganda. The targets and actions in the JAF are thus a subset of targets and actions found in the National Budget and other planning documents of Government of Uganda and are therefore costed in the budget.

The main findings of the 2009 assessment of the JBSF were: (i) as the indicators were designed to measure sector outcomes and outputs, they rely on a number of new data sources for which trend data is not available<sup>61</sup> which implies that, many indicators could not be assessed for JAF 1, as baseline or targets are still being determined; and (ii) weak M&E systems in certain sectors have contributed to data gaps. Therefore, going forward it will be important to continue to support the strengthening of Government M&E systems, especially in the areas where there are data gaps and information needs of the JAF may be hardest to meet. Strengthening of M&E systems may as a first step entail commissioning of an M&E assessment that identifies capacity gaps, identifies M&E capacity building priorities and then outlines a strategy for addressing these gaps. These efforts should involve a joint effort between government, development partners, CSOs and the private sector as each of these has an important role to play in M&E.

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<sup>61</sup> Appraisal by development Partners of the Government of Uganda' performance against the JAF 1, 2009

### **8.3 The process of developing a Partnership Policy**

In 2009, the government initiated the process of developing a new Partnership Policy with a view to strengthening its partnerships with development partners. The Partnership Policy aims to update the “Partnership Principles between the Government of Uganda and its Development Partners” of 2003 to reflect the changes in the policy environment in the country (including the National Development Plan as a successor to the Poverty Eradication Action Plan).

It is expected that the Partnership Policy will be supplemented by a Memorandum of Understanding (MOU) to be signed by Government of Uganda and all Development Partners, binding all signatories to the commitments therein. The MOU will make clear reference to existing agreements between the Government and each Development Partner, to ensure alignment.

The concept note of the Partnership Policy, which this evaluation team has reviewed, seeks to address all the relevant issues including, inter alia, the following:

- Alignment of aid with country priorities and systems
- Transaction costs / burden of inefficiency
- Coordination with development partners and other stakeholders
- Predictability of and information on aid flows
- Mutual accountability for development results
- Partnerships beyond aid

Since the production of the preliminary issues report and policy concept note in June 2010, it is not clear if there has been any further movement on the policy. The consultants recommend that the following issues should be taken into consideration in completing the development of the policy:

- The Partnership Policy needs to identify a manageable set of indicators within the existing aid management framework to be used in the evaluation of its performance.
- The policy should also clearly identify the legal and institutional framework for its management. Such institutional framework could be same as the existing one used in the management of the PD principles.
- The Government of Uganda through the agreed institutional framework should develop and implement a sound Policy dissemination, monitoring and evaluation plan. The policy 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 policy builds upon (or reinforces) PD.
- Government should ensure that the national and sectoral policies and programmes being formulated are internally coherent and consistent with the policy and in

accordance with the approved government plans and priorities both at the centre and the local governments.

- Government should institute a forum above the individual sectors for discussion of issues on the policy being encountered in the various sectors.

## **9 RECOMMENDATIONS GOING BEYOND THE PARIS DECLARATION**

Globally, the discourse on aid effectiveness should now shift to helping developing countries institutionalise good practices in strategies to improve aid effectiveness, based on evidence of what works and what doesn't work which has been generated from implementation experience of the PD. Special focus should be on making aid achieve development outcomes and impacts and best practice in evaluating such impacts should be further developed, refined, well documented and then shared with developing countries so that they can institutionalise the capacity to assess aid impact. The support needed by developing countries to institutionalise these best practices in aid impact evaluation should be mobilised and provided.

Development partners should continue to provide indicative resource allocations on a multi-year rolling plan basis and improve reliability of disbursements in order to improve aid predictability and this could be further buttressed by multi-year aid agreements with the aid recipient country. Bilateral DPs that are constrained by their home country constitutions and aid policy frameworks should seriously consider aligning with those of other countries that are able to commit on a multi-year framework, though disbursements may continue to be effected annually to promote accountability for resource use on the part of the aid recipient country.

Priority should be given by DPs to building national systems for public financial management and procurement by using them, as opposed to strengthening them from outside. Recent experience involving corruption in the developed world also shows that even the most developed systems can be manipulated. Hence, a genuine sense of partnership is necessary to cultivate trust between the DPs and the recipient governments, and such a partnership should seek to jointly address challenges (e.g., fraud, human rights abuses, or negative political decisions) as they manifest rather than use them as a basis for DPs to criticise Government systems leading DPs to discontinue the use of national systems or, consequently, Government to change the preferred source of aid or delivery instrument. These actions erode within a short space of time all the hard earned gains the Government and the DPs will have made over several years in advancing the aid effectiveness agenda.

In addressing new global challenges such as climate change, DPs should promote the use of existing aid delivery channels that favour harmonisation of approaches with other development partners before introducing new ones. Foundations should embrace the PD principles and promote the channelling of their funds through government preferred aid modalities at country level. They should also use national systems, but strengthen them with safeguards that have sufficient rigour to guard against misappropriation, fraud or outright theft.

Since good governance is the pillar of aid effectiveness, support for increasing the capacity and voice of all development actors, including non-state actors, to take an active role in dialogue on development policy and governance issues should be prioritised by DPs and the recipient government. DPs should collaborate more closely on framing better country level dialogue and support around issues such as high profile corruption, and respect for human rights.

As Uganda transitions from the Poverty Eradication Action Plan to the new National Development Plan whose vision is to enable Uganda to takeoff into middle income status, the discourse on aid also has to change with emphasis shifting from “aid for recovery” (from war, etc) to “aid for economic take-off”. This entails a shift in focus to a new type of aid, quantity of aid and a new nature of engagement with DPs. This re-orientation must be advanced through the new Partnership Policy.

As Uganda graduates from LDC status to middle income status, the nature of aid will change by reducing the share of grants in total aid and increasing the share of loans, payable from local resources such as the newly discovered oil. The terms of aid (in this case borrowing) will have to change as the countries borrows more for business and pay back through oil revenues. These changes will define new aid partnerships that might undermine the existing grant-based relationships and care needs to be taken to ensure the importance of the latter, even in reduced magnitude is recognised and safeguarded.

The PD principles are not a panacea to development challenges confronting developing countries. Limitations associated with greater efforts towards harmonisation and alignment, for example, need to be identified and ways to address them found. For instance, while efforts by DPs to strengthen Harmonisation and Alignment have seen the DPs supporting the government-led Universal Primary Education in Uganda, the low primary school completion rates and little support going to technical vocational education and training (TVET) mean that a large number of pupils are not reached by aid. Hence in future DPs should identify other areas of support to cater for those excluded from government priorities due to other socio-economic factors that marginalise them. Support to post-primary education for literacy and numeracy and that for the TVET system to produce an enterprising population are both critical to complement resources already being channelled to priorities in the formal education system that have been identified by the partner country.



## **10 ANNEXES**

### **10.1 Annex 1: Terms of Reference for Joint Evaluation of the Implementation of the Paris Declaration, Phase 2**

#### **1.0 Introduction**

The Office of the Prime Minister within its programme of the National Monitoring and Evaluation Strategy intends to conduct an evaluation of the second phase of the implementation of the Paris Declaration Principles in Uganda. The Office therefore wishes to engage a consultant to undertake the evaluation. The evaluation will be conducted in response to the Paris Declaration's own explicit commitment to carry out an independent cross-country evaluation, commissioned and overseen by an International Reference Group (IRG). The evaluation complements the monitoring of the implementation of the Paris Declaration, undertaken through the Cluster D of the OECD DAC Working Party on Aid Effectiveness "Assessing Progress on Implementing the Paris Declaration and the Accra Agenda for Action".

The Paris Declaration (PD) on Aid Effectiveness is a land mark international agreement endorsed on 2nd March 2005 by over 100 Ministers and Head of Agencies from 22 Development Partners and 57 Partner country Governments including Uganda. The agreement lays down 56 commitments to improve the quality and impact of aid and to improve the effectiveness of aid for the stated purpose of accelerating the achievement of the 2015 Millennium Development Goals and reducing poverty and inequality.

Uganda was one of the Countries involved in the first phase of the evaluation that ran from March 2007 to September 2008 and aimed at providing information on the implementation process of the Paris Declaration. The second phase of the evaluation runs from the 3rd High Level Forum in Accra in September 2008 up to the 4th High Level Forum in Korea in 2011. It emphasizes outcomes and results and is intended to offer answers to the critical policy question of whether the intended long-term effects of the Paris Declaration are being achieved.

The Paris Declaration expresses a broad international consensus developed in the 15 years that preceded 2005. It stipulates that new partnership relationships and ways of working between developed countries and partner countries are essential if development results are to be assured, aid well spent and aid volumes maintained.

Aid effectiveness reform initiatives which culminated into the signing of the PD agreement were initiated after experiencing widespread frustration on aid effectiveness causing a crisis in the field of aid by the Development Community. The Paris Declaration contains a provision for Regular Monitoring Surveys and Independent Evaluations of the implementation of PD commitments in countries.

The Paris Declaration (PD) lays out a road-map of practical commitments, organised around five key principles of effective aid namely; Ownership, Alignment, Harmonization, Management for Development Results and Mutual Accountability. The PD sets out practical measures with specific targets to be met by 2010.

The implementation of the PD was followed by several on-going aid effectiveness policy debates. The climax of these debates was the High Level Forum 3 on Aid Effectiveness held in Accra, Ghana in Sep 2008. The High Level meeting in Ghana came up with the Accra Agenda for Action. This Accra Agenda for Action adapted several commitments by all stakeholders. The Accra Agenda for Action further specified some of the Paris Declaration's commitments with the aim in particular of strengthening country ownership; building more inclusive partnerships; and sharpening the focus on development results

This evaluation is part of an international evaluation that will inform the 4th High Level Forum in Seoul in 2011.

## **2.0 Background and Rationale: the overall Phase 2 Evaluation**

1. The Paris Declaration expresses a broad international consensus developed in the 15 years up to 2005, stipulating that new partnership relationships and ways of working between developed countries and partner countries are essential if development results are to be assured, aid well spent and aid volumes maintained.
2. The first phase of the Evaluation<sup>62</sup> aimed at providing information on the “HOWs and WHYs” of the early implementation process of the Paris Declaration, looking at inputs and early outputs. It was designed and used to deliver practical lessons and help take stock of implementation performance at the 3rd High Level Forum on Aid Effectiveness held in Accra, Ghana in September 2008.
3. The second phase of the Evaluation will run from the 3rd High Level Forum in 2008 up to the 4th High Level Forum in Korea in 2011. This phase will emphasize outcomes and results and offer answers to the critical policy question of whether the intended long-term effects of the Paris Declaration are being achieved or advanced.
4. The evaluation is expected to analyze results in context, taking into account preconditions or enabling conditions that may lead to or inhibit positive development results supported by aid.

## **3.0 Uganda Country Evaluations: purpose, objectives, uses and approach**

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<sup>62</sup> Wood, B; D. Kabell; F. Sagasti; N. Muwanga; Synthesis Report on the First Phase of the Evaluation of the Implementation of the Paris Declaration, Copenhagen, July 2008. The report can be found at: [http://www.diiis.dk/graphics/Subweb/paris\\_evaluation\\_web/index.htm](http://www.diiis.dk/graphics/Subweb/paris_evaluation_web/index.htm)

5. **Purpose:** The Evaluation's primary focus will be to answer the core evaluation questions on the effects of the Paris Declaration on aid effectiveness and development results, including poverty reduction. This country evaluation will assess the effectiveness in this regard of Development Partners/agencies in the country, alongside that of the country stakeholders, and of the partnerships between them.

6. **Objectives:** The aim of the evaluation is to document, analyze and assess the relevance and effectiveness of the Paris Declaration in the country and its contribution to aid effectiveness and ultimately to development results, including poverty reduction.

7. Specific objectives include:

- To document the results achieved in the country through implementing the Paris Declaration.
- To enable the Country and Development Partners active in Uganda to clarify, improve and strengthen policies and practice consistent with the Paris Declaration in pursuit of aid effectiveness and development effectiveness.<sup>63</sup>
- To highlight barriers and difficulties that may have limited the effectiveness of the Paris Declaration and its effects and impacts – and ways that these barriers and difficulties may be overcome.
- To enable sharing and exchange of experience among stakeholders with other countries and partnerships so as to facilitate reflection, lesson-learning and policy improvement.

In the pursuit of the above objectives the Evaluation Team is expected to;

- i) Assess the successes and shortfalls of the implementation of the PEAP Partnership Principles from 2003,
- ii) Evaluate the performance of the Joint Budget Support Framework and the use of its assessment instrument, the Joint Assessment Framework (JAF) for measuring Government and development partners' performance,
- iii) Review the process of developing a Partnership Policy for the Country and provide advice on how to strengthen its use in enforcing the implementation of the Principles of the PD in Uganda.

8. The Accra Agenda for Action further specified some of the Paris Declaration's commitments with the aim in particular of strengthening country ownership; building more inclusive partnerships; and sharpening the focus on development results. The Phase 2 evaluation will therefore pay particular attention to assessing implementation of these Accra commitments, which address the current concerns of many stakeholders. These Accra commitments are reflected in these ToR.

9. **Audiences, Stakeholders and Usefulness of the Evaluation:** The focus of Phase 2 is on a results oriented evaluation feeding into international synthesis and component evaluation reports to be presented to the 4<sup>th</sup> High Level Forum in 2011. It is equally intended that the

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<sup>63</sup> In a number of participating countries, clear links are already being forged between this evaluation and other, related monitoring and evaluation activities in order to maximise the synergies, guard against duplicative work, and strengthen the usefulness of the evaluation in the country.

evaluation process will spur interest and improvement efforts in Uganda and other the participating countries and agencies.

10. Key constituencies include the Cabinet or the Executive and Parliament, bilateral development partners, and governing authorities and senior managements of development agencies. Also crucial are Permanent Secretaries and other Accounting Officers tasked with implementing the Paris Declaration: Government, Development Partner, civil society and private sector stakeholders. The findings are also expected to be of direct interest to many citizens of Uganda and of countries providing international development assistance.

11. The goal of ensuring wide dissemination and use of the evaluation by its intended audiences should influence the process and products at every stage of the evaluation, by:

- a. Keeping the central questions and key audiences constantly in sight;
- b. Using straightforward language: minimizing acronyms, jargon and unnecessary technical language in all products;
- c. Open internal communications – as in the planned knowledge-sharing system within and among teams;
- d. Trilingual operation: specific work to ensure timely translation of key documents and balanced literature sources in English,
- e. Building in the time required for peer exchanges, edits, strong summaries;
- f. Critically, meeting the required deadlines for progress steps and the submission of draft and final reports and dissemination summaries.

12. The national communication arrangements should be directly linked to key points in the national and international dialogue on aid effectiveness and Millennium Development Goal (MDG) trends to build policy engagement with the study and ensure its timely contribution to the debates.

13. ***Approach for the Evaluation:*** An approach for the overall Evaluation has been set out in the “Evaluation Framework and Work-plan” for Phase 2 issued by the International Management Team. It takes account of the distinctive methodological challenges of evaluating the Paris Declaration. The Phase 2 evaluation will focus on effects at the country level and its partnership with Development Partners.

14. As the main foundation for the overall evaluation, well-grounded comparisons between experiences between Uganda and other countries will be important to test claims for the effects of the Paris Declaration.

15. There will be a country evaluation team of consultants in Uganda, responsible for undertaking independent evaluations of aid effectiveness and development results. The team will address both:

- Implementation or “process” – assessing changes of behaviour of the country and Development Partners around aid and development and within the aid partnership itself. A strong focus on the context for implementation in Uganda (including one

major block of evaluation questions) is designed to ensure that the evaluation remains realistic and relevant in the country situation; and

- Results or outcomes in terms of aid effectiveness and development results, with rather precise minimum common “core” questions, scope and methodologies for the country evaluation.

16. Whilst most evaluative activity for the overall Evaluation will be undertaken by the country team of consultants, their evidence will be complemented by a number of headquarters-level Development Partner/agency studies, together with the eleven conducted in Phase 1; and a small number of “supplementary studies” where essential to provide adequate coverage of important issues. Specific opportunities for complementary coverage will be sought out and together these elements are intended to ensure adequate depth and breadth of the evaluation.

#### **4.0 Evaluation Methodology: evaluation questions and methods**

17. *Evaluation Questions:* The evaluation draws on a good deal of preparatory work which took into account the many complex factors and relationships at work in the implementation of the Paris Declaration and the special challenges involved for evaluation methodology<sup>64</sup>.

18. The Evaluation Matrix for the Country Evaluation set out in Appendix B will be the principal instrument for guiding and conducting the evaluation and the preparation of the product. It is constructed around a set of core evaluation questions and sub-questions which will serve as the minimum common structure for the individual country evaluation and for the final comparative synthesis report (which will also integrate the results of Development Partner HQ studies, the Phase 1 evaluation, and other inputs).

19. The evaluation will: a) evaluate to what extent the Paris Declaration has been implemented, and b) insofar as it has been implemented, evaluate what the results have been in terms of aid effectiveness and development. The core questions are set out below and then in the Matrix in Appendix B, where they are backed with the sub-questions, together with indications of the common types, indicators, and sources of evidence, to be used, as well as initial directions on common techniques and methods. Once the core questions and sub-questions are confirmed, additional guidance will be developed to flesh out the Matrix, particularly the methods and tools in Column 4, with a more precise identification of the analytical methods for each study element. This will ensure clear understanding of all the steps involved to support standard approaches, e.g. on data handling and analytical steps for each stage.

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<sup>64</sup> This work, summarized in the “Approach Paper for the Phase 2 Evaluation” (May 2009) included a major workshop of the International Reference Group in Auckland, New Zealand in February 2009 and a commissioned study on “The Paris Declaration, Aid Effectiveness and Development Effectiveness” in November, 2008 (the “Linkages Study”).

20. The “logic chain” of the questions is illustrated in three different diagrams in the Evaluation Framework, and it should be noted that the order and content of the three main evaluation questions, and the framework for conclusions, successively emphasize the accepted guiding evaluation criteria of relevance, efficiency, effectiveness and sustainability.

### **The Core Questions**

1. “What are the important factors that have affected the relevance and implementation of the Paris Declaration and its potential effects on aid effectiveness and development results?” (The Paris Declaration in context)
2. “To what extent and how has the implementation of the Paris Declaration led to an improvement in the efficiency of aid delivery, the management and use of aid and better partnerships?” (Process and intermediate outcomes)
3. “Has the implementation of the Paris Declaration strengthened the contribution of aid to sustainable development results? How?” (Development outcomes)

### **The Framework for Conclusions**

- i. What has been the relevance of the Paris Declaration and the ways it has been implemented to the challenges of aid effectiveness?
- ii. To what extent has each of the five principles of the Paris Declaration been observed and implemented, and the Accra Agenda priorities reflected? Why? Have there been conflicts or trade-offs between them?
- iii. What has the Paris Declaration achieved for aid effectiveness and development results? How significant are these contributions? How sustainable? Is there evidence of better ways to make aid more effective and contribute more to development results?
- iv. What effects has the implementation of the Declaration had on the respective burdens of aid management falling on partner countries and Development Partners, relative to the changing volume and quality of aid and of the aid relationship itself? Are these effects likely to be transitional or long term?
- v. What has been the added value of Paris Declaration-style development cooperation compared with the pre-Paris Declaration situation, and seen alongside other drivers of development in the country, other sources of development finance and development cooperation partners beyond those so far endorsing the Declaration?
- vi. What are the key messages for a) national stakeholders, and b) Development Partner countries and agencies?
- vii. What are the key implications for aid effectiveness in the future taking account of new challenges and opportunities (e.g. climate change) and new actors and relationships?

21. **Special Challenges:** In addressing these core evaluation questions it is clear that the challenges of attributing results to a set of commitments like the Paris Declaration are

especially complex. **One vital starting point is to recognize that the 2005 Declaration itself brought together a variety of reform efforts and initiatives that had been underway in different settings for some years before. Thus the evaluation should explicitly include assessment of these “upstream” or precursor steps as an integral part of its scope.**

22. Paris Declaration implementation is a multidimensional, multi-level process, affected by many factors, which can change its direction, emphasis, and pace at different times and in response to different influences. One way of making these factors more explicit and prominent throughout the evaluation is the emphasis placed through the first question on a far more in-depth and dynamic analysis than would be usual of the **context** for the implementation of the Paris Declaration and Accra Agenda in Uganda.

23. The main evaluation questions will be operationalised through a set of sub-questions including descriptive, analytical, normative and evaluative questions. These will be supported wherever possible by common specifications and suggestions of:

- i. the types of evidence and, where applicable, indicators to be used;
- ii. the anticipated availability and (probable) reliability of data sources; and
- iii. proposed sources, methods and techniques for data collection, analysis, triangulation and validation.

24. **Key elements:** As ready guidance for the Country Evaluation, the key elements of the overall evaluation methodology set out in the Evaluation Framework can be summarized as follows:

- a. A “*theory based*” approach – which recognizes that outcomes/results from Paris Declaration implementation may not be fully visible by the time of the Evaluation – so focuses instead on identifying the chains, directions, causes and trends of causality and the linkages involved (see points below);
- b. A “theory of change” which anticipates and explores *complexity* rather than expecting to apply simple or one-dimensional models of attribution;
- c. Seeking out and exploring the *causal mechanisms and key actors* driving or inhibiting change, their roles, inter-relations, and relative weightings in influencing outcomes (especially through Core question 1);
- d. Focused on *causality in context*: searching for common trends rather than (necessarily) generalized truths, but recognizing that the shape, nature and pace of change is heavily determined by locally specific factors and influences;
- e. Focused on *comparability*, ensuring robust analysis at aggregate level (through e.g. the development of common standards for analytical frameworks and data collection) while giving full weight to contextual factors;

- f. A *summative and formative* model – allowing judgments around outcomes and results whilst supporting forward-looking policy development and improvement.

25. **Specific methods** for pursuing the evaluations include:

- a. *Literature and documentation review*
- b. The analysis of *the most relevant existing statistical data* such as human development and poverty indicators, Poverty Reduction Strategy Paper (PRSP) reports, sector reports, MDG reports etc.;
- c. *Syntheses and meta-analyses* of existing evidence (i.e. secondary sources such as policy, evaluations and research). Common specified parameters will be proposed and agreed for data identification, inclusion and structured assessment;
- d. *Structured surveys and questionnaires* (key informant groups) deepened by *semi-structured interviews* and *focus groups* (key stakeholders including Government (different branches and levels) Development Partner agencies, civil society and the private sector). Any possibilities for drawing on participative approaches will be pursued;
- e. To help ground the evaluations, *a common template for analysis by all or almost all country evaluations of one important “tracer sector” (health) and for comparable analysis of the other sectors of priority chosen within each country.*
- f. *Backward tracking*, retrospective or inductive studies of sector, site or theme; using methodologies such as the analysis of time-series data; statistical trends; synthesis studies to assess “distance travelled” etc.;
- g. *Forward looking* analysis; which anticipates development results that are in formation but have not become fully evident, and *backward-tracking studies* as a basis for seeking plausible links in the causal chain - from Paris Declaration-style aid inputs to development results - to assess and predict the likely direction of further travel.

26. **Rigour and Comparability:** In addition to the use of the agreed minimum common questions, sub-questions and methods, the robustness of the approach and methodology for the evaluation and its results will be further ensured by:

- a. A consistent stance in the evaluation that does not assume attribution of results to the Paris Declaration, but rather takes a critical approach and examines alternative explanations;
- b. A set of support mechanisms available to the evaluation coordinator, reference group and the team, particularly from the Core Evaluation Team, both directly and through research resources and interactive internet facilities [see Section “Support Arrangements for Country Evaluations” for detail];
- c. Verification of evidence emerging through ongoing triangulation between the multiple data sources and methods employed;
- d. Step-by-step validation of evaluation results by the national core team (with peer review among them encouraged) by the core team, country reference group, the Evaluation Secretariat and Management Group, possibly high level external reviewers, and the International Reference Group;
- e. Quality assurance processes that are built in to each component evaluation required to meet the Development Assistance Committee (DAC) Evaluation Quality Standards,



- United Nations Evaluation Group (UNEG) Standards, or the comparable national or regional standards where these have been adopted;
- f. Selection and contracting of appropriately-skilled evaluation teams by established procedures, with protection for the independence and professional integrity of their work;
  - g. Forming country teams using national expertise to the maximum extent possible but also including regional and international experts where appropriate, assuring that all are free of potential conflicts of interest;
  - h. Prioritizing the use of country systems to capitalize on existing data/literature including academia, universities, and civil society;
  - i. Wherever possible, seeking the engagement and coverage of providers of development resources not yet formally endorsing the Paris Declaration in the capacity of Development Partners; and
  - j. Using a set of agreed working definitions for key terms<sup>65</sup> and a common style guide to avoid confusion and inconsistent treatment.

## 5.0 Management of the Evaluation: responsibilities and accountabilities

27. More detail on the international structure, relationships and governance in the overall Evaluation is provided in the “Evaluation Framework and Work-plan” for Phase 2.

28. *Communication with stakeholders:* The Country Evaluation is expected to develop and implement a ‘Communication Plan’ through which stakeholders for the evaluation within the country will be kept informed and engaged. A variety of channels and activities should be used and opportunities maximized to link to key points in national strategic and decision-making cycles. Links should also be forged with key milestones in the international dialogue on aid effectiveness and MDG trends over the coming two years to build policy engagement with the study and ensure its timely contribution to the debates.

## 6.0 Reporting Arrangements

29. The Evaluation Team of Consultants will report to the Permanent Secretary Office of the Prime Minister (OPM). The Permanent Secretary (PS) will utilise the technical support of the NRG coordinated by the NC to supervise and quality control the evaluation. The Consultants will be expected to submit the following reports to the PS, OPM;

- i) Inception Report -----2 Weeks after signing the Contract,
- ii) Monthly update briefs to the NRG,
- iii) Draft Evaluation Report 75 days from the start date of the assignment,
- iv) Draft Final Report 100 days from the start date of the assignment,
- v) Final Report 120 days from the start date of the assignment

## 7.0 Qualifications of the Consultants or Evaluation Team Specification

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<sup>65</sup> A Glossary has been prepared as part of the guidance to the Phase 2 Evaluation.

### ***Team composition***

- A team of four consultants (men and women, all with a minimum masters level qualification and fluency in the language of government) supported by one full time Research Assistant
- The team of four to include one experienced national Team Leader, two national consultants (one senior & one mid career) complemented by one experienced international or regional consultant.

### ***Team qualities (essential)***

- Experience in conducting strategic level (programmatic and/ or thematic) outcome & impact evaluations which assess ‘contribution’.
- Broad and in-depth knowledge of aid practice and related institutional arrangements and relationships within/ relevant to the country (National Government, Development Partners & civil society).
- Familiarity with the principles of the Paris Declaration and some engagement in national and international policy efforts to improve aid effectiveness.
- Wider and historical – beyond aid – view of development processes in the country/ region.
- Excellent communication skills (written and oral)
- Multi-disciplinary professional backgrounds including; (i) management/ organisational behaviour, (ii) political economy/ economics, (iii) sectoral (social/ non-social) programmes and (iv) government structures and administration.

### ***Team qualities (desirable)***

- Some prior experience of working together successfully on evaluations.
- Experience with mixed methods evaluations.
- Experience with conducting joint evaluations
- Specialised knowledge on gender and social exclusion issues.
- Experience in the monitoring and reporting of development results (including use of disaggregated data) through application of a ‘results chain’ approach.

### ***Team independence***

- The important aspect is to aim for an Evaluation Team that can operate with integrity and will be recognised as such by the wider group of stakeholders. Consultants with strong conflicts of interest should be avoided. What constitutes a ‘conflict of interest’ will have to be judged within each country context as implementation of the Paris Declaration covers all aspects of aid management and has taken different paths.

### ***Indicative Team inputs***

- Team Leader (National) – 50 days
- National Consultant (senior) – 30 days
- National Consultant (mid career) – 40 days
- International/ Regional consultant – 30 days
- Research Assistant – 100 days

## **10.2 Annex 2: Documents Reviewed**

1. National Development Plan 2010
2. Poverty Elevation Action Plan
3. Capacity Assessment Report on Sector Ministries (Health/Education/Agriculture)
4. ODI Sector Studies – for World Vision and for Health Sector
5. DAC Aid Accountability Study
6. Uganda PD Phase I Evaluation Report
7. Uganda PD Monitoring Survey Reports
8. Accra Agenda for Action
9. MDG Report(s)
10. Report on the Evaluation of UJAS
11. Report on the Evaluation of the PEAP
12. Human Development Report Uganda
13. DFID Evaluation of Joint Budget Support
14. Background Papers for the NDP
15. Uganda Debt Strategy
16. Annual Health Sector Performance Report 2008/9
17. Annual Water and Sanitation Sector Performance Report 2008/9
18. Theories of Change – Logic Model for PD
19. Management Guide for PD Phase 2 Evaluation
20. PD Programme Theory – Internal Logic and anticipated Results Chain for PD
21. Paris Declaration on Aid Effectiveness
22. Synthesis Report on the Phase I Evaluation of the Implementation of the PD, 2008
23. Joint Budget Support Framework
24. Joint Assessment Framework (JAF)
25. Partnership Policy
26. Evaluation Framework
27. Statistical Abstract 2010
28. Uganda National Household Survey
29. Uganda Demographic Household Survey
30. Millennium Development Goals Report(s) for Uganda
31. Glossary of Terms for Phase 2 Evaluation
32. Generic Terms of Reference for Country Level Evaluations
33. Aid Effectiveness in the Water and Sanitation Sector- a case study of Uganda
34. Achieving MDGs: at what cost?
35. Uganda Health Sector Policy Overview Paper
36. Health Sector Spending in Uganda
37. Accountability and Aid in the Health Sector
38. World Bank Governance Indicators
39. African Development Bank (AfDB) governance data base
40. Economist Intelligence Unit
41. Press reports on Aid effectiveness
42. “Transaction costs” concept paper by A. Lawson

### 10.3 Annex 3: Persons Consulted

No.	NAME	INSTITUTION
1.	Mr. Timothy Lubanga	Office Of The Prime Minister (OPM)
2.	Mr. David Rider Smith	Office Of The Prime Minister (OPM)
3.	Ms. Patience Nyakato	Office Of The Prime Minister (OPM)
4.	Ms. Esther Namayanja	Office Of The Prime Minister (OPM)
5.	Mr. Ibrahim Wander	Office Of The Prime Minister (OPM)
6.	Mr. Edmund Owor	Office Of The Prime Minister (OPM)
7.	Mr. Mark Kashaija	Office Of The Prime Minister (OPM)
8.	Hon. Birahwa Mukitale	Committee on the Economy, Parliament of Uganda
9.	Mr. Walter Ehmeir	Austrian Embassy, Development Cooperation
10.	Mr. Pronch Murray	Irish Aid
11.	Mr. Thomas Benninger	Irish Aid
12.	Mr. Dan Iga	Irish Aid
13.	Mr. Peter Oumo	Irish Aid
14.	Ms. Kate Wedgwood	Department for International Development
15.	Mr. Lawrence Kiiza	Ministry of Finance, Planning and Econ Dev
16.	Mr. Kenneth Muganbe	Ministry of Finance, Planning and Econ Dev
17.	Mr. Fred Twesiime	Ministry of Finance, Planning and Econ Dev
18.	Dr. Francis Runumi	Ministry of Health
19.	Mr. Sam Semanda	Ministry of Agriculture, Animal Industry and Fisheries
20.	Mr. George Otim	Ministry of Agriculture, Animal Industry and Fisheries
21.	Mr. Geresom Okecho	National Agriculture Advisory Services
22.	Dr. Sam Otuba	Ministry of Water and Environment
23.	Eng. Disan Ssozi	Ministry of Water and Environment
24.	Mr. Adam Mugume	Bank of Uganda
25.	Mr. Longino Tisasirana	National Planning Authority
26.	Mr. Kasper Dalsten	World Bank
27.	Dr. Willie Odwono	World bank
28.	Mr. Sam Mutono	World bank
29.	Ms. Furaha Bishota-Folquet	African Development Bank
30.	Mr. Patrick Simiyu Khaemba	African Development Bank
31.	Mr. Edward Batte Sennoga	African Development Bank
32.	Ms. Kate Wedgwood	Department for International Development
33.	Mr. Will Gargent	Department for International Development
34.	Mr. Richard Ssewakiryanga	NGO Forum
35.	Mr. Vincent Edduku	Caritas Uganda
36.	Mr. Ayman Omer	Oxfam
37.	Mr. Apollo Muyanja	SNV Uganda

<b>No.</b>	<b>NAME</b>	<b>INSTITUTION</b>
38.	Mr. Henrik Larsen	Royal Danish Embassy
39.	Mr. Enock Nyorekwa	Royal Danish Embassy
40.	Mr. Kenneth Nielsen	Royal Danish Embassy
41.	Ms. Christine Johansson	Embassy of Sweden
42.	Ms. Ulrika Hertel	Embassy of Sweden
43.	Ms. Grace Ekudu-Adoku	UNICEF
44.	Mr. Pontian Muhwezi	IFAD
45.	Mr. John Mark Winfield	USAID
46.	Mr. Bruce F. McFarland	USAID
47.	Ms. Mega Rhodes	USAID
48.	Mr. Juan Carlos Rodriguez	USAID
49.	Ms. Esther Nakayima	NGO Forum
50.	Ms Daisy Owomugasho	African Women's Economic Policy Network
51.	Ms Eunice Musime	NGO Forum
52.	Ms. Betty Lamunu	Lutheran World federation
53.	Ms. Eri Ogawa	Embassy of Japan
54.	Ms Aiko Hino	Embassy of Japan
55.	Ms. Marielle Geraedts	Embassy of the Kingdom of the Netherlands
56.	Mr. Ludo Rochette	Embassy of Belgium
57.	Mr. Luc Geysels	Belgian Development Agency
58.	Ms. Sybille Schmidt	Delegation of the EC to the Republic of Uganda
59.	Mr. Bernard Crabbe	Delegation of the EC to the Republic of Uganda
60.	Mr. Nelson Busingye	Anti-Corruption Coalition Uganda
61.	Mr. Michael Mpalanyi	Uganda Land Alliance
62.	Mr. Andrew Luzze	Uganda Manufacturers' Association

#### 10.4 Annex 4: Analytical Framework

Proposed Core Evaluation Questions & Sub-questions	Suggested types of evidence & where possible, indicators	Likely sources of data	Methods & techniques for data collection, analysis and validation
<b>1. “What are the important factors that have affected the relevance and implementation of the Paris Declaration (PD) and its potential effects on aid effectiveness and development results?” (The Paris Declaration in context)</b>			
<p>a) What are the key characteristics of the country that have been most relevant to the implementation of the PD? (Ensuring analytical not descriptive treatment)</p>	<p>e.g. As most relevant:                      i. Human development, social and poverty indicators                      ii. Key economic features, issues and trends                      iii. External and domestic resource mobilization patterns, place of aid                      iv. Indicators of governance and fragility. (The rule of law and a functioning legislature, and respect of human rights are likely to be key conditions)                      v. Social indicators (health, education, gender, vulnerability)                      vi. National development strategies and national development cooperation strategy, outcome based monitoring and evaluation                      vii. Recent political factors, changes and developments that affect the aid arena                      viii. Capacity development needs/priorities</p>	<p>Wide-ranging, likely to be country and international data</p>	<p>Review, compilation and processing of statistical data                      Review, analysis and summary of documents, including policies, strategies and plans, reviews, evaluations and other reports (national, international)                      Preparation of focused briefing reviews</p>
<p>b) What is the place of aid subject to PD principles among all sources of development finance and resources? What have been the trends from early roots to 2005 and since?”</p>	<p>i. Pre and post-PD trends in Official Development Assistance shares and components of external and overall development finance and national resource mobilization, (inc. private investment trade receipts, remittances, etc.) Scale and importance of relationships with different Development Partners.</p>	<p>Public accounts, Foreign Aid &amp; Budget monitoring divisions docs                      Existing external resources dept. and country/Development Partner shared tracking, docs and national and international stats.</p>	<p>What have been the trends from early roots to 2005 and since?                      Review, compilation and processing of statistical data, evaluative and monitoring materials.                      Review and summary of documents (national, international, independent).                      Preparation of tables, briefing notes.                      Survey of the economic activities, sectors,</p>

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	<p>ii. What shares and types of official development assistance (ODA) flows in turn are in practice subject to PD principles? Why?</p> <p>iii. Ensure appropriate coverage of technical cooperation, South-South and triangular cooperation, and sources of development cooperation not covered by the PD.</p>		<p>regions, programmes, projects, issues and drivers that fall outside the purview of the Paris Declaration.</p> <p>Semi structured interviews &amp; focus groups with informed respondents.</p> <p>Possible use of adapted 'sphere of influence' (outcome mapping) model for analysis.</p>
<p>c) Which are the key actors, in the country and among its development partners, who can take major decisions on aid? What influence do the Paris Declaration and Accra Agenda for Action (AAA) commitments have on them, in relation to their other priorities and incentives?</p>	<p>i. Maps of the relevant major decisions (annually, over the period since 2005)?</p> <p>ii. Identification of the relevant key decision-makers. Maps of the key objectives, interests, capacities, priorities and motivations of key actors on both sides of the aid relationships in this country, relative to the commitments of the PD and AAA. (This evidence is related to, but goes beyond, the "commitment, capacities and incentives" surveyed in Phase 1.) Taking account of changing relations with key Development Partners, parliament, local government, civil society, private sector and media actors.</p> <p>iii. Coherence between Development Partner/agency HQs and field actors should be assessed.</p> <p>iv. Possible supplementary study</p>	<p>Official documents and statements, relevant independent research. E.g. national and Development Partner strategies, policies and plans, institutional structures and decision-making processes, statistics and informed assessments.</p> <p>Official statements and documents, international conventions and commitments, parliamentary reports, Independent studies and reports on Development Partner motivations and their evolution over time, civil society reports.</p> <p>Targeted grey literature (internal reports, working documents, electronic newsletters, blogs)</p>	<p>Document analysis, decision mapping, stats., meta-analysis &amp; semi structured interviews &amp; focus groups with a wide range of informed respondents e.g. including current and former officials, at different levels of government, Development Partner representatives and observers, legislators, civil society, media, scholars</p>

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<p>e. What are the most important national and international events that have affected the implementation of the Paris Declaration and Accra priorities, and how?</p>	<p>I. Identification of key issues affecting the aid arena in country: e.g. Changing political priorities, governance reforms, economic conditions, civil unrest, natural &amp; man-made disasters, new resources (internal or external), decentralization, changing relations with key Development Partners, new entrants. ii. Assessments of PD influence on them, if any?</p>	<p>Existing evaluations and official and independent literature including government, Development Partner and civil society reports, parliamentary decisions and reports, informed assessments</p>	<p>Literature and document review, meta analysis, semi structured interviews, focus groups with key stakeholders to include government, civil society and parliamentarians, or possibly surveys with informed respondents</p>
<p>f. To what extent and where have the PD principles been implemented? Why and how?</p>	<p>i. Evidence (documentary, institutional, and other) of how the different PD principles have been interpreted, weighted and implemented in the country? Why? ii. Since when? (e.g., pre-2005, later?) ii. Evidence of any tensions or tradeoffs emerging between the different principles.</p>	<p>Existing evaluations and official and independent literature, including existing national, Development Partner and civil society progress reports, evaluations, policies, strategies and plans, informed assessments.  Monitoring survey provides some data and background on some commitments.</p>	<p>Document &amp; literature review, meta analysis, questionnaires &amp; semi structured interviews &amp; focus groups with informed respondents. Phase 1 type analysis needed to supplement Monitoring Survey results on other commitments.</p>
<p><b>2. “To what extent and how has the implementation of the Paris Declaration led to an improvement in the efficiency of aid delivery, the management and use of aid and better partnerships?” (Process and intermediate outcomes)</b> (Note: It is proposed that the interest in assessing progress related to inefficiencies in aid processes, the weight of the resulting burdens, and who bears them, will mainly be treated under the respective intended outcomes below (e.g. numbers ii., iv., v., and viii.) as well as in a summative question (see “Framework for Conclusions”).</p>			
<p><b>Sub-questions: The main means to provide answers to Core question 2 will be to assess the progress achieved in realizing each of the 11 following intended outcomes that were <u>directly specified</u> in the opening Paragraphs</b></p>	<p>Assessments against each of these intended outcomes could be focused on changed activities, behaviour, and relationships.</p>	<p>Other: Existing evaluations and monitoring reports.  Administration and Progress</p>	<p>Other: Monitoring Survey sheds some light on some expected outcomes, but unevenly. Qualitative analysis of consultation and decisions taken in Dialogues/ Coordination</p>



<p><b>3 and 4 of the Declaration itself, reflecting as well the further political emphases and priorities brought out in the AAA.</b></p> <p><b>Note 1:</b> While there are serious challenges in assessing and measuring achievement in some of these areas, this list, <b>if taken as a whole</b>, has an incontestable standing as the principal base for evaluation the effects of the Declaration.</p> <p><b>Note 2:</b> The 11 intended outcomes are clustered below under the main action headings of the AAA, and the Accra emphases can be drawn out further in pursuing individual questions.</p>	<p>In providing answers to these sub-questions, the only feasible across-the-board source is likely to be a standard survey of informed respondents as a key element in each country evaluation. (Finding a good, balanced, and adequately informed range of respondents will be a challenge in most cases.)</p> <p>Since in Phase 2 the country evaluations are designed to provide the most important means of assessing Development Partner implementation of the PD commitments, it will be important to get beyond aggregate assessments of implementation by “the Development Partners” as an undifferentiated group. Responses may also be quite different on different commitments by the same Development Partner/agency. Thus it will be important to design ways of assessing at least the range of different Development Partner records of implementation and examples of greater and lesser advances, if not actual ratings or rankings.</p> <p>It is very likely that some issues will be found more applicable than others, depending on different country situations. If so, this too will be a finding. Survey responses would then be elaborated though structured and semi-</p>	<p>Reports of Country Ministries of Finance and Plan Implementation</p> <p>Special study reports</p> <p>Development Partner reports on delegation of responsibility and resulting status of performance.</p> <p>Documentation by partner country and Development Partners on progress and decisions taken as a result of alignment/coordination processes:</p> <p>Evidence from documentation on parliamentary scrutiny, policy dialogues, Development Partner coordination groups, joint reviews and problem solving meetings.</p> <p>Evidence of trends in the span and distribution of national management/ Development Partner management of aid.</p>	<p>Processes.</p> <p>Analysis of information from country reports and Development Partner reports with specific reference to policy changes and decisions making processes arising out of PD. Quantitative analysis of changes in Budget allocations over the years with plausible links to harmonization and alignment moves.</p> <p>Evidence of trends in the span and distribution of national management/ Development Partner management of aid. Key informant interviews on inputs into policy and supporting structures</p> <p>Focus group discussions on supporting structures that allows civil society and the private sector a voice in policy making and a “watchdog” role.</p>
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	structured interviews, analyses of context under Question 1, and findings triangulated against the most recent monitoring survey results and trends where relevant (see individual points below), and other monitoring, evaluative and research findings (e.g. the EU Code of Conduct on Division of Labour and Complementarity or the Monterrey Consensus. )		
<b>A. Country ownership over development</b>	In addition to assessing progress against the sub-questions below, with their specific and sometimes technical aspects, a broader assessment of progress is needed against this central principle, highlighted again at Accra, with its critical political and behavioural dimensions. The proposed survey instruments and related methods should seek specific assessments of progress against this overarching objective - specifically focused on changed activities, behaviour, and relationships. The Accra commitments may point to some further sub-questions. All this will contribute to the aggregate assessment against the principles in the Conclusions.		
i. <u>Stronger</u> national strategies and frameworks?	e.g. Monitoring survey results on Indicator 1 provide a partial source and cross-check. Phase 1 reports relevant		
ii. <u>Increased</u> alignment of aid with partner countries' priorities, systems and procedures, help to strengthen capacities?	e.g. Monitoring survey results on Indicator 3, 5a, 5b and 6 provide a partial source and cross-check. Phase 1 and Development Partner/agency HQ reports		

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	relevant. Note: Need to test against AAA priority on increased and appropriate support for capacity development.		
iii. <u>Defined</u> measures and standards of performance and accountability of partner country systems in public financial management, procurement, fiduciary standards and environmental assessments, in line with broadly accepted good practices and their quick and widespread application?	e.g. Monitoring survey results on Indicator 2 provide a partial source and cross-check. Phase 1 and Development Partner/agency HQ reports relevant		
<b>B. Building more inclusive and effective partnerships for development</b>	In addition to assessing progress against the sub-questions below, with their specific and sometimes technical aspects, a broader assessment of progress is needed against this central political objective, highlighted again at Accra. The proposed survey instruments and related methods should seek assessments on this - specifically focused on changed activities, behaviour, and relationships. The Accra commitments may point to some further sub-questions.		
iv. <u>Less</u> duplication of efforts and rationalized, more cost-effective Development Partner activities	e.g. Monitoring survey results on Indicators 4, 9, and 10 provide a partial source and cross-check. Phase 1 reports relevant. Phase 1 and Development Partner/agency HQ reports relevant		
v. <u>Reformed</u> and <u>simplified</u> Development Partner policies and procedures, more collaborative behaviour	Phase 1 and Development Partner/agency HQ reports relevant		
vi. <u>More</u> predictable and multi-year commitments on aid	e.g. Monitoring survey results on		

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<p>flows to committed partner countries. [ Has the nature of conditionalities been changed to support ownership in line with the AAA commitment (para. 25)]</p>	<p>Indicator 7 provide a partial source and cross-check. Progress on untying, an Accra Agenda priority, could be treated here, with reference to Monitoring Survey Indicator 8. Phase 1 and Development Partner/agency HQ reports relevant</p>		
<p>vii. <u>Sufficient</u> delegation of authority to Development Partners' field staff, and adequate attention to incentives for effective partnerships between Development Partners and partner countries</p>	<p>Phase 1 and Development Partner/agency HQ reports relevant</p>		
<p>viii. <u>Sufficient</u> integration of global programmes and initiatives into partner countries' broader development agendas.</p>	<p>Note: This question has taken on more precise elements since this phrasing in 2005. Evidence existing evaluations: e.g. Monitoring survey results on Indicators 3, 6, and 9 provide a partial source and cross-check. Possible supplementary study</p>		
<p><b>C. Delivering and accounting for development results</b></p>	<p>In addition to assessing progress against the sub-questions below, with their specific and sometimes technical aspects, a broader assessment of progress is needed against this central principle, highlighted again at Accra in its political context. The proposed survey instruments and related methods should seek assessments on this - specifically focused on changed activities, behaviour, and relationships – and contribute to the aggregate assessments under question 3 and in the Conclusions. The Accra commitments may point to some further sub-questions.</p>		

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ix. <u>Stronger</u> partner countries' capacities to develop and implement results-driven national strategies	e.g. Monitoring survey results on Indicator 11 provide a partial source and cross-check. Phase 1 and Development Partner/agency HQ reports relevant		
x. <u>Enhanced</u> respective accountability of countries and Development Partners to citizens and parliaments	Phase 1 suggested that achieving this original expected outcome of the Declaration appeared to be the most important concrete way of advancing the central principle of mutual accountability, highlighted again at Accra. The proposed survey instruments and related methods should seek assessments on this - specifically focused on changed activities, behaviour, and relationships. e.g. Monitoring survey results on Indicator 12 provide a (very) partial additional source and cross-check. Phase 1 and Development Partner/agency HQ reports will be relevant. The Accra commitment on access to the requisite information is key.		
x. (Supplement) Implementation of the general commitment in para. 50 of the Declaration and the specific mutual commitments in the Accra Agenda for Action (Para. 24) on transparency and accountability for development results, including its detailed points on transparency, mutual assessment reviews, strengthening international accountability mechanisms, and measures to fight corruption on both sides.	Many of these AAA commitments are specific and time-bound enough to be directly assessed in individual country evaluations, and thus contribute to the Synthesis, alongside the general results on Monitoring Survey Indicator 12.		
xi. <u>Less</u> corruption and more transparency, strengthening public support and supporting effective resource mobilization and allocation.	e.g. Monitoring survey results on Indicator 2 provide a (very) partial source and cross-check		
<b>D. Have there been unintended consequences of the Paris Declaration for aid effectiveness? Is there evidence of better ways to make aid more effective?</b>			
<b>3. "Has the implementation of Paris Declaration strengthened the contribution of aid to sustainable development results? How?" (Development outcomes)</b>			

[Note: the Declaration’s own statement of intended effects, to:

“Increase the impact of aid in:

1. Reducing poverty
2. Reducing inequality
3. Increasing growth
4. Building capacity
5. Accelerating achievement of MDGs” (Paragraph. 2)]

<p>a) Were results in specific sectors enhanced through the application of the PD principles?”                  (Health to be used as a “tracer sector across all country evaluations, and one other, “non-social” sector (possibly infrastructure) to be selected by each country)                  (Note: One or two countries were noted where the health sector has little aid involvement. Briefly documenting this can contribute to overall results.)</p>	<p>i. Evidence of distance and trajectories of change in relation to PD principles.                  ii. Sectoral performance pre and post PD type actions. Categorization of PD-type influence (see context sections above).                  iii. Evidence of prevalence of PD type approaches by sector. Relevant evidence of results and performance by sector and plausible contributions.</p>	<p>Existing official and independent literature including government, Development Partner and civil society reports, existing evaluations and monitoring reports, annual reports of line ministries &amp; sector reports parliamentary decisions and reports, informed assessments</p> <p>Existing evaluations and monitoring reports, annual reports of line ministries &amp; sector reports.</p> <p>Parliamentary Reports. Independent studies</p> <p>Grey literature (internal reports, working documents, electronic newsletters, blogs)</p>	<p>Existing evaluations and monitoring reports, annual reports of line ministries &amp; sector reports.                  Parliamentary Reports. Independent studies                  Grey literature (internal reports, working documents, electronic newsletters, blogs)                  Mapping and weighting of possible contributory factors; Meta analyses; Comparative study of sectors; possible surveys.</p>
<p>b) Did the implementation of the PD help countries to improve the prioritization of the needs of the poorest people, including women and girls, and reduce social exclusion?”</p>	<p>i. Evidence of: explicit exclusion analysis and policy / strategy / programmatic &amp; and sector responses; relevant institutional mechanisms; gender and exclusion-related budgetary allocations and expenditure flows; pro-poor, gender</p>		<p>Mapping and weighting of possible contributory factors. Document &amp; budget analyses;                  Correlations, historical &amp; statistical analyses &amp; select case studies where preliminary data/information show powerful</p>

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	responsive priorities in national strategies, budgets; expenditure flows and other measures to/for social inclusion. ii. National data disaggregation by region, sex, excluded group etc. iii. Evidence on distance and trajectories of change.		correlations; Meta analysis of national development outcomes, strategies and budgets  [Note: possible supplementary study required]
c) How and why has the mix of aid modalities (including general or sector-specific budget support) evolved, what effect has the Paris Declaration had on different modalities, and what have been the development results?"			
d) Has PD implementation led to sustainable increases in institutional capacities and social capital at all levels to deliver services and to respond to development challenges? Why, how and where, and what are the effects?	Check against 3 commitments in AAA on capacity development and 5 on use of country systems: i. Evidence of changes in: administrative capacities among all development actors, including CSOs; ii. ability to consult with and account to stakeholders; iii. partnership working and network formation; iv. learning by doing; v. decentralization; vi. effective regulation; vii. policy and strategic monitoring; viii. evaluation and reporting.	Existing evaluations, assessments on technical cooperation. Relevant Progress  Reports of Country Implementation Agencies  Minutes of meetings of the Co-ordination Mechanisms.  Informed assessments survey data	Trends/assessments of PD-driven capacity development support. Major assessments on technical cooperation. Survey, appreciative inquiry, Most significant change. Key informant interviews.
e) Has the implementation of the PD had unintended consequences for development results, negative or positive? Is there evidence of better ways to make aid contribute more to development results?			
f) Has the PD enhanced ODA's impact on achieving the goals of the national development strategy and the	i. Distance and trajectories of change, pre- and post PD-type changes.	Existing evaluations and monitoring reports. National	Correlations, historical & statistical analyses & possibly select case studies where

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<p>MDGs?"</p>	<p>ii. Mapping and weighting of possible contributory factors.</p>	<p>reports on development strategies</p> <p>Annual reports of National Cooperation Agencies.</p> <p>MDG reports and statistics (on-track / off-track)</p> <p>Statistical data (World Bank (WB) indicators, WB Development Finance report, International Monetary Fund (IMF), OECD Secretariat, national statistical offices, ministries of finance, WB governance indicators, African Development Bank (AfDB) governance data base, United Nations Development Programme (UNDP) etc.)</p> <p>Economist Intelligence Unit, UNDP reports, press reports, etc.</p>	<p>preliminary data/information suggest correlations</p>
<p><b>4. Framework for Conclusions:</b></p> <p><b>i. What has been the relevance of the Paris Declaration and the ways it has been implemented to the challenges of aid effectiveness?</b></p> <p><b>ii. To what extent has each of the five principles of the Paris Declaration been observed and implemented, and the Accra Agenda priorities reflected? Why? Have there been conflicts or trade-offs between them?</b></p>			



<p><b>iii. What has the Paris Declaration achieved for aid effectiveness and development results? How significant are these contributions? How sustainable? Is there evidence of better ways to make aid more effective and contribute more to development results?</b></p> <p><b>iv. What effects has the implementation of the Declaration had on the respective burdens of aid management falling on partner countries and Development Partners, relative to the changing volumes and quality of aid and of the aid partnership itself? Are these effects likely to be transitional or long term?</b></p> <p><b>v. What has been the added value of Paris Declaration-style development cooperation compared with the pre-PD situation, and seen alongside other drivers of development in the country, other sources of development finance and development cooperation partners beyond those so far endorsing the Declaration?</b></p> <p><b>vi. What are the key messages for a) national stakeholders, and b) Development Partner countries and agencies?</b></p> <p><b>vii. What are the key implications for aid effectiveness in the future taking account of new challenges and opportunities (e.g. climate change) and new actors and relationships?</b></p>	<p>The burdens and benefits involved might be analyzed in relation to the transactional functions of “search”, “bargaining and decision” and “policing and enforcement” following the suggestions of the commissioned concept paper by A. Lawson on “Transaction Costs.” The metaphor from Economics needs to be adapted in light of the distinctive stakes in aid relationships, and the aspiration for “partnership.”</p>		
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## **10.5 Annex 5: Evaluation Tools**

### **10.5.1 Annex 5.1: Key Informant Interview Guide – Central Government and Development Partners**

#### **I. CONTEXT**

##### **1. What are the important factors that have affected the relevance and implementation of the Paris Declaration (PD) and its potential effects on aid effectiveness and development results?**

- a. What are the key characteristics of the Uganda that have been most relevant to the implementation of the PD?
- b. What is the place of aid subject to PD principles among all sources of development finance and resources? What have been the trends from early roots to 2005 and since?
- c. Which are the key actors, in Uganda and among its development partners, who can take major decisions on aid? What influence do the Paris Declaration and Accra Agenda for Action (AAA) commitments have on these actors, in relation to their other priorities and incentives?
- d. What are the most important national and international events that have affected the implementation of the Paris Declaration and Accra priorities, and how?
- e. To what extent and where have the PD principles been implemented? Why and how?

#### **II. PROCESS AND INTERMEDIATE OUTCOMES**

##### **2. To what extent and how has the implementation of the Paris Declaration led to an improvement in the efficiency of aid delivery, the management and use of aid and better partnerships?**

###### **a. Country ownership over development**

- i. Are national strategies and frameworks are stronger?
- ii. Is aid more aligned with Uganda's priorities, systems and procedures, help to strengthen capacities?
- iii. Are measures and standards of performance and accountability of Uganda's systems in public financial management, procurement, fiduciary standards and environmental assessments defined, in line with broadly accepted good practices and their quick and widespread application?

###### **b. Building more inclusive and effective partnerships for development**

- iv. Is there less duplication of efforts and rationalized, more cost-effective Development Partner activities?
- v. Are the Development Partner policies and procedures reformed and simplified, and is there behaviour more collaborative?
- vi. Are the aid flows to Uganda more predictable and are the multi-year commitments firm? Has the nature of conditionalities been changed to support Uganda's ownership in line with the AAA commitment?

- vii. Is there sufficient delegation of authority to Development Partners' field staff, and (donors) is there adequate attention to incentives for effective partnerships between Development Partners and Uganda?
- viii. Is there sufficient integration of global programmes and initiatives into Uganda's broader development agendas?

**c. Delivering and accounting for development results**

- ix. Does Uganda have stronger capacities today to develop and implement results-driven national strategies?
- x. Is there enhanced accountability by Uganda (and Development Partners) to citizens and parliaments?
- xi. Is there transparency and accountability for development results, including its detailed points on transparency, mutual assessment reviews, and measures to fight corruption by Uganda and its Development Partners?
- xii. Is there improvement in the level of corruption and transparency, and strengthening of public support for effective resource mobilization and allocation?

**d. Have there been unintended consequences of the Paris declaration for aid effectiveness? Is there evidence of better ways to make aid more effective?**

**III: DEVELOPMENT OUTCOMES**

**3. Has the implementation of Paris Declaration strengthened the contribution of aid to sustainable development results? How?**

- a. Were results in specific (especially Health, Water and Agriculture) sectors enhanced through the application of the PD principles?"
- b. Did the implementation of the PD help Uganda to improve the prioritization of the needs of the poorest people, including women and girls, and reduce social exclusion?
- c. How and why has the mix of aid modalities (including general or sector-specific budget support) evolved, what effect has the Paris Declaration had on different modalities, and what have been the development results?
- d. Has PD implementation led to sustainable increases in institutional capacities and social capital at all levels to deliver services and to respond to development challenges? Why, how and where, and what are the effects?
- e. Has the implementation of the PD had unintended consequences for development results, negative or positive? Is there evidence of better ways to make aid contribute more to development results?
- f. Has the PD enhanced ODA's impact on achieving the goals of the national development strategy and the MDGs?

## 10.5.2 Annex 5.2: Key Informant Interview Guide – Local Government, CSOs and Private Sector

*(Assumption is that they know less about the PD and AAA)*

### I. CONTEXT

#### 1. What are the important factors that have affected the relevance and implementation of the Paris Declaration (PD) and its potential effects on aid effectiveness and development results?

a. Which are the key actors, in Uganda and among its development partners, who can take major decisions on aid?

### II. PROCESS AND INTERMEDIATE OUTCOMES

#### 2. To what extent and how has the implementation of the Paris Declaration led to an improvement in the efficiency of aid delivery, the management and use of aid and better partnerships?

##### a. Country ownership over development

- i. Is there evidence that national strategies and frameworks are stronger?
- ii. Is aid today more aligned with Uganda's priorities, systems and procedures, help to strengthen capacities?
- iii. Are measures and standards of performance and accountability of Uganda's systems in public financial management, procurement, fiduciary standards and environmental assessments defined, in line with broadly accepted good practices and their quick and widespread application?

##### b. Building more inclusive and effective partnerships for development

- i. Is there evidence of less duplication of efforts and rationalized, more cost-effective Development Partner activities?
- ii. Are the Development Partner policies and procedures reformed and simplified, and is there behaviour more collaborative?
- iii. Are the aid flows to Uganda more predictable and are the multi-year commitments firm?
- iv. Is there sufficient delegation of authority to Development Partners' field staff?
- v. Is there sufficient integration of global programmes and initiatives into Uganda's broader development agendas?

##### c. Delivering and accounting for development results

- i. Does Uganda have stronger capacities today to develop and implement results-driven national strategies?
- ii. Is there an enhanced accountability by Uganda (and Development Partners) to citizens and parliaments?

- iii. Is there transparency and accountability for development results, including its detailed points on transparency, mutual assessment reviews, and measures to fight corruption by Uganda and its Development Partners?
- iv. Is there improvement in the level of corruption and transparency, strengthening public support and supporting effective resource mobilization and allocation?
- d. Are there better ways to make aid more effective?**

### **III: DEVELOPMENT OUTCOMES**

#### **3. Has the implementation of Paris Declaration strengthened the contribution of aid to sustainable development results? How?**

- g. What results are evident in specific (especially Health, Water and Agriculture) sectors over the last ten years since 2000?
- h. Is there improved prioritization of the needs of the poorest people, including women and girls, and reduce social exclusion?
- i. How and why has the mix of aid modalities (including general or sector-specific budget support) evolved, and what have been the development results?
- j. Is there evidence of sustainable increases in institutional capacities and social capital at all levels to deliver services and to respond to development challenges? Why, how and where, and what are the effects?
- k. What is the progress in achieving the goals of the national development strategy and the MDGs?

### 10.5.3 Annex 5.3: Structured Survey Questionnaire

#### **PHASE II EVALUATION OF THE PARIS DECLARATION - UGANDA Self Administered Structured Questionnaire**

#### **I. CONTEXT**

#### **1. Important factors that have affected the relevance and implementation of the Paris Declaration (PD) and its potential effects on aid effectiveness and development results**

- a. What are the key characteristics of the Uganda that have been most relevant to the implementation of the PD?

Key Characteristics	Reason for Relevance

- b. Which are the key actors, in Uganda and among its development partners, who can take major decisions on aid? What influence do the Paris Declaration and Accra Agenda for Action (AAA) commitments have on these actors, in relation to their other priorities and incentives?

Key Actors	Influence of PD and AAA

- c. What are the most important national and international events that have affected the implementation of the Paris Declaration and Accra priorities, and how?

Important Events	Nature of effect

- d. To what extent and where have the PD principles been implemented? Why and how?  
.....  
.....  
What, if any, were the tensions/tradeoffs between the PD and any such principles?  
.....  
.....

**II. PROCESS AND INTERMEDIATE OUTCOMES**

**2. The effect of the implementation of the Paris Declaration on the efficiency of aid delivery, the management and use of aid and better partnerships.**

**e. Country ownership over development**

- i. Are Uganda’s national strategies and frameworks are stronger today? If so, why?  
.....  
.....
- ii. Is aid today more aligned with Uganda’s priorities, systems and procedures, and help to strengthen capacities?  
.....  
.....  
.....
- iii. What measures and standards of performance and accountability of Uganda’s systems in public financial management, procurement, fiduciary standards and environmental assessments exist, are in line with broadly accepted good practices and are quick and widely applied?

System	Measures	Standards of performance	Speed of application
Public Financial Management			
Procurement			
Fiduciary Standards			
Environmental Assessments			

*Speed of application: 1 – Slow, 2 – Medium, 3- Quick*

**f. Building more inclusive and effective partnerships for development**

- i. Is there less duplication of efforts and are the Development Partner activities more rationalized and more cost-effective?, Given examples

.....  
.....  
ii. Have the Development Partner policies and procedures been reformed and simplified, and is the DP behaviour more collaborative?

.....  
.....

iii. Are aid flows to Uganda currently more predictable and are multi-year commitments firm?

.....  
.....

Has the nature of conditionalities been changed to support Uganda's ownership in line with the AAA commitment?

.....  
.....

iv. Is there sufficient delegation of authority to Development Partners' field staff, and is adequate attention to incentives for effective partnerships between Development Partners and Uganda? Explain

.....  
.....  
.....

v. Is there sufficient integration of global programmes and initiatives into Uganda's broader development agendas? If yes, explain how

.....  
.....

**e. Delivering and accounting for development results**

i. Does Uganda have stronger capacities today to develop and implement results-driven national strategies? Give examples

ii. ....  
.....

iii. Is there an enhanced accountability by Uganda (and Development Partners) to citizens and parliaments? Explain

iv. ....  
.....

v. What is the level of transparency and accountability for development results, including detailed points on transparency, mutual assessment reviews, and measures to fight corruption by Government of Uganda and Development Partners?

.....  
.....



- vi. Is there improvement in the level of corruption and transparency, strengthening public support and supporting effective resource mobilization and allocation?

.....  
.....

**f. Unintended consequences of the Paris declaration for aid effectiveness**

- i. Are there any examples of unintended consequences of the implementation of the PD for aid effectiveness?

.....  
.....

- ii. What better ways are available to make aid more effective?

.....  
.....

**III: DEVELOPMENT OUTCOMES**

**3. The role of the implementation of Paris Declaration in strengthening the contribution of aid to sustainable development results.**

- a. Have results in specific (especially Health, Water and Agriculture) sectors have been enhanced through the application of the PD principles? Explain

.....  
.....

- b. Did the implementation of the PD help Uganda to improve the prioritization of the needs of the poorest people, including women and girls, and reduce social exclusion? How

.....  
.....

- c. How and why has the mix of aid modalities (including general or sector-specific budget support) evolved, what effect has the Paris Declaration had on different modalities, and what have been the development results?

.....  
.....

- d. Has PD implementation led to sustainable increases in institutional capacities and social capital at all levels to deliver services and to respond to development challenges? Why, how and where, and what are the effects?

.....  
.....

- e. Has the implementation of the PD had unintended consequences for development results, negative or positive? Is there evidence of better ways to make aid contribute more to development results?

.....  
.....

- f. Has the PD enhanced ODA's impact on achieving the goals of the national development strategy and the MDGs?

.....  
.....

#### 10.5.4 Annex 5.4: Focus Group Discussion Guide – Media, CSO and Others

**Start by narrating the PD principles and the AAA and confirming whether or not the audience is familiar with them**

### **I. CONTECT**

#### **1. Important factors that have affected the relevance and implementation of the Paris Declaration (PD) and its potential effects on aid effectiveness and development results in the sector**

- a. What is the place of aid among all sources of development finance and resources? What have been the trends from early roots to 2005 and since?"
- b. Which are the key actors, in Uganda and among its development partners, who can take major decisions on aid?
- c. What are the most important national and international events that have affected the flow of aid, and how?

### **II. PROCESS AND INTERMEDIATE OUTCOMES**

#### **2. The effect of the implementation of the Paris Declaration on the efficiency of aid delivery, the management and use of aid and better partnerships.**

##### **a. Country ownership over development**

- i. Is there evidence that national strategies and frameworks are stronger?
- ii. Is aid today more aligned with Uganda's priorities, systems and procedures, help to strengthen capacities?
- iii. Are measures and standards of performance and accountability of Uganda's systems in public financial management, procurement, fiduciary standards and environmental assessments defined, in line with broadly accepted good practices and their quick and widespread application?

##### **b. Building more inclusive and effective partnerships for development**

- i. Is there evidence of less duplication of efforts and rationalized, more cost-effective Development Partner activities?
- ii. Are the Development Partner policies and procedures reformed and simplified, and is there behaviour more collaborative?
- iii. Are the aid flows to Uganda more predictable and are the multi-year commitments firm. Has the nature of conditionalities been changed to support Uganda's ownership in line with the AAA commitment?
- iv. Is there sufficient delegation of authority to Development Partners' field staff, and adequate attention to incentives for effective partnerships between Development Partners and Uganda?
- v. Is there sufficient integration of global programmes and initiatives into Uganda's broader development agendas?

**c. Delivering and accounting for development results**

- i. Does Uganda have stronger capacities today to develop and implement results-driven national strategies?
- ii. Is there enhanced accountability by Uganda (and Development Partners) to citizens and parliaments?
- iii. Is there transparency and accountability for development results, including its detailed points on transparency, mutual assessment reviews, and measures to fight corruption by Uganda and its Development Partners?
- iv. Is there improvement in the level of corruption and transparency, and strengthening of public support for effective resource mobilization and allocation?

**d. How can aid be made more effective?**

**III: DEVELOPMENT OUTCOMES**

**3. The role of the implementation of Paris Declaration in strengthening the contribution of aid to sustainable development results.**

- a. How have results in specific (especially Health, between 2000 and 2010)?
- b. Did the implementation of the PD help Uganda to improve the prioritization of the needs of the poorest people, including women and girls, and reduce social exclusion?
- c. How and why has the mix of aid modalities (including general or sector-specific budget support) evolved, what effect has the Paris Declaration had on different modalities, and what have been the development results?
- d. Has PD implementation led to sustainable increases in institutional capacities and social capital at all levels to deliver services and to respond to development challenges? Why, how and where, and what are the effects?
- e. Has the implementation of the PD had unintended consequences for development results, negative or positive? Is there evidence of better ways to make aid contribute more to development results?
- f. Has the PD enhanced ODA's impact on achieving the goals of the national development strategy and the MDGs?"

### 10.5.5 Annex 5.5: Focus Group Discussion Guide – Sector Ministries, DPs

**Start by narrating the PD principles and the AAA and confirming whether or not the audience is familiar with them**

#### **I. CONTECT**

##### **1. Important factors that have affected the relevance and implementation of the Paris Declaration (PD) and its potential effects on aid effectiveness and development results in the sector**

- a. Which are the key actors, in Uganda and among its development partners, who can take major decisions on aid? What influence do the Paris Declaration and Accra Agenda for Action (AAA) commitments have on these actors, in relation to their other priorities and incentives?
- b. To what extent and how have the PD principles been implemented in the sector? Why and how? What, if any, were the tensions/tradeoffs between the PD and any such principles?

#### **II. PROCESS AND INTERMEDIATE OUTCOMES**

##### **2. The effect of the implementation of the Paris Declaration on the efficiency of aid delivery, the management and use of aid and better partnerships.**

###### **a. Country ownership over development**

- i. Are the sector strategies and frameworks are stronger today? If so, why?
- ii. Is aid to the sector today more aligned with the sector's priorities, systems and procedures, and help to strengthen capacities?

###### **b. Building more inclusive and effective partnerships for development of the sector**

- i. Is there less duplication of efforts and rationalized and more cost-effective Development Partner activities in the sector?
- ii. Are the Development Partner policies and procedures reformed and simplified, and is their behaviour more collaborative?
- iii. Are aid flows to the sector currently more predictable and are multi-year commitments firm? Has the nature of conditionalities been changed to support government ownership?
- iv. Is there sufficient delegation of authority to Development Partners' field staff?
- v. Is there sufficient integration of global programmes (e.g. Global Fund and Gavi) and initiatives into the sector's broader development agendas?

###### **c. Delivering and accounting for development results**

- i. Does the sector have stronger capacities today to develop and implement results-driven national strategies?
- ii. Is there an enhanced accountability by the sector to citizens and parliament?

iii. Is there transparency and accountability for development results, including its detailed points on transparency, mutual assessment reviews, and measures to fight corruption in the sector?

**d. Unintended consequences of the Paris declaration for aid effectiveness**

- i. Are there any examples of unintended consequences of the implementation of the PD for aid effectiveness in the sector?
- ii. Are there any examples of better ways to make aid more effective?

**III: DEVELOPMENT OUTCOMES**

**3. The role of the implementation of Paris Declaration in strengthening the contribution of aid to sustainable development results.**

- a. Have results in the sector been enhanced through the application of the PD principles? Why?
- b. Did the implementation of the PD help the sector to improve the prioritization of the needs of the poorest people, including women and girls, and reduce social exclusion?
- c. How and why has the mix of aid modalities (including general or sector-specific budget support) evolved and how has it affected the development results?
- d. Has the implementation of the PD had unintended consequences for development results in the sector, negative or positive? Are there better ways to make aid contribute more to development results in the sector?

## 10.6 Annex 6: ODA Total Net Disbursements to Uganda (USD Millions) as Captured by OECD DAC

<b>ODA Total Net Disbursements to Uganda (USD Millions)</b>									
Year	2003	2004	<u>2005</u>	2006	2007	2008	2009	Average	%
<b>Donor</b>									
All Donors, Total	997.5	1,215.6	1,191.9	1,553.7	1,737.0	1,641.3	1,785.9	1,446.1	100%
DAC Countries, Total	587.4	684.1	690.8	938.4	1,002.7	1,005.7	1,013.3	846.0	58%
Multilateral Agencies, Total	409.0	530.2	499.3	612.6	731.4	631.5	768.8	597.5	41%
Non-DAC Countries, Total	1.1	1.4	1.8	2.7	2.9	4.0	3.8	2.5	0%
G7, Total	335.1	393.5	374.7	566.0	585.0	564.4	638.7	493.9	34%
DAC EU Members, Total	356.1	408.5	384.8	599.1	574.4	493.9	501.6	474.1	33%
Australia	0.5	0.6	0.3	2.8	3.0	1.1	1.8	1.4	0%
Austria	5.4	8.1	8.4	10.3	10.3	14.2	11.2	9.7	1%
Belgium	6.6	8.1	13.3	14.9	15.0	17.0	22.2	13.9	1%
Canada	6.7	10.2	12.8	14.1	20.0	21.2	16.9	14.6	1%
Denmark	53.0	61.3	63.7	78.5	109.9	82.6	93.5	77.5	5%
Finland	1.0	2.4	5.3	6.1	6.1	5.6	4.6	4.4	0%
France	4.7	6.2	7.6	5.4	9.0	17.4	14.6	9.3	1%
Germany	26.7	41.8	51.4	54.6	47.6	37.8	60.1	45.7	3%
Greece	0.2	0.1	0.1	0.0	0.2	0.3	0.2	0.1	0%
Ireland	44.4	47.6	47.8	57.6	65.9	80.9	64.5	58.4	4%
Italy	8.9	8.2	3.9	9.6	13.3	12.4	9.0	9.3	1%
Japan	9.5	11.8	14.4	21.8	27.5	57.0	54.1	28.0	2%
Korea	0.1	0.2	0.1	0.2	1.3	0.7	1.2	0.5	0%
Luxembourg	0.1	0.1	0.1	0.1	1.6	1.6	1.0	0.7	0%
Netherlands	57.8	70.9	80.1	82.4	70.4	82.9	45.0	69.9	5%
New Zealand	0.46	0.21	0.56	0.15	0.73	0.16	0.20	0.35	0%
Norway	38.37	41.67	45.53	50.46	69.77	74.98	67.32	55.44	4%
Spain	9.77	3.28	0.55	2.74	2.65	11.46	5.89	5.03	0%
Sweden	32.92	42.74	47.93	62.59	56.55	64.07	52.65	51.35	4%
Switzerland	1.62	3.16	3.35	3.57	4.44	3.76	3.34	3.32	0%
United Kingdom	104.65	107.64	55.63	214.41	166.13	65.66	117.35	118.78	8%
United States	174.02	207.71	228.82	246.22	301.57	352.88	366.88	268.30	19%
<u>EU Institutions</u>	89.38	112.69	83.20	155.47	116.35	258.89	128.04	134.86	9%
Czech Republic	0.04	0.07	0.04	0.33	0.09	0.05	0.30	0.13	0%
Iceland	0.96	1.22	1.61	2.28	2.56	3.20	3.17	2.14	0%
Israel									0%

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<b>ODA Total Net Disbursements to Uganda (USD Millions)</b>									
<b>Year</b>	2003	2004	2005	2006	2007	2008	2009	Average	%
<b>Donor</b>									
	0.11	0.08	0.12	0.06	0.08	0.23	0.07	0.11	
Poland	..	..	0.01	0.01	0.02	0.03	0.01	0.01	0%
Slovak Republic	0.01	-	0.04	..	..	..	..	0.01	0%
Slovenia	..	..	..	..	..	..	0.03	0.00	0%
Thailand	..	..	..	0.05	0.02	0.02	0.09	0.03	0%
Turkey	..	..	0.01	0.01	0.06	0.50	0.01	0.08	0%
United Arab Emirates	..	..	..	..	..	..	0.13	0.02	0%
Other Donor Countries, Total	0.11	0.08	0.12	0.11	0.14	0.25	0.20	0.14	0%
AfDB (African Dev. Bank)	0.95	0.90	0.86	0.81	0.76	0.73	0.68	0.81	0%
AfDF (African Dev. Fund)	15.21	54.47	59.15	103.58	123.93	105.82	110.78	81.85	6%
Arab Agencies	..	0.08	3.10	8.50	4.68	0.72	0.25	2.45	0%
<a href="#">GEF</a>	0.13	..	4.25	..	..	0.88	1.37	0.95	0%
GAVI	..	..	..	..	13.27	17.41	8.39	5.58	0%
Global Fund	0.29	37.68	41.19	27.72	44.04	7.24	46.92	29.30	2%
IAEA	..	..	..	0.32	0.35	0.60	0.44	0.24	0%
IDA	264.96	300.39	297.51	269.68	374.07	180.35	395.13	297.44	21%
IFAD	3.39	5.89	6.22	5.31	9.41	8.60	15.04	7.69	1%
IMF (SAF,ESAF,PRGF)	-	-	-	-	-	-	-	-	-
	19.07	27.54	29.42	2.94	..	..	..	10.44	-1%
Nordic Dev. Fund	1.74	4.30	8.58	2.85	4.92	3.08	3.25	4.10	0%
UNAIDS	..	..	0.52	0.47	0.99	0.65	1.02	0.52	0%
UNDP	4.49	5.43	6.13	7.11	7.90	12.51	11.18	7.82	1%
UNFPA	6.22	3.83	3.43	3.62	4.29	6.43	7.23	5.01	0%
UNHCR	11.95	9.27	2.13	1.26	2.99	0.27	3.62	4.50	0%
<a href="#">UNICEF</a>	5.36	7.79	9.56	11.67	18.51	22.41	22.10	13.91	1%
<a href="#">UNTA</a>	4.31	2.88	2.92	1.63	2.44	1.07	1.07	2.33	0%
WFP	19.64	12.31	..	9.65	2.52	3.88	12.29	8.61	1%
Bill & Melinda Gates Foundation	..	..	..	..	..	..	0.42	0.06	0%
<b>Total</b>	<b>997.59</b>	<b>1,215.72</b>	<b>1,192.03</b>	<b>1,553.79</b>	<b>1,737.12</b>	<b>1,641.50</b>	<b>1,786.49</b>	<b>1,446.32</b>	<b>100%</b>



### 10.7 Annex 7: Disbursements by donor as reported by the Development Cooperation Report

Donor	FY 00/01	FY 01/02	FY 02/03	FY 03/04	FY 04/05	FY 05/06	FY 06/07	FY 07/08	FY 08/09	Average	Percent
ADF	18.6	24.6	25.2	65.8	23.6	78.6	87.4	96.4	105.7	58.4	7%
BADEA	-	-	-	0.2	1.7	-	3.1	-	-	0.6	0%
EADB	-	-	-	3.5	-	-	-	-	-	0.4	0%
EU	33.3	35.5	61.9	122.9	132.0	82.6	109.2	74.6	132.8	87.2	11%
EIB	6.2	5.4	-	41.1	5.6	-	15.6	-	-	8.2	1%
IDA*	179.2	245.1	271.6	292.1	301.8	100.4	561.3	64.7	257.1	252.6	31%
IFAD	3.8	4.3	4.4	5.6	6.3	6.5	8.0	6.6	9.9	6.2	1%
IMF	23.1	-	2.0	5.8	6.0	2.9	-	-	-	4.4	1%
NDF	1.8	0.5	1.1	26.5	8.0	-	5.6	-	1.6	5.0	1%
UNDP	2.7	2.6	5.9	6.4	5.3	8.0	9.6	0.9	-	4.6	1%
WFP	35.4	29.9	27.2	50.0	62.9	8.2	-	-	-	23.7	3%
GEF	2.7	2.7	1.5	-	-	0.8	0.8	1.4	3.6	1.5	0%
FAO	1.9	1.2	3.0	1.2	1.8	0.6	-	-	-	1.1	0%
UNICEF	11.0	8.4	14.4	18.3	9.2	-	-	-	-	6.8	1%
UNFPA	2.0	2.4	0.2	-	-	1.4	1.0	-	-	0.8	0%
ACBF	-	-	-	-	-	-	-	0.3	0.1	0.0	0%
GFHIM	-	-	-	-	20.6	41.2	13.2	2.6	-	8.6	1%
WHO	5.3	9.7	6.2	6.1	10.0	-	-	-	-	4.1	1%
UNESCO	-	-	-	-	0.0	-	-	-	-	0.0	0%
AUSTRA	4.5	3.6	2.8	3.7	3.3	6.0	7.1	5.6	7.3	4.9	1%
BELGIUM	1.3	5.9	0.3	1.6	1.7	7.3	6.4	2.8	1.4	3.2	0%
CANADA	-	2.2	1.3	2.0	0.9	-	-	0.1	-	0.7	0%
CHINA	1.1	2.3	5.2	4.8	-	-	0.1	-	-	1.5	0%
DENMARK	43.7	40.4	47.6	39.8	26.3	11.3	34.3	33.1	6.4	31.4	4%
FRANCE	-	-	2.9	4.9	9.1	0.6	1.8	2.1	1.0	2.5	0%
GERMANY	19.6	29.1	21.9	28.6	39.0	37.2	38.7	2.6	3.8	24.5	3%
IRELAND											4%

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Donor	FY 00/01	FY 01/02	FY 02/03	FY 03/04	FY 04/05	FY 05/06	FY 06/07	FY 07/08	FY 08/09	Average	Percent
	13.7	27.2	48.5	51.6	45.2	21.2	47.2	23.5	26.5	33.8	
ITALY	2.6	1.1	3.1	12.3	8.4	7.6	1.3	-	0.0	4.1	0%
JAPAN	0.6	8.9	2.0	6.8	4.8	2.5	5.4	-	0.9	3.5	0%
SOUTH KOREA	-	-	-	3.7	-	-	-	-	-	0.4	0%
NETHERLANDS	52.1	38.1	32.9	63.3	47.0	23.5	21.4	42.6	22.0	38.1	5%
NORWAY	12.0	13.1	20.0	20.3	24.5	14.0	26.5	25.8	15.1	19.0	2%
SPAIN	-	3.7	8.6	5.1	1.4	-	-	-	-	2.1	0%
SWEDEN	25.5	17.2	30.4	33.4	37.5	10.4	29.8	20.3	26.5	25.7	3%
UK	125.9	178.4	98.6	108.8	83.9	78.2	85.7	71.5	55.2	98.5	12%
USA	34.7	68.2	80.2	24.2	45.6	100.0	117.1	-	-	52.2	6%
OPEC	0.6	-	-	-	-	-	-	-	-	0.1	0%
ADB	-	-	3.1	-	-	-	-	-	-	0.3	0%
NIGERIA	1.0	0.1	0.4	-	-	-	-	-	-	0.2	0%
CIAT	-	0.4	0.4	-	-	-	-	-	-	0.1	0%
SWITZERLAND	0.1	-	-	-	-	-	-	-	-	0.0	0%
Total	666.0	812.2	834.8	1,060.4	973.5	650.9	1,237.6	477.2	676.9	821.1	100%