

# **Country Level Evaluation Uganda**

## **Final Report**

### **VOLUME 1: MAIN REPORT**

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**Evaluation carried out on behalf of the European Commission**





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**The opinions expressed in this document represent the views of the authors, which are not necessarily shared by the European Commission or by the authorities of the countries concerned.**

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## LIST OF ABBREVIATIONS

|         |   |
|---------|---|
| ACP     | African, Caribbean and Pacific Group of States                                    |
| AfDB    | African Development Bank  |
| AGOA    | African Growth and Opportunity Act  |
| ALA     | Asia and Latin America  |
| APEX    | EIB loan facility   |
| APF     | Africa Peace Facility   |
| APIR    | Annual PEAP Implementation Review   |
| ASARECA | Association for Strengthening Agricultural Research in Eastern and Central Africa |
| AU      | African Union   |
| BUDS    | Business Uganda Development Services  |
| CEMAC   | Economic and Monetary Community of Central Africa                                 |
| CET     | Common External Tariffs   |
| CfP     | Call for Proposal   |
| CFSP    | Common Foreign Security Policy  |
| CJRP    | Commercial Justice Reform Programme   |
| COFOG   | Classification of the Functions of the Government                                 |
| COM     | Communication   |
| COMESA  | Common Market for Eastern and Southern Africa                                     |
| CRIS    | Common Relex Information System   |
| CSCBP   | Civil Society Capacity Building Programme   |
| CSSC    | Civil Society Steering Committee  |
| CSO     | Civil Society Organization  |
| CSP     | Country Strategy Paper  |
| CTN     | Common Tariff Nomenclature  |
| CU      | Custom Union  |
| DAC     | Development Assistance Committee (OECD)   |
| Danida  | Danish International Development Assistance                                       |
| DfID    | UK Department for International Development                                       |
| DP      | Development Partner   |
| DoL     | Division of Labour  |
| DRC     | Democratic Republic of Congo  |
| DRRP    | District Roads Re-gravelling Programme  |
| DUCAR   | District, Urban and Community Access Roads  |
| EAC     | East African Community  |
| EAP     | Economically Active Poor (farmers)  |
| EBA     | Everything But Arms   |
| EC      | European Commission   |
| ECHO    | EC's Humanitarian Office  |
| EDF     | European Development Fund   |
| EIA     | Environmental Impact Assessment   |
| EIB     | European Investment Bank  |
| ELU     | Environmental Liaison Unit  |
| EPA     | Economic Partnership Agreement  |
| EQ      | Evaluation Question   |
| ESA-IO  | Eastern and Southern Africa – Indian Ocean  |
| EU      | European Union  |
| EU-EOM  | EU Election Observation Mission   |
| FA      | Force Account   |
| FAO     | Food and Agriculture Organisation   |
| FDI     | Foreign Direct Investments  |
| FINMAP  | Financial Management and Accountability Programme                                 |
| FRMCP   | Forestry Resources Management and Conservation Programme                          |
| FTA     | Free Trade Area   |
| GATT    | General Agreement on Tariffs and Trade  |
| GBS     | General Budget Support  |
| GDI     | Gender Development Index (UNDP)   |
| GDP     | Gross Domestic Product  |
| GoU     | Government of Uganda  |

|          |   |
|----------|---|
| HDI      | Human Development Index   |
| HIPC     | Highly Indebted Poor Country                                      |
| HIV/AIDS | Human Immune-Deficiency Virus/ Acquired Immunodeficiency Syndrome |
| HPPG     | Harmonised Participatory Planning Guidelines                      |
| HSSP     | Health Sector Strategic Plan                                      |
| ICT      | Information and Communication Technology                          |
| IDA      | International Development Association                             |
| IDP      | Internally Displaced Persons                                      |
| IFAD     | International Fund for Agricultural Development                   |
| IFMS     | Integrated Financial Management System                            |
| IGAD     | Intergovernmental Authority on Development                        |
| IMF      | International Monetary Fund                                       |
| IOC      | Indian Ocean Commission   |
| IRRC     | Inter Regional Co-ordinating Committee                            |
| JAF      | Joint Assessment Framework  |
| JAR      | Joint Annual Review   |
| JBSO     | Joint Budget Support Operation                                    |
| JC       | Judgement Criteria  |
| JDSF     | Joint Donor Strategic Framework                                   |
| JICA     | Japan International Cooperation Agency                            |
| JLOS     | Justice, Laws and Order Sector                                    |
| JTSR     | Joint Transport Sector Review                                     |
| KIDDP    | Karamoja Integrated Disarmament and Development Plan              |
| LAs      | Local Authorities   |
| LGs      | Local Governments   |
| LGDP     | Local Government Development Programme                            |
| LGSIP    | Local Government Strategic Investment Plan                        |
| LRA      | Lord's Resistance Army  |
| LRRD     | Linking Relief, Rehabilitation and Development                    |
| LTEF     | Long-Term Expenditure Framework                                   |
| LVFO     | Lake Victoria Fisheries Organisation                              |
| MDA      | Major Development Areas   |
| MDG      | Millennium Development Goals                                      |
| MDRI     | Multilateral Debt Relief Initiative                               |
| M&E      | Monitoring and Evaluation   |
| MFPED    | Ministry of Finance, Planning and Economic Development            |
| MOU      | Memorandum of Understanding                                       |
| MOWHC    | Ministry of Works, Housing and Communications                     |
| MoWT     | Ministry of Works and Transport                                   |
| MSC      | Most Significant Change   |
| MTCS     | Medium Term Competitiveness Strategy                              |
| MTEF     | Mid-Term Expenditure Framework                                    |
| MTR      | Medium-Term Review  |
| NAADS    | National Agricultural Advisory Service                            |
| NAO      | National Authorising Officer                                      |
| NARO     | National Agricultural Research Organisation                       |
| NARP     | National Agricultural Research Organisation                       |
| NARS     | National Agriculture Research System                              |
| NCR      | Northern Corridor Route   |
| NDF      | Nordic Development Fund   |
| NDP      | National Development Plan   |
| NEMA     | National Environment Management Authority                         |
| NEPAD    | New Economic Partnership for Africa's Development                 |
| NES      | National Environment Statue                                       |
| NGO      | Non-Governmental Organization                                     |
| NIMES    | National Integrated Monitoring and Evaluation Strategy            |
| NIP      | National Indicative Programme                                     |
| NRM      | National Resistance Movement                                      |
| NSA      | Non-State Actors  |
| NSCG     | Non Sectoral Conditional Grant                                    |

|        |   |
|--------|---|
| NTB    | Non-tariffs Barriers                                  |
| NTMP   | National Transport Master Plan                        |
| NTR    | Non-Tax Revenue                                       |
| NURP   | Northern Uganda Reconstruction Programme              |
| OECD   | Organisation for Economic Cooperation and Development |
| OPM    | Office of the Prime Minister                          |
| PABS   | Poverty Alleviation Budget Support                    |
| PAF    | Poverty Action Fund                                   |
| PBA    | Programme Based Approach                              |
| PD     | Paris Declaration on Aid Effectiveness                |
| PDEs   | Procurement and Disposal Entities                     |
| PDU    | Procurement and Disposal Unit                         |
| PEAP   | Poverty Eradication Action Plan                       |
| PEFA   | Public Expenditure and Financial Accountability       |
| PFA    | Prosperity For All                                    |
| PFM    | Public Finance Management                             |
| PMA    | Plan for Modernisation of Agriculture                 |
| PPDAA  | Public Procurement and Disposal of Asset Authority    |
| PPE    | Pro Poor Expenditures                                 |
| PRDP   | Peace Recovery Development Plan                       |
| PRSC   | Public Reform Service Commission                      |
| PRSP   | Poverty Reduction Strategy Paper                      |
| PSP    | Private Sector Provider                               |
| RAFU   | Road Agency Formation Unit                            |
| RF     | Road Fund   |
| RG     | Reference Group                                       |
| RIO(s) | Regional Integration Organization(s)                  |
| RIP    | Regional Indicative Programme                         |
| ROM    | Results Oriented Monitoring                           |
| RSDP   | Road Sector Development Plan                          |
| RSP    | Regional Strategy Paper                               |
| QuAM   | Quality Assurance Mechanism                           |
| SADC   | Southern Africa Development Corporation               |
| SBS    | Sector Budget Support                                 |
| SDP    | Support to Decentralisation Programme                 |
| SIP    | Strategic Investment Plan                             |
| SO     | Strategic Objective                                   |
| STABEX | Stabilisation of Export Earnings                      |
| SSATP  | Sub-Saharan Africa Transport Programme                |
| SWAp   | Sector Wide Approach                                  |
| SWG    | Sector working Group                                  |
| SWURMP | South Western Uganda Road Maintenance Programme       |
| TB     | Tuberculosis  |
| TA     | Technical Assistance                                  |
| TCF    | Technical Co-operation Facility                       |
| ToR    | Terms of Reference                                    |
| UBOS   | Uganda Bureau of Statistics                           |
| UDHS   | Uganda District and Household Survey                  |
| UGX    | Uganda Schilling                                      |
| UHRC   | Uganda Human Rights Commission                        |
| UJAS   | Uganda Joint Assistance Strategy                      |
| UN     | United Nations  |
| UNDP   | United Nations Development Programme                  |
| UN-ECA | United Nations Economic commission for Africa         |
| UNRA   | Uganda National Road Authority                        |
| UPDF   | Uganda People's Defence Forces                        |
| UPE    | Universal Primary Education                           |
| USAID  | United States Agency for International Development    |
| US\$   | United States Dollar                                  |
| WB     | World Bank  |

WFP            World Food Programme  
WTO            World Trade Organisation



## EXECUTIVE SUMMARY

### *Objectives of the Evaluation*

The main objectives of this evaluation are to:

- Provide relevant external cooperation services of the EC and the wider public with an overall independent and accountable assessment of the Commission's past and current cooperation relations with Uganda during the period 2001-2007; and
- Identify key lessons learned from the Commission's past overall cooperation and thus provide the Commission's policy-makers and managers with a valuable aid for the implementation of the current strategy and indicative programmes and future strategies and programming.

Of special interest in this mandate was the analysis of the actions that were taken as a result of the last country-level evaluation published in 2001.

Given the timing of this evaluation, recommendations are focussed both on strategy formulation and implementation issues that could apply to the remainder of the current strategic planning period, as well as on those lessons that could apply to the EDF10 period. The table below indicates the commitments for the EC budgets for EDF7 through 10, as well as the budget breakdown between the focal and other sectors.

**Table 1: Summary of EC cooperation commitments during the evaluation period**

|                                  | 7 <sup>th</sup> EDF<br>final | 8 <sup>th</sup> EDF<br>final | 9 <sup>th</sup> EDF<br>final | 10 <sup>th</sup> EDF<br>planned |
|----------------------------------|------------------------------|------------------------------|------------------------------|---------------------------------|
| <b>NIP A Envelope million €</b>  | <b>163</b>                   | <b>210</b>                   | <b>277</b>                   | <b>439</b>                      |
| <b>NIP B Envelope million €</b>  | <b>-</b>                     | <b>-</b>                     | <b>39</b>                    | <b>22</b>                       |
| Macroeconomic Support/ GBS       | 0%                           | 0%                           | 33%                          | 42%                             |
| Transport                        | 39%                          | 52%                          | 47%                          | 39%                             |
| Agriculture/Rural<br>Development | 32%                          | 8%                           | 6%                           | 14%                             |
| Social Development               | 19%                          | 26%                          | 0%                           | 0%                              |
| Others                           | 10%                          | 14%                          | 14%                          | 5%                              |
| <b>Total</b>                     | <b>100%</b>                  | <b>100%</b>                  | <b>100%</b>                  | <b>100%</b>                     |

### *Country Context*

The **Republic of Uganda** is a landlocked country in East Africa bordered on the east by Kenya, on the north by Sudan, on the west by the Democratic Republic of the Congo, on the southwest by Rwanda, and on the south by Tanzania. The southern part of the country includes a substantial portion of Lake Victoria, which is also bordered by Kenya and Tanzania. The population of Uganda is estimated at slightly over 30 million people spread over approximately 240 thousand square kilometres.

Uganda's revenue / GDP ratio of 13.4% is one of the lowest in the world, well below the sub-Saharan average of 18%. It is one of the poorest countries in the world and ranks 154<sup>th</sup> of the total of 177 countries on the Human Development Index (HDI) 2007/2008. In 2006, per capita income was about US\$300/year. Life expectancy at birth is around 49 years and population growth at 3.3% remains one of the highest in the world; the rapid population growth in urban areas has contributed to a rise in urban poverty. The population living in poverty has increased from 34% in 2000 to 38% in 2003, but has since dropped to 31.3% in 2005 – 2006 (calculated using a poverty count ratio).<sup>1</sup> It should be

<sup>1</sup> Source: Uganda Bureau of Statistics 2006, Uganda National Household Survey 2005/06.

noted that even given this drop, more people are poor today in Uganda, because of the rate of population growth.

During 1990 - 2001, the economy grew because of continued investment in the rehabilitation of infrastructure, improved incentives for production and exports, reduced inflation, gradually improved domestic security, and the return of exiled Indian-Ugandan entrepreneurs. Ongoing corruption and slippage in the implementation of public sector and public policy reforms raise doubts internationally about the sustainability and equity of strong growth. In 2000, Uganda qualified for the enhanced Heavily Indebted Poor Countries (HIPC) debt relief initiative worth US\$1.3 billion and Paris Club debt relief worth US\$145 million. These amounts combined with the original HIPC debt relief added up to about US\$2 billion.

Uganda has substantial natural resources, including fertile soils, regular rainfall, and sizable mineral deposits of copper and cobalt. The country has largely untapped reserves of both crude oil and natural gas. Agriculture is the most important sector of the economy, employing over 80% of the work force, with coffee accounting for the bulk of export revenues and exposing Uganda to the vagaries of commodity prices. Uganda is well endowed with water resources - lakes, rivers and wetlands. While 20% of the country's surface is covered by water and wetlands, the water resources are unevenly distributed geographically. Deforestation is widespread in the country. Only about 21% of the country is today covered with forest and woodland, with gazetted forest making up only 14.900 km<sup>2</sup> or 7.7% of the land surface.

Since 1986 the country has taken great strides on the path to democracy including holding general elections every five years. The Presidential and Parliamentary elections held in February 2006 were the first multi-party elections in Uganda in 25 years. Although generally peaceful and stable, parts of the country continue to be affected by conflicts in neighbouring countries.

### ***Methodology and Scope of the Evaluation***

The scope of the evaluation is the analysis of the cooperation of the European Commission with the Republic of Uganda during the period 2001-2007, in order to assess the progress and results (outputs, outcomes and impact) of the cooperation programmes, to evaluate the management of the funds and to provide detailed and operational recommendations for future cooperation. Thus the evaluation is not looking at single projects and programmes but at the EC country cooperation with the Republic of Uganda as a whole. All channels and modalities of development cooperation from the EC were part of the mandate.

The evaluation methodology closely follows that recommended by the EC, starting with the reconstruction of the Intervention Logic, which identified prioritized cooperation objectives for the EC in Uganda and intended effects of that cooperation. A series of nine evaluation questions (EQs) were proposed by the evaluation team and accepted by the EC. Each EQ was characterized by Judgment Criteria, each of which being assessed on qualitative and quantitative indicators.

#### **OVERALL UGANDAN DEVELOPMENT CONTEXT**

In terms of the overall Ugandan progress towards poverty reduction, the numbers are clear: the absolute numbers of people still under the poverty level has risen from 7 million to approximately 8.5 million, even if it has DROPPED in percentage terms (from 38% to 31%) in the past three years, the result of the high population growth rate in the country. In fact, some districts have reported that the percentage of poverty has gone up, but it is not possible to tell if this is a result of district-splitting (or not) when compared to the base used to arrive at original figures.

Among the evaluation tools applied were the analysis of over 200 documents; interviews with over 75 key people (not counting those who only assisted but did not speak); four group interviews in field settings; field visits to Kampala-based donor and GoU officials, rural districts and transportation hubs, and a detailed review of over 40 projects that were selected by the evaluation as the study sample (Uganda relies heavily on Programme-Based Approaches such as General Budget Support, and does not implement large numbers of stand-alone projects per se).

The methodology used in the evaluation was based largely on longitudinal gap analysis; for example, the evolution of the EDFs (strategy and implementation) was analysed for consistency and relevance, and observations/findings were formulated. The evaluation team recognises that there is an inherent weakness in this approach: the past does not necessarily define the future, but only informs it. Errors may be committed when conclusions and recommendations are extrapolated from an existing state, and the evaluation team took the precaution of identifying the level of security it had in its own recommendations and conclusions.

### ***Overall Assessment***

Overall, the evaluation found that the performance of EC development cooperation interventions in Uganda was moderately-high, having met most of its objectives within a context where the EC must continue to develop the capacity of Ugandan institutions and to improve the effectiveness of policy dialogue geared to bringing about sustainable changes in public management. The EC has proven to be a high performance strategic-level partner, but it has had significant and recurrent problems with its implementation partners, particularly in the transport sector. Overall, it has implemented appropriate responses to the key recommendations that were made in a previous evaluation (2001).

The EC has been an active member of multi-donor interventions and has aligned its cooperation well with the changing needs and priorities of the country. Its financial and technical contributions have helped to enable Uganda to achieve and maintain a relatively stable macroeconomic level of performance. It has actively participated in donor coordination fora and their working groups, but a higher level of performance of coordination and complementarity are needed. Its efforts to develop Non-State Actors and to promote Human rights and similar cross-cutting priorities have met with mitigated success.

### ***Conclusions***

Forty-two specific conclusions relating to the Evaluation Questions are presented in the report and these have been used to prepare twelve meta-conclusions that are structured along strategic themes such as aid effectiveness. Of the twelve, the four most important conclusions, based on the impact that the EC's development assistance contribution could have in Uganda, are:

1. While the EC has taken every opportunity to adopt behaviours and processes that are in line with international agreements and conventions concerning aid effectiveness (including Paris Declaration and Accra accords, to name a few), policy change through dialogue has been essentially limited to technical subjects. It has not always been able to put into place the policy dialogue processes and mechanisms with appropriate decision-makers that would allow it to have a mutually-accountable relationship with the GoU and, as a result, many outcomes are delayed or not produced as planned. Notwithstanding the foregoing, the EC has always maintained an open and pro-active political dialogue with Uganda on development issues.

2. The various Programme-Based Approaches (PBA) implemented by the EC have not resulted in additionality with respect to the budgets allocated to the delivery of services; while the budgets of non-social sectors such as defence and public administration have increased, those of social sectors such as health have not. The data now available on the effects of PBA's is insufficient to conclude on the impacts that they may have had on poverty reduction or on any increase in the quality of life of Ugandans, including those brought about through policy dialogue. A thorough evaluation of the impact of the PBA in question would assist the EC in future policy and strategy setting.
3. Road network development and maintenance, while significant in terms of funding, did not result in well-balanced regional development (i.e. within all of Uganda). Recognising that funding allocations are largely a matter of perception of priority by the GoU as well as by the EC, the efficiency of road sub-sector investments has been uneven, given the long period of time and the financial resources involved since the EC became an important donor in this sector. The GoU and the delegation have made it clear to the evaluation team that the choice of roads for investment is clearly tied to Ugandan strategic priorities; the net result has nevertheless been a clear emphasis on the main trunk roads at the expense of rural, district or feeder roads, even if the latter were noted as EC strategic objectives. Progress in meeting road-sector implementation targets has been slower than anticipated, necessarily leading to slower-than-anticipated access to markets for (poorer) rural producers. Much of the implementation problems in this sector can be traced to the weak internal capacity of the private and public sectors in the Country as well as in the difficult institutional issues faced by the GoU (especially in terms of contracting and the complications involved in setting up agencies dealing with sector oversight). As a result, the EC has had challenges in dealing with the project management and financial problems caused by the contracting, supervision and procurement activities of implementation partners. Based on its long history in Uganda and the nature of these issues, the evaluation team considers that the EC could develop systems, protocols and processes to better estimate and manage costs and time.
4. In dealing with the development of Ugandan civil society, the interventions and sub-projects of the EC are overly spread out over too many recipients and will not, in all likelihood, have much of a long-term effect.
5. The EC has been able to put into place an internally coherent programme that has been flexible enough to be able to meet the changing development needs of Uganda. It has been consistent in its approach over time, allowing for cumulative effects to strengthen and for priority issues to be addressed over the long term.

### ***Recommendations***

The seven recommendations contained in this evaluation report are based on strategic-level conclusions, are prioritized and are accompanied by suggestions for their implementation.

The three most important, from the perspective of improving the overall impact of the EC's future programming in Uganda are:

1. Of particular priority is the improvement of the policy dialogue effects of the Programme Based Approaches supported by the EC in Uganda, principally by restructuring policy action items and triggers so that they are more rigorously defined and more outcome and policy-change focussed. At the same time, the PBA policy dialogue processes should be more focused into priority areas and

should take place at both political and technical levels, with the latter enabling the former.

2. Improve the performance of donor coordination mechanisms. A number of strategies are available to do this including the improvement of the effectiveness of a multi-donor structure called the Uganda Joint Assistance Strategy (UJAS), (which has not lived up to its original objectives) especially with a view to increasing its value-added, and the strategic transfer of coordination to the GoU following a pre-defined, structured and timeline-oriented plan that is based on mutual accountability and risk management. If UJAS is not deemed appropriate, it will be important to quickly put into place (with other donors) effective and professional donor coordination through a small number of other structures such as the Joint Donor Strategic Framework or JDSF.
3. Continue the strategic role that the EC should play in the transport sector, but re-assess the priority of the interventions that will be undertaken (corridors, rural roads, district level, maintenance, etc.), taking into account the priorities of the GoU but also poverty reduction objectives, rural development needs, strategic economic growth enablers, regional integration and the lessons learned over the past years in the sector.
4. Significantly improve the ability of EC managers to make decisions based on valid and comprehensive data, especially but not uniquely with respect to strategic prospecting and analysis, as well as progress and results monitoring. Much better data capture and management systems, effective knowledge management networks and long-term data layering capabilities should be made available to trained officers and their GoU counterparts.

# 1 INTRODUCTION

## 1.1 Objectives and Structure of the Present Report

The European Commission (EC) is accountable to the European Parliament and the Council for its activities. All activities must be submitted to periodic evaluations as a means of accounting for the management of allocated funds and as a way of learning lessons. Moreover, development aid evaluations contribute to a results-oriented approach and encourage all development partners to focus on the impacts of their policies. Of great importance, particularly in the context of the programmes of the so-called “Relex Family of Directorates-General”<sup>2</sup>, is the increased focus on impact against a background of greater concentration of external co-operation and increasing emphasis on result-oriented approaches. In this context, the evaluation of the Commission’s co-operation with Uganda is part of the 2007 evaluation programme as approved by External Relations and Development Commissioners.

The main objectives of this evaluation are to:

- Provide relevant external cooperation services of the EC and the wider public with an overall independent and accountable assessment of the Commission’s past and current cooperation relations with Uganda; and
- Identify key lessons learned from the Commission’s past overall cooperation and thus provide the Commission’s policy-makers and managers with a valuable aid for the implementation of the current strategy and indicative programmes and future strategies and programming.

With this as a backdrop, and based on a detailed work plan and methodology, the Evaluation Team therefore assessed:

- the relevance, coherence and complementarity of the Commission’s co-operation strategies for the period ;
- the consistency between programming and implementation for the same period;
- the implementation of the Commission’s co-operation, focusing on effectiveness, efficiency, impact and sustainability for the period 2001 – 2007 and on intended effects for the period 2008 – 2013 ;
- the performance of the following focal co-operation areas: (a) Macroeconomic Support and Economic Reform, (b) Transport, (c) Rural Development, and the following non-focal area: (d) Improving public service delivery.
- the validity of the main results of the previous 2001 Uganda evaluation with a view to the present evaluation exercise.

In order to avoid overlaps with already-completed Uganda-related evaluations, this Evaluation Team took all of these analyses into account and specifically reviewed the actions that were subsequently carried out by the EC with respect to their recommendations (refer to Annex 1).

This Final Report consists of 2 volumes:

- Volume I: the Main Report
- Volume II: the Annexes

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<sup>2</sup> Directorates General of External Relations, (RELEX), Development (DEV), Enlargement (ELARG), Trade (TRADE) and the EuropeAid Co-operation Office (AIDCO).

The Main Report focuses on the key elements of the evaluation mandate: what are the answers to the evaluation questions (EQ) that were the core of the analysis, and what are the conclusions and recommendations that flow from the logic inherent in the EQs. The report also included the basic background required to place this analysis in context.

The Annexes contain the data that supports the conclusions of the Main Report as well as methodological and work plan information.

This Final Report is the logical conclusion of a process of analysis and validation that has its genesis in an Inception Report, a Desk Report a validation/investigation visit to Uganda and a discussion seminar in Entebbe in July 2009.

## **1.2 Scope of the Evaluation**

The scope of the evaluation is the analysis of the cooperation of the European Commission with the Republic of Uganda during the period 2001-2007 in order to assess the progress and results (outputs, outcomes and impact) of the cooperation programmes, to evaluate the management of the funds and to provide detailed and operational recommendations for future cooperation. Thus the evaluation is not looking at single projects and programmes but at the EC country cooperation with the Republic of Uganda as a whole.

All channels and modalities of development cooperation from the EC were part of the mandate, even though some may have been examined only tangentially (for example, the coordination between various channels).

## 2 EVALUATION FRAMEWORK

### 2.1 Methodology Overview

Based on the methodology developed by the EC's Joint Evaluation Unit, the Country Strategy Evaluation for Uganda followed a five-phase methodological approach:

- a Preparation Phase;
- a Desk Phase;
- a Field Phase;
- a Synthesis Phase bringing together the results of the field and desk phases, and finally
- a Feedback and Dissemination Phase.

The preparation phase included the constitution of a Reference Group within the EC and the preparation of the detailed Terms of Reference. A Launch Note, presenting the composition of the evaluation team, a methodology and a work plan was drafted by the Consultants and approved.

The products of the Desk Phase included the Inception and the Desk Reports. For the Inception Report, the Evaluation Team produced an overall evaluation methodology, an Intervention Logic and a preliminary set of Evaluation Questions and Judgement Criteria which were validated by the Reference Group. For the Desk Phase, a very detailed analysis of the projects implemented during the period under study was undertaken, based on existing documentation and a few key interviews; the main output of this phase was a Desk Report, which included the proposed methodology for the field phase (including a sample of relevant projects).

During the Field Phase, the international team members of the Evaluation Team were reinforced by Ugandan-based national experts with particular expertise in governance and non-state actors; they carried out a broad range of interviews and on-site visits in both urban and rural settings. Following the site visit, the Evaluation Team provided a detailed in-person briefing to the Reference group.

During the synthesis Phase, the Evaluation Team brought together and integrated all the elements from the Desk and Field Phases, and drafted the Main Report and its Annexes. Following discussions with the Reference Group on the content of the Main Report and subsequent revisions to the Synthesis Report, the evaluation methodology included a seminar in Uganda to present the conclusions and results of the evaluation. The comments from this seminar form the basis for the final revision of the Final report.

The Feedback and Dissemination Phase of each evaluation is carried out entirely by the Commission and covers the Commission's response to the Evaluation through the generation of a Quality Grid; an Evaluation Summary for the attention of relevant Commissioners, the OECD and for the Commission's database, and finally a "*fiche contradictoire*".

### 2.2 The Evaluation Questions, Judgement Criteria and Indicators Used

The Final Report at hand provides answers to the nine evaluation questions (EQs) that were selected for this mandate on the basis of the Intervention Logic of the EC's Country Programme in Uganda (see table below). The detailed methodology required to answer the EQs (including the Judgement Criteria and the indicators that would be used) was proposed at the earliest stage of the process (Inception Report) and subsequently agreed to by the Reference Group. As the evaluation progressed and information became more



available, the exact wording of the EQs were slightly modified, as were the Judgement Criteria (JCs) and Indicators; each of these adjustments were approved by the EC. For ease of reference, the complete set of EQs, JCs and Indicators are presented in Annex 1.

**Table 2: Evaluation Questions for the Uganda Country Programme Evaluation**

|             |  |
|-------------|--|
| <b>EQ 1</b> | <p><b>To what extent are EC cooperation objectives consistent with the evolving needs of Uganda, as indicated in GoU development policies and plans?</b></p> <p>JC 1.1: The EC policy dialogue has contributed to the formulation of GoU's development policies, plans and programmes</p> <p>JC 1.2: The EC cooperation strategies and objectives are consistent with Uganda's development needs</p>   |
| <b>EQ 2</b> | <p><b>To what extent are EC cooperation with Uganda and its objectives consistent as regards: 1) the design of the country strategy; 2) the EC development policies; and 3) the EC intervention framework of different financing instruments?</b></p> <p>JC 2.1: Programmes of EDF8 and 9 designed during the evaluation period are consistent with the CSP objectives</p> <p>JC 2.2: The EDF9 intervention framework is consistent with EU/EC development policies</p> <p>JC 2.3: RIP, DG ECHO, EIB, budget lines and other interventions are consistent with the CSP and NIP</p>   |
| <b>EQ 3</b> | <p><b>To what extent is EC support coordinated and complementary with other donors (EU Member States and other bilateral and multilateral donors)?</b></p> <p>JC 3.1: The Ugandan Joint Assistance Strategy (UJAS) constitutes an effective coordination framework for GoU and donor interventions</p> <p>JC 3.2: The Sector Wide Approach (SWAp) is applied for the main development sectors</p> <p>JC 3.3: The principles of ownership, alignment and harmonisation are generally adhered to (these terms are defined by the Paris Declaration on Aid Effectiveness)</p> <p>JC 3.4: The EDF9 intervention framework is complementary with EU Member States' and other donors' interventions</p> <p>JC 3.5 The EDF9 objectives are not contradictory to other EU policies</p>         |
| <b>EQ 4</b> | <p><b>To what extent has EC macro-economic budget support contributed to improve: 1) macroeconomic stability; 2) overall planning and public finance management; 3) institutional reforms; and 4) public service delivery (especially health and education)?</b></p> <p>JC 4.1: The EC's interventions in the framework of GBS have been provided on time, corresponded to the envisaged inputs and have been appropriate as regards Uganda's political, economic and institutional context.</p> <p>JC 4.2: Improvement of Planning and Public Finance Management and Institutional reforms have been implemented</p> <p>JC 4.3: An improvement of service delivery has been achieved</p> <p>JC.4.4: Crosscutting issues have been considered in EC programming and implementation</p> |
| <b>EQ 5</b> | <p><b>To what extent has EC support in rural development contributed to: 1) increased agricultural production, productivity, food security through the market, and increased income and employment; and 2) sustainable use and management of natural resources?</b></p> <p>JC.5.1: The EC support has been efficiently delivered</p> <p>JC.5.2: Better extension services, agricultural research, land tenure situation and water management has been delivered</p> <p>JC 5.3: Food security has improved since the delivery of EC aid</p> <p>JC 5.4: Incomes from activities in rural areas have increased</p> <p>JC 5.5: Natural resources are managed to preserve soil fertility and conserve bio diversity</p>   |

|             |  |
|-------------|--|
| <b>EQ 6</b> | <b>To what extent has EC support to transport contributed to increased safe and sustainable national and local transport networks, which promote: 1) improved access to rural areas; 2) balanced regional development; and 3) regional integration?</b><br>JC 6.1: Uganda's transport policies, regulatory framework, and institutional capacity have improved<br>JC 6.2: The condition of the road network and rail services have improved, and funds are available for development and maintenance in the short term<br>JC 6.3: Performance, quality and cost of transport services – in particular road services – has improved<br>JC 6.4: The road network development and maintenance contributed to a balanced regional development and to reducing poverty<br>JC 6.5: Transit and custom facilitation for movement of cargo and passengers on regional corridor have improved |
| <b>EQ 7</b> | <b>To what extent has EC support contributed to good governance through the strengthening of institutional capacities for: 1) strong and reliable accountability for decentralised public spending; 2) enhancement of the rule of law; and 3) increased protection and respect for human rights?</b><br>JC 7.1: There is an increased capacity of local governments to plan and deliver services that are responsive to local needs; and to manage public finance in a transparent and efficient manner).<br>JC 7.2: There is an increased transparency and accountability of both NGO and government service delivery entities<br>JC 7.3 Increased capacity in the criminal justice systems to process cases effectively and efficiently has been installed<br>JC 7.4: Increased protection of and demand for human rights has been installed                                       |
| <b>EQ8</b>  | <b>To what extent has EC support enhanced NSAs' capacity and thereby contributed to their increased involvement in policy dialogue, demanding for accountability, monitoring and participating in the delivery of services?</b><br>JC 8.1 Increased negotiation, advocacy and mobilization capacity of NSAs has been achieved<br>JC 8.2 Enhanced ability of NSA networks to access and deliver appropriate information to members has been installed<br>JC 8.3 Improved capacity of NSAs to ensure involvement in implementation of national service delivery has been installed   |
| <b>EQ 9</b> | <b>To what extent has EC support contributed to regional integration?</b><br>JC 9.1: EC support has contributed positively to promote GoU's regional integration agenda.<br>JC 9.2: The intermediate impacts of regional significance stemming from the focal sectors of the Uganda 9th EDF have materialised or are likely to materialise<br>JC 9.3: The ESA-IO RIOs have the capacity to promote and sustain the benefits of regional integration.<br>JC 9.4: Trade and development cooperation between EU and the ESA-IO RIOs/ member states develop positively   |

The EC has defined a set of seven Evaluation Criteria through which the analysis of the EQ must be filtered. They are:

1. Relevance
2. Efficiency
3. Effectiveness
4. Impact
5. Sustainability
6. Coherence, and
7. Value Added

For example, an evaluation question dealing with transport could be examined from a number of perspectives, including effectiveness, efficiency, sustainability, etc. The choice of criteria to assign to a particular question is based on a number of factors including the importance of the EQ to the EC management; the current priority of the issues involved for the EC; the materiality of the effort devoted to the question and the resources available for the evaluation itself. Clearly, for strategic management purposes it is not essential that

each EQ be analysed through the paradigm of each criteria. For this particular evaluation, EQs were analysed from the perspective of one or more of these criteria, the following table illustrates the association used.

**Table 3: Relationship between Evaluation Criteria and the EQs**

| Criteria       | Q 1 | Q 2 | Q 3    | Q 4 | Q 5 | Q 6 | Q 7 | Q 8 | Q 9 |
|----------------|-----|-----|--------|-----|-----|-----|-----|-----|-----|
| Relevance      | x   |     |        |     |     |     |     |     |     |
| Efficiency     |     |     | x      | x   | x   | x   | x   | x   |     |
| Effectiveness  |     |     |        | x   | x   | x   | x   | x   |     |
| Impact         |     |     |        | x   | x   | x   | x   | x   | x   |
| Sustainability |     |     |        | x   | x   | x   | x   | x   | x   |
| Coherence      |     | x   | x (3C) |     |     |     |     |     |     |
| Value Added    |     |     |        | x   | x   | x   | x   | x   |     |

(See pages 10 and 11 for descriptions of EQs)

### 2.3 Data Collection and Analysis Process

The objective of the data collection process used in this mandate was to provide a sound basis for the development of valid and reliable findings from which conclusions could be drawn. Following the EC approach, the majority of data was collected in the Desk Phase (Inception and Desk Reports), based on existing documents and available people to interview. From that first and limited base, preliminary answers to the EQ were proffered and a plan was proposed to supplement the information and analytical elements collected during the desk phase. This was done with the specific objective of being in a position to answer the Evaluation Questions through the systematic analysis of each of their Judgement Criteria and related indicators. An annex deals with this issue in greater depth.

There were three principal channels through which information were secured for this evaluation:

- Indirect observation from EC project and programme files and information management systems such as CRIS;
- Third-party observation from interviews with anyone involved in EC-Uganda cooperation, as actors or stakeholders. This included relevant Brussels-based, Ugandan or regional authorities/ organisations; beneficiaries; the EC Delegation in Kampala, and relevant development partners, and
- Direct observation resulting from a field visit to Uganda, examining projects and programmes on-site; discussions with focal groups (i.e. farmers organized in NAADS groups, extension workers, members and representatives of civil society groups etc.) at grass-root level.

Data collected during the evaluation was drawn from a diversity of report types and sources including electronic databases. Official EC documents were closely scrutinised, as was documentation available on the Common Relex Information System (CRIS); relevant DG ECHO documentation was also analysed in relation to the 'Linking Relief, Rehabilitation and Development' (LRRD) approach applied in Uganda and supported by the EC. In addition, the EC Delegation in Uganda provided documentation (for example, memos and notes related to the disbursements of fixed and variable tranches under GBS and SWAPs, JARs, sector reviews, information concerning use of STABEX funds etc.). Data from the Organisation for Economic Cooperation and Development (OECD) and from multilateral sources such as United Nations Economic Commission for Africa (UNECA) (especially the Millennium Development Goals (MDG)) and World Bank (WB) World Indicators, plus documents from bilateral donors were used. Furthermore, research on

websites has been undertaken (especially websites of Ugandan Ministries, Ugandan Policy Papers, etc).

By the time project visits took place, considerable amounts of relevant project and intervention-sector information had already have been gathered and presented in the Desk Report, ensuring that sources of information were “triangulated” when defining findings, and that conclusions were build on a variety of types of sources of information. Each Evaluation Team member was responsible for the data collection required for the EQs that were assigned to her/him. Further, all team members (including those that are Uganda-based) participated in cross-sector analyses (i.e. across EQs) in order to ensure that everyone fed information into the analysis of cross-cutting themes.

Project-related field visits provided a real opportunity to exchange views with beneficiaries. However, project visits cannot be considered to be project evaluations, but only a means of gathering evidence from triangulated sources. During the field visits, the Evaluation team used a modified approach of the Most Significant Change (MSC) technique in order explore the perceptions of respondents and to make an assessment of effects – MSC being a participatory M&E instrument that involves gathering knowledge about change that participants have witnessed and the modifications of perceptions that have occurred over time.

Interviews generally followed the structure of a prepared questionnaire, so that they became structured qualitative interviews as a supplement to the quantitative information accessed through statistics.

The evaluation thus couples qualitative information - from interviews with individuals and groups - with quantitative information - derived from written sources. This includes project-specific quantitative information (for example disbursements and commitments) as well as sector, and country quantitative information (such as poverty indexes; GDP figures; HIV statistics; transport loading, etc.).

In order to move from data collection to the assessment of effects and the assessment of the overall contribution of EC cooperation in Uganda, the following two parallel approaches were undertaken:

#### Step 1: From data collection to answering Evaluation Questions

This Evaluation was based on a framework of Evaluation Questions covering seven evaluation criteria (as discussed above); each EQ has a number of Judgement Criteria associated to it, covering the entire content of the EQ. Each Judgement Criteria has a number of Indicators that (together) cover the basic information necessary for a conclusion to be made of the Judgement Criteria; the overall conclusion of the various Judgement Criteria define the answer to the EQ.

The evaluation methodology thus included:

- For each Judgment Criteria (and all Evaluation Questions) supporting data and information was assembled for the corresponding indicators by means of documentation, interview, analysis of sample interventions and focus group discussions as appropriate;
- Collated information was synthesised for each Indicator;
- This product was reviewed for coverage and completeness and adequacy of base data: in case of inadequacy, action was taken (where possible) to obtain additional information; if not possible, the evaluation report contains comments that explain any limitations;
- Assuming adequacy of information, the combined indicators validated (or otherwise) the Judgement Criteria and a qualified judgement was made for all Judgement Criteria;

- Consideration of all component Judgement Criteria then permitted answers to all Evaluation Questions.
- The integration of the analysis of the Evaluation Questions and the main thrusts of the evaluation (as defined by its objectives), gave rise to the conclusions and recommendations.

### Step 2: From the analysis of Ugandan cooperation performance to overriding evaluation objectives

Each part of the execution of the evaluation methodology considered the relevance and the contribution of EC responses to Ugandan needs, in particular with respect to poverty reduction. It assessed effectiveness of interventions in focal and non-focal sectors, the extent to which intended results and outcomes have been achieved and how these contributed to overall objectives. The causal link between EC's support and the contribution to development impacts was identified to the extent possible.

Transversal issues were always kept at the top of the evaluation agenda in order to identify any intrinsic EC added-value to donor partnerships with the GoU. This was done in the context of EC global and regional cooperation policies and objectives as well as the efficiency of EC implementation frameworks. Crosscutting issues were also examined in sector contexts.

Based on the results of step 2, intermediate effects and their sustainability (sustainable economic growth, social development and regional integration) as well as the overall effects on poverty reduction made by the EC were identified.

## **2.4 Evaluation Limits**

The evaluation team was re-organised during the mandate, with a new Team Leader and an important change of sector experts. Although a transition management strategy was put into place, it cannot be guaranteed that the knowledge and insights gained by the original members was transferred to the new team. These changes were also linked to the fact that the original timeframe planned for the evaluation had to be extended, with a concomitant loss of efficiency.

The evaluation was subject to the following limitations:

- Overall, a lot of documentation for the individual projects was available, thanks to the great effort of the EC Reference Group Members, the EC Delegation in Kampala and a number of Ugandan officials to locate the important documents. However, for some of the older projects, little relevant documentation could be accessed.
- Much of the documentation obtained was focussed on activities or on the progress achieved on outputs. Most reports were not prepared using a results-based framework, so the ability of the team to analyse effects was limited.
- Since many EC interventions were aligned with the Ugandan strategies and priorities, it was not the only stakeholder or funding agent in most of the sectors and domains in which it intervened (such as rural development or the capacity development of civil society organisations). This has the effect of making it difficult if not impossible to define the EC contribution to an impact or effect. The transport sector is an exception because of the long history of EC support as well as the financial and technical leadership it has taken in that sector. Suggestions that the evaluation should have considered "What if the EC contribution had not been in place" are not methodologically possible to implement due to a lack of control groups and the low level of contribution of the EC in most development sectors (road infrastructure on specific parts of the NCR being the obvious exception, even if the EC was not involved ACROSS the entire road network).

- A small number of key people (donors, Ugandan Officials) were not available for meetings when the Evaluation team was in Uganda. This has had the effect of forcing the Evaluation Team to rely on indirect information sources in order to establish some of the effects of EC contributions.
- It was impossible for the Rural Development Expert on the Evaluation to interview the head of section of the rural development sector of the EC Delegation in Kampala. A considerable amount of insight and knowledge was therefore not made available to the team and preliminary conclusions could not be discussed
- Due to the large number of interventions spread over the country (especially rural development projects) and time constraints of the mission, it was not possible to visit a significant number of interventions.
- The record will show that a significant number of Reference Group members did not attend the RG meetings or briefings. As a result, a significant loss of insight and knowledge was not made available to the team, and a considerable amount of work was involved in catering to the changing specificities established by EC officials who were not present at the meetings.
- Information on projects and programmes drawn from the CRIS database in Brussels proved to be incomplete, both in regard to registration of projects/programmes but even more in relation to the basic documents, such as financial agreement, log frames, project synopsis, and monitoring reports. Out of roughly 130 programmes/projects identified in CRIS, documents uploaded existed only for 45. Important documents such as the demands of the NAO for disbursements under GBS and SWAPs are not available in CRIS; furthermore no details concerning STABEX funds were available during the desk phase and could be collected during the field phase only (STABEX funding is not recorded in CRIS). Thus it was difficult to get an overview of how STABEX funds were generated and how they were allocated during the reference period. Based on the information available, overview project lists for the focal and non-focal sectors have been elaborated showing the activities in Uganda since 2001. It is recognised that CRIS was not yet fully operational during parts of the period under review.
- Information for sector assessments is complete only as far as general EC aid policies; overall co-operation background and specific EC-Uganda co-operation objectives are concerned. Project and programme information is more scantily available and not so readily accessible and data search was therefore a constant exercise carried out by the team. One programme, the Plan for Modernisation of Agriculture, is the one exception - where information is, available, accessible, comprehensive, regularly updated and analytical. It also appears to be 'publicly' generated. Similarly, information relating to implementation of a National Agricultural Advisory Service has also been made publicly available,
- The field visit work plan was rather complete in defining what information was missing in order to be able to answer the evaluation questions, but part of the data was not available due, in large measure, to the inadequate publication of statistics and baselines from the GoU.

## 3 CONTEXT OF EC-UGANDA COOPERATION

### 3.1 *Development Context of Uganda*

The Republic of Uganda is a landlocked country in East Africa, bordered on the east by Kenya, on the north by Sudan, on the west by the Democratic Republic of the Congo, on the southwest by Rwanda, and on the south by Tanzania. The southern part of the country includes a substantial portion of Lake Victoria, within which it shares borders with Kenya and Tanzania. Uganda has an estimated population of 28.2 million (2007) and one of the highest growth rates of population in the world (3.3%).

#### ***Political and Governance Contexts***

The country has, since 1986, taken great strides on the path to democracy including holding general elections every five years, and the Presidential and Parliamentary elections held in February 2006 were the first multi-party elections in Uganda in 25 years. Although generally peaceful and stable, parts of the country have been affected by internal rebellion as well as by conflicts in neighbouring countries. Most significantly hit were the northern and northern districts of Uganda, which have been affected by two separate long, running conflicts, led by the Lord's Resistance Army (LRA) and the Karamojong warriors respectively. Since 2006/2007 the situation has improved considerably, and hostilities have ceased in Northern Uganda: at least 60-70% of the Internally Displaced Persons (IDPs) have moved away from the camps to resettle closer to their areas of origin<sup>3</sup>. The Government has launched the Karamoja Integrated Disarmament and Development Plan (KIDDP) in the region to find sustainable avenues for non-violence.

The decentralisation process in Uganda is well advanced with ample powers and service delivery responsibilities formally delegated to Local Governments. However, the abolition of the 'graduated tax' has reduced revenue to Local Governments and left them more dependent on central government transfers which, for years, have not materialised to levels achieved with the graduated tax. Resource deficits are pronounced at provincial and district level, meaning that local service delivery is improving only slowly and regional imbalances remain and in some areas are even increasing.

Corruption, whilst not on the scale of some neighbouring countries, continues to be a problem. The Government of Uganda (GoU) is implanting reforms in order to strengthen public financial management and procurement as well as to increase accountability and transparency.

The justice system faces considerable problems, including perceptions of corruption, staff shortages, an inadequate legal aid system characterised by a heavy case backlog<sup>4</sup> and a slow pace of legal reforms. The judiciary system is weak with huge operating problems, poor management systems and a poor record of prosecuting corruption cases. Legal and judicial reform and improvements regarding rule of law and human rights are slow.

Good Governance<sup>5</sup> has been one of the main pillars of the GoU Poverty Eradication Action Plan (PEAP) due to its crosscutting nature and the important role it plays in "state building". Core priorities for the GoU under the PEAP represent a very ambitious programme of work and include: i) ensuring respect for human rights; ii) pursuing democratisation; iii) making government structures affordable, transparent and efficient;

<sup>3</sup> Information obtained from UNDP web page.

<sup>4</sup> Source: Office of the Prime Minister, Government of Uganda: The First Annual PEAP Implementation Review FY 2005/2006 (Hereafter referred to as APIR).

<sup>5</sup> Refers to the rules, processes and behaviour by which interests are articulated, resources are managed and power is exercised in society.

and iv) providing a good judicial system. The Government has developed related policies including the Constitution, Strategic Investment Plan, the Anti Corruption Strategy, the Strategy to Mainstream Ethics and Integrity in Local Governments, Leadership Code, the Decentralisation Policy and the Local Government Strategic Investment Plan (LGSIP), which are being implemented by different institutions at the national and local government level.

### **Economic Context**

Uganda's revenue / GDP ratio of approximately 13%<sup>6</sup> is one of the lowest in the world, well below the sub-Saharan average of 18%. Bilateral donors and all International Financial Institutions (IFI) agree that the absolute level of domestic revenue will need to significantly increase if Uganda's reliance on foreign assistance is to be reduced. This conclusion is shared by the GoU which has mandated its revenue ministry to develop and implement fiscal policies that will increasingly draw upon national-based revenue. Both donors and the GoU also agree that the current economic context and the international price for commodities are acting against the GoU's timetable for that sort of autonomy.

Historically, Uganda benefited from a strong period of growth during the 1990s, following the extended economic decline under the Idi Amin regime and the subsequent period of political confusion and civil war. GDP per capita has grown by an average of 2.7% per annum since 1990/91 (while the population grew by 3.3% a year) enabling the country to live through a period of relatively stable economic and social conditions. However there have been some fluctuations in poverty caused by a drop in the annual growth rate from an average of 6.3% in 1998-2003 to 5.8% in 2003-2004. The population living in poverty (below the poverty line) increased from 34% in 2000 to 38% in 2003, but has since dropped to 31.3% in 2005 – 2006 (poverty count ratio), the latest year in which the available statistics are accurate.<sup>7</sup>

The economy of Uganda is still highly dependent on the agricultural sector, which accounts for less than 40% of GDP but employs around 80% of the labour force. A number of development strategies have been implemented over the years to increase the effectiveness and efficiency of that sector, but the small-scale farmer has not yet received the support needed to invest significantly in commercial farming (in comparison to subsistence farming). Current GoU strategies are based on model farms, a strategy that has had little success around the world and which, by its inherent nature, favours those who are already out of poverty and disfavours the poorest.

The share of government's discretionary budget allocated to the Poverty Action Fund increased from 17% in 97/98 to 33% in 05/06<sup>8</sup> and has remained approximately at that level through to 2008. Uganda, which in the past has already benefited from the "Highly Indebted Poor Country" initiative (HIPC) and the Enhanced HIPC, has also been selected under the Multilateral Debt Relief Initiative (MDRI) which should translate into a debt reduction of US\$109 million from the IMF, US\$3.7 billion from International Development Association (IDA) and US\$545.64 million from the AfDB.

For over three decades, international donors and the GoU have developed strategies to increase the economic wealth of the country. For many years the strategy adopted was one of infrastructure-push, where by roads, in particular, would generate economic wealth if they were in place. The reality has been that Uganda has always had a relatively poor road network; it has invested mainly in the corridor from Rwanda to Kenya, but there is little evidence that the Ugandans have leveraged that system to export Ugandan products. Rural roads are not in good shape either, causing important problems to farmers

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<sup>6</sup> Statistic was accurate at time of Desk report.

<sup>7</sup> Source: Uganda Bureau of Statistics 2006, Uganda National Household Survey 2005/06.

<sup>8</sup> The Poverty Action fund was set up in 1997 as a virtual poverty fund within the MTEF to ensure that resources resulting from the HIPC were spent on core poverty programs.



interested in transporting their perishable products to local or even export markets. The future development strategies based on petrochemicals will need good roads but, like agriculture, the infrastructure needed is not there.

### **Social and Human Development Context**

Uganda is one of the poorest countries in the world and ranks 154<sup>th</sup> of the total of 177 countries on the Human Development Index (HDI) 2007/2008. In 2007, per capita income was about US\$300/year. Life expectancy at birth is around 49 years and its population growth rate remains one of the highest in the world.

As noted above, the most recent data suggest that the proportion of Ugandans with income below the poverty line decreased from 34% in 1999/00 to 31.3% in 2005/06 and is estimated to have stayed at that level since. Poverty is widespread and varies strongly in depth depending on the extent of isolation and on the sector of economic activity of the household. For example, poverty is more frequent with families who live primarily on subsistence agriculture and who live in the north (poorest region with 63% of the population living in poverty). The rapid population growth in urban areas due to migration and a high birth rate contributed to a rise in urban poverty, to what are now very high levels that have chocked the ability of the state to provide infrastructure and deliver basic services there. Economic data analysis points strongly to the conclusion that demographic growth is offsetting poverty eradication gains in Uganda, and that the present rate of economic growth cannot, under existing conditions, result in real poverty eradication.

Key social indicators improved during the 1990s and universal primary education is now obligatory. The abolition of user fees has helped to improve the access of the poor to public health services, but, as will be seen later, the quality of the services has suffered considerably because the user fees are not providing revenues. Uganda has improved its ranking in the UNDP's Human Development Report from 154 out of 173 countries in 1994, to 144 out of 177 countries in 2005, although it merely means that it was part of the 20 lowest ranked countries and now is part of the 30 lowest ranked. As demonstrated below, Uganda has officially made progress towards achieving the MDGs.<sup>9</sup>

**Table 4: Uganda's performance towards achieving the MDGs**

|   |
|---|
| <p><i>MDG goals that are likely to be attained, with continued good policies</i></p> <ul style="list-style-type: none"><li>• MDG 1: Eradicate extreme poverty</li><li>• MDG 3: Promote gender equality and empower women</li><li>• MDG 6: Combat HIV/AIDS</li><li>• MDG 7: Ensure environmental sustainability</li><li>• MDG 8: Develop a global partnership for development</li></ul> <p><i>MDG goals that may be achieved with intensified efforts</i></p> <ul style="list-style-type: none"><li>• MDG 2: Universal primary education</li></ul> <p><i>MDG goals for which strengthened policies, institutions and funding is necessary</i></p> <ul style="list-style-type: none"><li>• MDG 1: Hunger</li></ul> <p><i>MDG goals unlikely to be met, even with improved policies, institutions and funding</i></p> <ul style="list-style-type: none"><li>• MDG 4: Reduce child mortality</li><li>• MDG 5: Improve maternal health</li></ul> |
|---|

Source: Uganda JAR 2007

<sup>9</sup> It should be noted that the baselines and standards (targets) for these MDGs have been seriously criticised in many fora, including the targets for extreme poverty and environmental stability. As will be seen in this report, poverty is everywhere in Uganda and significant numbers of people live from one day to the next. Furthermore, the environment is not being managed in a sustainable way in the extensive wetlands in the country.

With reference to HIV/AIDS, Uganda is one of the few African countries where rates of HIV infection had declined, and it was seen as a rare example of success in a continent facing a severe AIDS crisis. Uganda's policies are credited with helping to bring adult HIV prevalence (the proportion of adults living with HIV) down from around 15% in the early 1990s to around 5% in 2001. However, and despite important efforts and investments, the rate of prevalence is on the increase again<sup>10</sup>. The country is nevertheless seen as having implemented a well timed and successful public education campaign. The Sero-Behavioural Survey that was conducted in 2005 reports the national prevalence rate at 6.4%. Structures have been created for the integration of HIV/AIDS issues into sector strategy plans. These programmes have been relatively successful, although challenges remain, e.g. as regards stigma against HIV positive workers. There has been much emphasis on the introduction of HIV/AIDS awareness training in schools. This has significantly succeeded in raising awareness on HIV/AIDS transmission, prevention and mitigation. Equally, efforts are being stepped up to address HIV/AIDS prevention in the context of the transport sector.

In understanding gender-related issues in Uganda it is important to note that the status of women is addressed and protected by the Constitution. Women have wide representation in political office with special seats in Parliament and local governments. GoU has committed to promote gender equality but there are still huge barriers to women's human rights reflected in the fact that Uganda is ranked 144/174 countries in the UNDP's Gender Development Index (GDI) (data refer to 2005). Although women are identified in PEAP as a particularly disadvantaged group, and the GoU is committed to the implementation of the 'Post-Beijing Action Plan' to reduce gender discrimination, inequalities with accentuated regional/urban/rural differences remain.

Poor families (most often female-led) are often living on the most marginal agricultural lands, exploiting poor soils with poor or no irrigation systems, poor or inadequate agricultural inputs and equipment, and low or no access to credit. A majority of rural women do not have legal rights to land despite most often being the main players in the agriculture sector at the family and subsistence level. Environmental degradation directly affects women as they depend largely on the environment for their main source of inputs at the household level. Imbalances in power sharing between men and women reflected at the domestic level and high incidence of domestic violence; a Domestic Relations and Sexual Offences Bill has been introduced but has not yet been passed. Gender-based violence continues to be a major challenge especially in conflict-affected areas. Given that they bear the load of social and domestic roles, rural women are not visible and their labour is not valued in economic terms. The level of women's participation in decision-making bodies at national and local levels is extremely low.

Human Rights and the Rule of Law issues in Uganda are being addressed albeit too slowly in the opinion of many civil society organisations. The Constitution of 1995 provides the legal basis for respect of civil, political, economic, social and cultural rights and establishes the Uganda Human Rights Commission (UHRC) to independently monitor, investigate and adjudicate human rights violations. Cases of torture and illegal detentions are being brought to the attention of UHRC. National and international human rights organisations are generally able to operate without harassment or impediments, with the notable exception of those organisation defending sexual minorities. Access to justice is limited especially in rural areas and legal aid services are often not available or too costly. The Justice, Law and Order Sector (JLOS) institutions (especially the Uganda Police Force) have started to work in the war-affected Northern Uganda; however the army still plays a major role in the security field.

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<sup>10</sup> Some documents refer to the increased number of transient truck drivers as a key reason why the rate has increased. The source of the information on the increased prevalence rate is the EC Delegation. No statistics were independently examined by the evaluation team.

With respect to the environment, Uganda has a significant natural resource potential, but factors such as poverty, population growth, economic policies, the desire for a steady increase in per capita income and other pressures of the development process are putting severe strain on the environment and natural resources. The resulting problems include: increased soil erosion and deforestation causing loss of agricultural productivity; reduced rangeland carrying capacity and wood fuel shortage; water pollution caused by discharge from industries and domestic waste, draining of wetlands, and a declining resource stock as a result of over-fishing; loss of biodiversity caused by for example encroachment on game reserves and wetlands; increased air, land and water pollution; and increased incidence of environmentally-related diseases.

Uganda is well endowed with water resources - lakes, rivers and wetlands. While 20% of the country's surface is covered by water and wetlands, the water resources are unevenly distributed geographically. Deforestation is widespread in the country. Only about 21% of the country is today covered with forest and woodland, with gazetted forest making up only 14.900 km<sup>2</sup> or 7.7% of the land surface. The National Environment Statue (NES) of 1995 resulted in the creation of the National Environment Management Authority (NEMA) the same year. The NES enables NEMA to delegate any of its functions to Environmental Liaison Units (ELU) in other agencies for the performance of these functions.

### ***The Context Circumscribed by GoU Policies and Programmes***

The PEAP is Uganda's overarching plan for poverty eradication and was the first Poverty Reduction Strategy to be formulated in Africa. The PEAP, from its original formulation in 1997 to its second revision, builds on wide consultations between Government, civil society and external development partners. The overall objective of the PEAP is to guide public action to eradicate poverty and aims at contributing towards transforming Uganda into a middle-income country by 2015. The PEAP proposes a shift of policy focus from recovery to sustainable growth and structural transformation. It identifies three core challenges:

- Restoring security, dealing with consequences of conflict improving regional equity;
- Restoring sustainable growth in the incomes of the poor; and
- Human development: addressing quality and drop-out in Universal Primary Education (UPE) and planning for post-primary education, cutting mortality and increasing people's control over the size of their families.

These challenges are addressed through policies and measures grouped under five pillars<sup>11</sup>:

- Economic Management;
- Enhancing Production, Competitiveness and Incomes;
- Security, Conflict Resolution and Disaster Management;
- Good Governance; and
- Human Development.

The PEAP was replaced by the National Development Plan (NDP), which focuses on investment in the productive sectors and improved social service delivery. The main themes of the NDP are:

- Energy and transport infrastructure
- Agriculture and agribusiness
- Industrialisation

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<sup>11</sup> GoU/ Ministry of Finance, Planning and Economic Development: Poverty Eradication Action Plan (2004/5-2007/8)

- Commerce and marketing
- Financial sector efficiency
- Public sector efficiency
- Information and Communication Technology
- Labour and employment
- Good governance: economic governance and corporate governance.

The Government of Uganda has formulated and recently launched a development framework for Northern Uganda - the Peace, Recovery and Development Plan (PRDP 2007-2010), as a strategy to eradicate poverty and improve the welfare of the populace in Northern Uganda. The PRDP builds on lessons obtained from previous interventions in the region and is an attempt to comprehensively address the problems that have hindered development in this conflict-affected region. Thus the PRDP is designed to: i) support ongoing political dialogue; ii) address the immediate and medium term needs of the region; iii) ensure that development planning is approached from a conflict perspective; iv) serve as an organizing framework to improve the co-ordination of development efforts; and v) support the mobilization of the required resources for the essential areas of action. The overall goal of the PRDP is to consolidate peace and security and lay the foundation for recovery and development in Northern Uganda.

Besides the PEAP, NDP and the PRDP, other government policies and frameworks are of relevance to this evaluation. As they have been described and dealt with in detail in the Inception and the Desk reports, they will not be repeated here. However, it should be mentioned that the policies described in those reports are concerned primarily with transport, rural development, environment, HIV/AIDS, good governance and gender related policies.

### ***3.2 EC Strategies Regarding Cooperation with Uganda during the Evaluation Period***

The EC's programme of development cooperation with Uganda takes place during the coverage period of the Cotonou Agreement. That agreement was elaborated in response to the changed geopolitical situation in most of the EC's partner countries and represents the EC's political commitment to the development of ACP states. The Cotonou Agreement was a significant strategic link between the EC and Uganda because it focused on meeting the new challenges of globalisation, liberalisation, regional integration, and promotion of the market economy – with the overall aim of stimulating sustainable economic growth and reduce poverty (for Uganda in this case). Furthermore, it introduces a reformed framework for aid to support development and poverty reduction, economic partnership agreements, a new emphasis on trade cooperation and integration consistent with WTO rules, and a political commitment to promote good governance and stability.

In this context, the evaluation period covers the last year of EDF8 and all five years of EDF9. Some of the interventions from EDF7 are also part of the scope because the projects were implemented later.

The EC's support to Uganda for the 1996-2000 period was already evaluated in 2000/01<sup>12</sup> – with a temporal scope covering the EDF8 period in which the vast majority of EC funding was concentrated in Transport and Social Development. The current Evaluation is intended to start where that evaluation left off, starting with the last year.

The overall intervention logic of EDF9 is quite different from that for EDF8 in that it is more closely aligned with the overall objectives of EU cooperation with developing countries and with the Millennium Development Goals, the former placing poverty eradication as the

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<sup>12</sup> Evaluation of EC Country Strategy: Uganda 1996-2000, February 2001

primary and overarching objective of EU development policy<sup>13</sup>. Both, however, stressed the importance of Human Rights and Democracy while continuing to prioritize cross-cutting issues such as gender and environment. In the specific framework of the EC cooperation with ACP countries, the overall regional objective has a poverty reduction focus and a focus on regional integration to stimulate economic growth.

During the last 10 years EC Cooperation with Uganda has changed significantly (in volume, by sector, and thematically) in order to be more aligned with official GoU priorities, as well as to the more recent Paris Declaration on Aid Effectiveness and the European Consensus on Development.

The table below is an overview of the EC cooperation with Uganda since EDF7. It clearly shows that the NIP envelope has increased constantly over the years. In EDF9, macroeconomic support/General Budget Support (GBS) still is an important part of the NIP, but support to social development essentially ceases (although it continues through other financial channels/budget lines). Transport and agriculture/ rural development continue to be the key focal sectors of EC's support.

**Table 5: Development of the EC cooperation with Uganda**

|                               | 7 <sup>th</sup> EDF | 8 <sup>th</sup> EDF | 8 <sup>th</sup> EDF amended | 9 <sup>th</sup> EDF | 9 <sup>th</sup> EDF amended | 10 <sup>th</sup> EDF |
|-------------------------------|---------------------|---------------------|-----------------------------|---------------------|-----------------------------|----------------------|
| NIP A Envelope M€             | 163                 | 210                 | 210                         | 246                 | 277                         | 439                  |
| NIP B Envelope M€             | -                   | -                   | -                           | 117                 | 39                          | 22                   |
| Macroeconomic Support/ GBS    | 0%                  | 0%                  | 0%                          | 38%                 | 33%                         | 42%                  |
| Transport                     | 39%                 | 55%                 | 52%                         | 38%                 | 47.1%                       | 39%                  |
| Agriculture/Rural Development | 32%                 | 15%                 | 8%                          | 15%                 | 6.3%                        | 14%                  |
| Social Development            | 19%                 | 20%                 | 26%                         | 0%                  | 0%                          | 0%                   |
| Others                        | 10%                 | 10%                 | 14%                         | 9%                  | 13.4%                       | 5%                   |
| <b>Total</b>                  | <b>100%</b>         | <b>100%</b>         | <b>100%</b>                 | <b>100%</b>         | <b>100%</b>                 | <b>100%</b>          |

Source: CSP/NIP EDF 8, 9, 10

Analysis shows that whilst under EDF8, EC support was mainly implemented through a project approach, from EDF9 onward the preference was clearly given to general and sector budget support. For EDF10, an implementation of about 60% of funds through budget support and about 40% through a project approach is foreseen.

The following sub-sections provide more information on the decisions made by the EC and its partner, the GoU, by first providing overviews of what happened in the various channels and modalities used, and then by examining the various focal and non-focal sectors that were retained. The analysis of the Intervention Logic of each EDF is not developed here, but is found in the Inception and Desk reports.

### **8<sup>th</sup> EDF**

Under the 8<sup>th</sup> EDF an indicative amount of €210 million was made available to Uganda; concentration sectors for the support were the social sectors (20%), agriculture and environment (15%), economic infrastructure (55%), and actions outside the focal sectors (10%). Furthermore, important funds were made available under the Poverty Alleviation Budget Support (PABS - about €75 million) and the 3<sup>rd</sup> Structural Adjustment Programme (€34.3 million).

Under 7<sup>th</sup> and 8<sup>th</sup> EDF interventions in the health sector, the EC has contributed to advances in the fight against HIV/AIDS with a specific focus on Northern Uganda and, through a separate, ongoing intervention, to the creation of an enabling environment for the promotion of human resources for health. The EC is also involved in malaria, TB and HIV/AIDS management through its financial support to the Global Fund initiative. Involvement of the EC in the education sector (7<sup>th</sup> and 8<sup>th</sup> EDFs) has been primarily

<sup>13</sup> European Consensus on Development, 2005

concentrated in primary and vocational education. Not having any comparative advantage in the sector, the EC discontinued its direct support to the education sector under the 9<sup>th</sup> EDF.

Programmes related to water supply financed under past EDFs were completed or neared completion in 2007. Additional projects are now being funded from the EU-Water Facility. Furthermore, both EDF and STABEX funds have been used to support the National Forestry Authority and the private sector in commercial forestry; and to promote tourism, trade and private sector development. Related to economic infrastructure, EDF8 and EDF9 contributed especially to the transport sector (e.g. strengthening of Northern Corridor and the Kampala Northern By-Pass).

### **9<sup>th</sup> EDF**

The 9<sup>th</sup> EDF was signed in 2001 and covers the period 2002-2007 with an A-envelope of €246 million and a B-envelope of €117 million. The A-envelope is programmed in the 9<sup>th</sup> NIP whereas the B-allocation covers unforeseen needs such as emergency assistance, contributions to debt relief initiatives and support to the mitigation of adverse effects of instability in export earnings.

The three focal sectors – Macroeconomic Support and Economic Reform, Transport and Rural Development – address major constraints to economic development and poverty alleviation in the country as defined by the GoU. The non-focal sectors include capacity building for non-state actors, and capacity building for good governance. Macroeconomic Support, Support to the Transport sector and support to the rural development sector are all implemented through budget support modalities. The EDF9 interventions were allocated as follows:

**Table 6: EDF9 Focal and Non-focal Sectors**

| <b>EDF9 Focal and Non-Focal Sectors</b>     | <b>M€</b> |
|---|-----------|
| <i>Focal Sectors</i>                        |           |
| • Macroeconomic Support and Economic Reform | 93.5      |
| • Transport                                 | 93.5      |
| • Rural Development                         | 36.9      |
| <i>Non-focal Sectors</i>                    |           |
| • Capacity Building for Good Governance     | 22.1      |
| • Capacity Building for Non-State Actors    |           |

Source: NIP A Envelope, original budget

### **Other channels and modalities**

The EC has:

- Provided a Technical Cooperation Facility to the NAO; the “facility” is a highly flexible instrument that permits prompt responses to requirements pertinent to the EC/Uganda development cooperation.
- Financed an intervention under the under the 1<sup>st</sup> CfP Water Facility (236A) and has financed the South Western Towns Water and Sanitation Program and Mid Western Towns Water Supply (EX 06 P022).
- Financed a second phase of the Programme “Support to feasible financial institutions and capacity building”; and APEX Private Enterprises (the evaluation team was informed that that both programmes have been financed with STABEX funds). STABEX funds are used in complementarity to EDF funds, thus enhancing effectiveness (details concerning the use of STABEX funds will be investigated during the field visit).
- Supported a number of initiatives through regional cooperation. These benefit Uganda through three natural resources management projects and several other projects (mainly road construction).

- Used Humanitarian Assistance (ECHO) funds to assist in the conflict areas of Northern Uganda including the Karamoja area. Interventions include support to IDPs for basic life saving activities including general improvements of living conditions (water, health, sanitation, small scale agricultural activities, reintegration of abducted children).
- Financed a number of smaller interventions through other budget lines (mainly co-financing with NGOs)
- Been complementary to the European Investment Bank (EIB), which has financed several interventions supporting mainly private, commercially viable projects through loans and risk capital. In this context EIB has established credit lines with the Bank of Uganda and with commercial banks; furthermore, it has given loans as risk capital to several private investors.

### **3.3 Overview of EC Interventions in Uganda – Focal and Non-Focal Sectors** (see *Diagram of Intervention Logic for this programme further in this section p.27*)

#### **Macroeconomic Support and Economic Reform**

Macroeconomic Support and Economic Reform have received important support from EC since the beginning of the 90's<sup>14</sup>. Under the 8<sup>th</sup> EDF, a Structural Adjustment Support (SASP)/Poverty Alleviation Budget Support (PABS) initiative was put into place (PABS about €75 million and 3<sup>rd</sup> Structural Adjustment Programme about €34.3 million). The EC also supported the GoU's reform agenda under the SASP initiative, which aimed at achieving the objectives of macroeconomic stabilisation, liberalisation of markets and structural adjustment through, in part, public expenditure reform. It allowed for an increase of budget allocations to the priority sectors of the economy and facilitated budget discipline<sup>15</sup>. However only from the 9<sup>th</sup> EDF was GBS was included in the CSP/ NIP.

Macroeconomic Support (GBS) is now a main component of EC's contribution and absorbs about 38% of the "A" Envelope of the 9<sup>th</sup> EDF (€92 million). The EC's contribution under the general budget support (GBS) enables the GoU to directly fund the poverty eradication priorities identified in the PEAP. The evaluation team has found that the EC has implemented its support to economic reforms in a manner consistent with existing or upcoming programmes of EU Member States and has aimed at synergies with the EIB investments<sup>16</sup>.

As noted, the GBS provided by EC is aimed at maintaining macroeconomic stability, the strengthening of public finance management, and the implementation of the poverty reduction agenda (including the improvement of public services efficiency).<sup>17</sup> Furthermore,

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<sup>14</sup> In 1994 the Second Structural Adjustment Programme (SASP2) in an amount of €29.55 million was approved.

<sup>15</sup> The past SASP and the current PABS support GoU's expenditures in the priority sectors and on foreign exchange; they have contributed substantially to the foreign exchange requirements for imports, debt service obligations and to maintaining the target for foreign exchange reserves and balance of payments. The PABS 4 structural adjustment support programme is consistent with GoU's poverty eradication policy. The PABS 4 contributed to meeting the PEAP targets for education and health by supporting these sectors through PAF budget support. Co-ordination with other donors was ensured in various for such as Public Expenditure Reviews (PER), review missions for health and education, local co-ordination meetings and quarterly reports on PAF.

<sup>16</sup> The European Investment Bank (EIB) is very active in Uganda. It supports private commercially viable projects through loans and risk capital. Several schemes have been put in place by the EIB. Among these, the APEX credit line for private investments managed by Bank of Uganda (BoU) and a consortium of local commercial banks is working very well

<sup>17</sup> Country Strategy Paper and National Indicative Programme for the period 2002-2007, Intervention Framework

the application of improved and co-ordinated evaluation and monitoring mechanisms covering all sectors and crosscutting themes, including the social sectors and good governance has been proactively pursued. A number of other development partners provide budget support either through the Poverty Action Fund General Budget Support<sup>18</sup> (five donors) or through completely un-earmarked General Budget Support (six donors including WB and EC). Complementary to the use of GBS, EC has provided institutional support (€5 million under PABS 5) to the Budget Department, the Public Procurement and Disposal of Asset Authority (PPDAA); the Office of the Prime Minister; the National Integrated Monitoring and Evaluation Strategy (NIMES), and the Ugandan Bureau of Statistics (UBOS).

Through the GBS operation, the EC has been an active partner in the policy dialogue with the Government and with other development partners at macro and at sector level. From 2001-2004/5 a challenge was posed by the rapid rise in aid flows and improvements in Public Financial Management (PFM); from 2005 onwards the key issue was the debate regarding the appropriate mix between social expenditures and infrastructure spending in the budget. Under the 9<sup>th</sup> and 10<sup>th</sup> EDF, EC does not provide direct project support in the social sectors. However, EC support to social sectors remained and will remain significant through the intermediary of budget support and policy dialogue.

Release of EC funds for macroeconomic support is based on 11 agreed performance indicators as adopted by GoU<sup>19</sup>. The End-Term Review (9<sup>th</sup> EDF) concluded that improvements concerning the performance of Public Finance Management indicators as well as the execution of the budget are needed. GoU and the development partners have started a consultations process in order to address relevant shortcomings.

### ***Transport***

Transport has been an important sector and substantial funding contributions have been made since 6<sup>th</sup> EDF (from NIPs, RIPs and STABEX). The EC is a major development partner in the transport sector in Uganda, especially as regards to roads, and its interventions largely take place within the multi-donor funded framework of the Road Sector Development Plan (RSDP). EC has committed €240 million under the 8<sup>th</sup> and 9<sup>th</sup> EDF to transport, largely in three large construction and rehabilitation projects along the Northern Corridor linking Kenya to Rwanda. A further €11 million is earmarked as a contribution towards reducing the maintenance backlog. EC support also includes €3 million for long-term technical assistance to the Road Agency Formation Unit (RAFU). Furthermore, STABEX funds in the amount of €40 million have been used to improve district roads across the country. Investments in district roads and community access roads have traditionally been classified as 'rural development' and part of the funding to secondary and tertiary road improvements falls under the support to this sector.

### ***Agricultural and Rural Development***

Agriculture and rural development has been a key sector for EC support to Uganda and substantial contributions have been made since the 4<sup>th</sup> EDF from NIPs, RIPs, STABEX and financing under thematic budget-lines. Projects financed during the 7<sup>th</sup>-9<sup>th</sup> EDF have a value of about €100 million; under the 10<sup>th</sup> EDF the envelope for the agriculture/rural development sector corresponds to €61.46 million. Aid to the rural development sector has traditionally been implemented through a variety of 'ad hoc' projects and programmes, relatively small in scope and widely scattered, either in terms of focus and outputs or

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<sup>18</sup> Budget support is earmarked to the Poverty Action Fund and not to individual sectors.

<sup>19</sup> Including satisfactory reviews of the Public Reform Service Commission (PRSC); a high degree of Execution of the Poverty Action Fund; important progress in the implementation of reforms in procurement; the reduction of domestic arrears, and achievement of certain outcome indicators for the health and education sectors. Gender issues are taken into consideration in the formulation of the performance indicators for health and education.



geographically. Some of these projects/interventions – financed earlier than the 9<sup>th</sup> EDF - were still under implementation during the reference period for this evaluation.

Under the 9<sup>th</sup> EDF the main intervention in the rural development sector (€17.5 million) as a sector support programme, was support to the Government of Uganda’s Plan for Modernization of Agriculture<sup>20</sup>.

It is difficult to label the interventions in the agricultural and rural development sector, as many interventions in favour of the rural sector are classified differently (i.e. decentralization, reconstruction and relief). Main interventions are indicated in the following table.

**Table 7: Main Interventions in the Rural Development and Agricultural Sectors**

|  |  |
|--|--|
| NATIONAL AGRICULTURAL SERVICES   | ✓ Supported since 2001 through STABEX funds, and are covered since 2004 by the sector support programme.   |
| FOREST RESOURCES MANAGEMENT AND CONSERVATION PROGRAMME <sup>21</sup> .                             | ✓ 8 <sup>th</sup> EDF funds (12M€)   |
| SUPPORT TO FEASIBLE FINANCIAL INSTITUTIONS AND CAPACITY BUILDING EFFORTS (SUFFICE) <sup>22</sup> . | ✓ The 7 <sup>th</sup> , 9 <sup>th</sup> EDF and STABEX funds (± M€8.8)   |
| DISTRICTS ROADS  | ✓ STABEX funds in an amount of M€40 <sup>23</sup>  |
| FOURTH MICROPROJECT PROGRAMME  | ✓ 7 <sup>th</sup> EDF (M€4.2) permitted the financing of locally prioritized micro-projects; <sup>24, 25</sup>   |
| MICRO PROJECTS PROGRAMMES IN WEST NILE   | ✓ Financed under the 7 <sup>th</sup> EDF ((± M€3) <sup>26</sup> , permitted the financing of locally prioritized micro-projects; <sup>27</sup>   |
| ACHOLI PROGRAMME   | ✓ Decentralized cooperation for the Nord of Uganda (± M€3.9)   |
| EC DECENTRALIZATION PROGRAMME  | ✓ (M€10) Provided funds for interventions at district and sub-county level; supports local Government capacity building in Northern Ugandan districts to promote effective and sustainable service delivery; |
| NORTHERN UGANDA REHABILITATION PROGRAMME   | ✓ M€20 (Reconstruction and Relief – LRRD Approach)   |
| AGRICULTURAL LIVELIHOODS RECOVERY PROJECT FOR NORTHERN UGANDA                                      | ✓ M€4 financed in 2007 under the “Food Budget Line”  |
| SECTOR SUPPORT PROGRAMME   | ✓ M€17.5   |

Furthermore about 12 small interventions in the agricultural and/or environmental sectors financed through PVD and Environment budget lines, were implemented during the

<sup>20</sup> The Plan for Modernization of Agriculture (PMA) is a policy framework for implementing PEAP Pillar 2 – enhancing production, competitiveness and incomes. It aims at eradicating poverty by transforming the livelihoods of subsistence farmers through seven pillars namely: Agricultural Research and Technology Development; Agricultural Advisory Services; Agricultural Education; Rural Financial Services; Marketing and Agro-Processing, Sustainable Natural Resource Use and Management; and Supportive Physical Infrastructure. In addition, Government provides a Non Sectoral Conditional Grant (NSCG) to local governments for communities to address their own location specific constraints to agricultural production.

<sup>21</sup> Implemented during the reference period.

<sup>22</sup> Implemented during the reference period.

<sup>23</sup> They are classified as rural development but will be considered under “transport”.

<sup>24</sup> This programme promoted at the same time capacities of Local Governments and NSAs, promoted development in rural areas and permitted the financing of local prioritized productive and social investments.

<sup>25</sup> Closed in 2002.

<sup>26</sup> Implemented up to 2007.

<sup>27</sup> This programme promoted at the same time capacities of Local Governments and NSAs, promoted development in rural areas and permitted the financing of local prioritized productive and social investments.

reference period<sup>28</sup>; additionally about €4-5 million annually were spent during recent years on food security interventions financed through ECHO and World Food Programme, and implemented by national NGOs, WFP and GoU; Agricultural Research at regional level was financed under the 8<sup>th</sup> EDF. The project was completed in 2007 and provided assistance to regional coordination mechanisms under the Association for Strengthening Agricultural Research in Eastern and Central Africa (ASARECA).

EC interventions in the rural development sector are designed to support the achievement of GoU's goals as outlined in the PMA, which are: (1) Modernise agriculture, diversify production and improve farm productivity in order to; improve food security; Increase incomes; and provide on and off-farm employment; (2) Promote a sustainable use and management of natural resources with the implementation of a variety of interventions in favour of forestry, conservation and water; (3) Address issues of conflict in rural areas. Under the overall umbrella of the PMA, the EC's sector budget support to the PMA programme seeks to provide particular assistance to the National Agricultural Advisory Service (NAADS) and the National Agricultural Research System (NARS). NAADS delivered during the reference period demand-driven extension services through private service providers (PSPs) and its structures are based at district and sub-county level<sup>29</sup>; A National Agricultural Research Policy, formulated in 2003, is making research farmer-oriented and driven. The GoU vision for agricultural research, via the PMA, is "a farmer responsive research system that generates and disseminates problem-solving, profitable and environmentally sound technologies on a sustainable basis".

EC's support to Agricultural Research through the Sector Support Programme was complemented by a regional intervention financed by EC under the 8<sup>th</sup> EDF in the area of Food Security and Conservation of Natural Resources. The project was completed in 2007 and provided assistance to regional coordination mechanisms under the Association for Strengthening Agricultural Research in Eastern and Central Africa (ASARECA). It is a complex multi-donor, multi-country and multi-project programme.

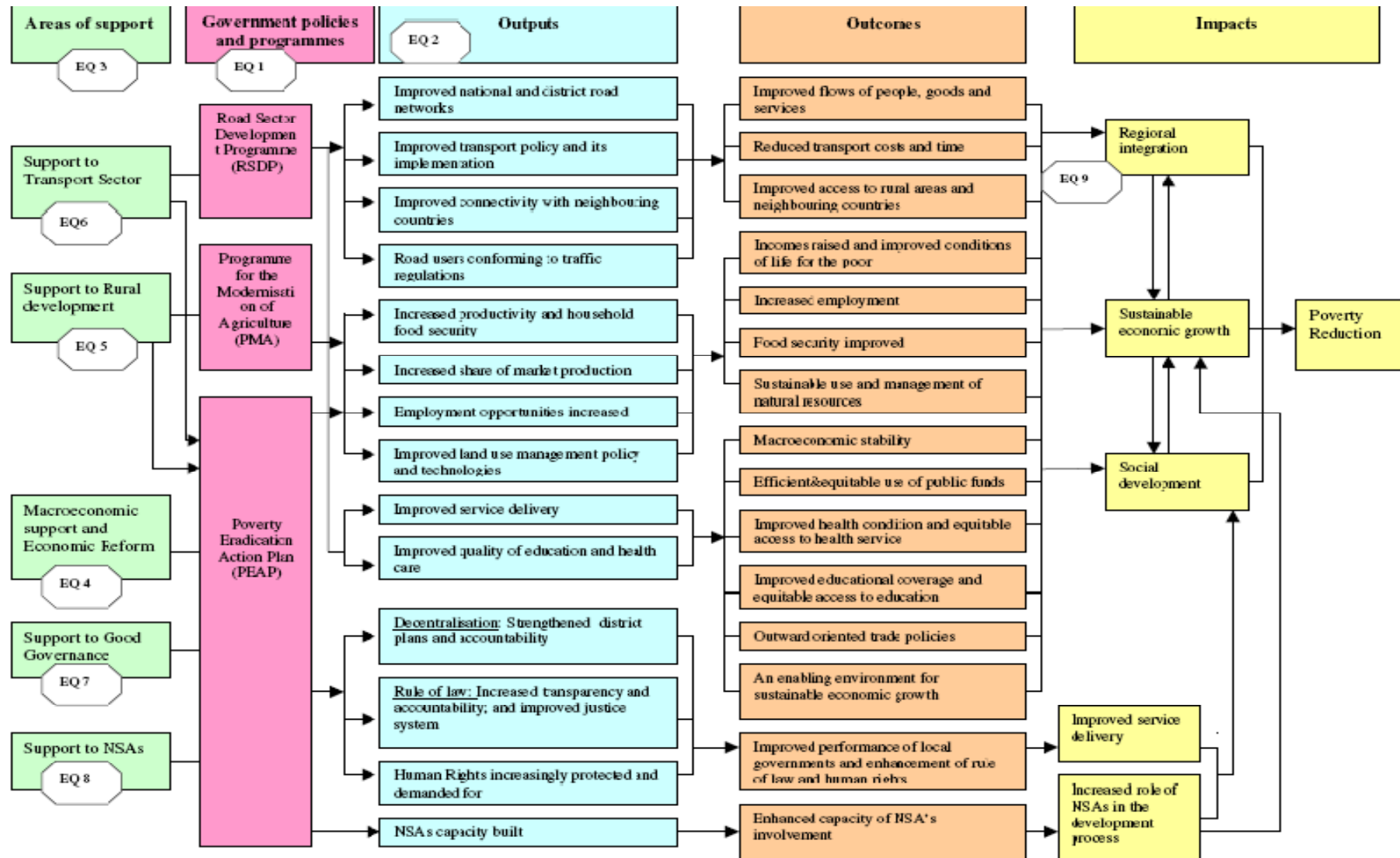
Environmental aspects were covered through the Sector Support Programme (soil fertility, appropriate resource management, wet-land management, and research); additional support to the forestry sector was provided through the Forestry Resources Management and Conservation Programme (FRMCP) which was financed with resources under the 8<sup>th</sup> EDF, but implemented during the period 2001-2008). Furthermore the Lake Victoria Fisheries Organisation (LVFO) received under the 8<sup>th</sup> EDF EC support (€29.9 million) for the implementation of a Fisheries Management Plan for Lake Victoria covering Kenya, Uganda and Tanzania.

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<sup>28</sup> Most of them promoting directly agriculture and the rural sector.

<sup>29</sup> However funds for the NAADS Programme activities was put to a halt with official suspension since 10th September 2007 by decision of the President and in 2008 new guidelines were published, which again involved public extension workers in service provision.

Figure 1: Intervention Logic of 9th EDF with evaluation questions



### **Capacity Building for Good Governance**

The evaluation team took into consideration that the Council of the EU and EC has determined a limited number of areas selected on the basis of their contribution towards reducing poverty and for which EC action provides added value. One of these areas is capacity building, particularly in the area of good governance, the rule of law and promotion of human rights<sup>30</sup>. Thus under the 9<sup>th</sup> EDF systematic support has been provided to the following: decentralisation, rule of law and human rights.

The governance interventions in the context of the 9<sup>th</sup> EDF and community budget lines have focused on human rights, access to justice, fight against gender based violence and child abuse, ethnic conflict resolution, indigenous peoples' rights, civic education and democratic processes as well as support to decentralisation. The total amount of governance support under the 9<sup>th</sup> EDF and Budget Lines is over €30 million. Special attention has been paid to improving the functioning of key governance institutions (e.g. Local Governments, Justice, Law and Order institutions) and to strengthening the role of civil society in the conflict affected areas in Northern Uganda and Karamoja. Close linkage with the 9<sup>th</sup> EDF Northern Uganda Rehabilitation Programme, funded under the B-envelope, has been ensured. Also, the EC supported the efforts of domestic election observers during the elections in 2006, in addition to the deployment of the EU Election Observation Mission.

The EC has acquired experience in dealing with the poorest and conflict-affected districts, where service delivery by Local Government is weak. The 8<sup>th</sup> EDF Micro Projects Programme (€15 million), and the Acholi Programme (€4 million), as well as the STABEX-funded Karamoja Programme (€4.7 million) are examples of support provided in Northern Uganda. Experience has shown that coordination efforts amongst donors are needed to facilitate a transition from the emergency phase to the development phase, and to actively support the development of a national framework for rehabilitation and reconstruction in Northern Uganda. The 9<sup>th</sup> EDF Support to Decentralisation Programme aimed to build the capacity of Local governments and to enhance local governance through poverty resource monitoring and downward accountability.

### **Capacity Building for Non-State Actors**

The 9<sup>th</sup> EDF Civil Society Capacity Building Programme (€8 million) is being implemented to strengthen the capacity of local NGOs, both in terms of advocacy and service delivery; over 50 local NGOs countrywide will have benefited from capacity building and micro-projects under this umbrella, and the capacity of civil society to undertake advocacy at the national level will also have been addressed. This latter intervention is the first of its kind to be funded under the EDF in Uganda and underscores the objective of the EC to strengthen CSOs so that they actively participate in the development process.

### **3.4 Regional Integration and its Link to EC-Uganda Cooperation**

In Eastern and Southern Africa, the main regional integration organisations (RIOs) are the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC), the Southern African Development Community (SADC), and the Intergovernmental Authority on Development (IGAD). The first three of these are primarily devoted to regional economic integration, and the fourth, IGAD, has a broader mandate including: conflict prevention, management and resolution; humanitarian affairs; and gender issues. Countries covered by COMESA, EAC, IGAD and the Indian Ocean Commission (IOC) are referred to by the EC and others as the East and Southern Africa and Indian Ocean (ESA-IO) region.

Although IGAD member states are involved in harmonising their policies with regards to transport, food security, environmental protection, etc. – priorities that are partly driven by the

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<sup>30</sup> CSP/NIP Uganda for the 9th EDF, page 2

member states' dual membership of COMESA – regional economic integration is not part of IGAD's agenda and a Free Trade Area (FTA) and Custom Union (CU) were never envisaged. Importantly, however, is the fact that this is the main objective for the other three RIOs (COMESA, EAC and IOC).

For the EC, the ESA-IO region was created through the signing of the 9th EDF RSP/RIP in November 2002 and includes the COMESA member states, plus Tanzania, but without Egypt and Libya, which are not ACP members. The goals of COMESA, EAC and IOC emphasise regional integration and in this objective they are strongly supported by the EC. These organisations focus on economic liberalisation and integration, initially at the regional level but extending to integration into the world trading system - carried out as part of a coherent trade and macroeconomic policy – as the principal lever for enhanced economic growth and poverty reduction. In reality, the economic integration agenda of the ESA-IO region is driven by COMESA and EAC. Over the last decade or so members of these RIOs have made significant progress in implementing macroeconomic reform programmes and have liberalised a number of sectors, including the services sectors (financial, tourism, etc), on a multilateral basis. This has been done in conjunction with measures aimed at improving economic management and political stability and security. This process has proved to be progressive in nature, with few, if any, policy reversals taking place. These innovative policies have been supported by the Breton Woods Institutions as well as the donor community. The EC, in particular, has supported this liberalisation process in successive EDFs through both targeted aid and budget support.

At the end of the evaluation period, relations between the EU and ACP were governed by the Cotonou Partnership Agreement; because of its trade preferences system, that Agreement had come under some criticism from the members of the World Trade Organization (WTO) for not being in line with the reciprocity requirements of Article XXIV of the GATT 1947. The response to this criticism had been that the EU and ACP were granted a waiver by the WTO until the end of 2007 and that the parties needed to negotiate a WTO-compatible regime to replace the current trade preferences of the ACP states – which would likely take the form of Economic Partnership Agreements (EPAs) between different groupings of the ACP states and the EU. It is clear that during the final years of the period covered by this evaluation, EC managers were heavily involved in trying to put these EPAs into place.

Historically, the European Commission's development assistance to the ESA-IO region has been implemented through successive European Development Funds (EDFs). Because of delays, the implementation of a number of projects funded under the 6th and 7th EDFs continued during the period covered by the 8th EDF. Likewise, many projects funded under the 8th and 9th EDF are experiencing delays in implementation. Under the Cotonou Agreement (9th EDF), COMESA, EAC, IGAD and IOC fall under a single funding budget line, whereas under the Lomé IV Convention (8th EDF) there had been separate funding lines for East Africa and the Indian Ocean.

There are a number of important links between the national programmes undertaken by the EC in Uganda and those undertaken by the EC at the regional level. For example, many transport rules and regulations in force at any time in Uganda represent regional agreements (ex. axle loads), and the common markets that are being discussed colour the nature and extent of support that will be required in the rural development domain in Uganda. During its analysis, the evaluation team studied these linkages; the results of this analysis are discussed in the appropriate sections of Annex 1 to this report.

### **3.5 Overall Assessment of the EC's Contribution to Poverty Reduction**

Poverty reduction has been the overarching goal of the EC strategy since 2002 and is the ultimate objective of the current GoU strategy. These are good reasons for assessing the overall EC support in the light of poverty reduction, as support to the implementation of the new strategy under EDF10. However, it must be stressed that many of the EC interventions under evaluation derive from decisions taken before 2002, at a time when EC strategy was not equally focused on poverty reduction. The overall intervention logic of EC interventions under EDF9 illustrates how the EC support is expected to contribute to poverty reduction.

In the Intervention Logic Diagramme, three cause-effect chains start with the following three intended impacts. Each cause-effect chain connects EC support to poverty reduction, sometimes through linkage with another chain:

- *Regional integration*: improved transport facilities, flow of people, access to rural areas.
- *Sustainable economic growth*: improved provision of public goods that are needed by economic and social actors (e.g. roads, skilled workforce, etc), macroeconomic stability and good PFM, increased market-oriented research, innovation or extension services, improved financial services, outward oriented trade policies, removal of barriers to trade and business, business-friendly environment; growth of economic activities which are likely to hire poor people because they use a higher than average proportion of unskilled workforce and/or because they are located in poor areas (mainly agriculture).
- *Social development*: Equitable access to basic services = provision of standard-quality basic services (basic education, health, water, etc.), with special arrangements for poor people, poor groups or poor territories; expanded supply of basic services whilst protecting quality = provision of basic services (basic education, health, water, etc.) with sufficient quality for all at all times; increased participation of NSAs in development.

Based on the findings and conclusions of the evaluation, it is possible to create a broad-brush picture of the contribution to these effects that the EC has provided.

1. EC's political dialogue and its substantial and constant levels of financial support in form of GBS have contributed to maintaining macroeconomic stability and promoting investments in pro-poor expenditures (PPE), as well as improved planning and public finance management. However it is difficult to quantify the exact contribution to sustainable economic growth and social development. GBS has had a definite effect on increasing total and pro-poor expenditures (channelled mainly through the Poverty Action Fund). According to the Evaluation of GBS in Uganda, PPEs have been largely channelled to basic services delivered by local governments. Uganda's public revenues and expenditures have increased in real terms by 240% over the last 10 years. GBS funding has contributed with 31% of the real increase in public expenditures between 1997/98 and 2003/04, when pro-poor expenditures increased from 17% to 37% of the budget.
2. Some social indicators have improved slightly, especially those relating to coverage of services across the country. Indicators relating to the quality or scope of services provided have not shown improvement. There is no evidence that achievements are equal in all provinces of the country. There continue to exist difficulties in achieving the MDGs, especially as regards the reduction of the child mortality rate and the maternal mortality rate. The EC's contribution in these was not significant (in relation to the total amount spent in these sectors), so it is not valid to estimate contribution.
3. Various interviewees have observed that EC support has contributed in a small way to the strengthening of the NSAs and in developing their capacity to participate in policy dialogue with Government. With EC support, they have acquired increased

access to national and international financing – enabling them to play a major role in service delivery.

4. EC contribution to agriculture and rural development (mostly through Programme-Based Approaches) has, to some extent, improved livelihood conditions and food security – lack of data makes it difficult to assess the full impact. Although progress is very slow and uneven, the rural population is starting to integrate more in markets by starting commercialisation of part of their agricultural surplus; commercialisation permits cash income and contributes thus to diminish the depth of poverty. Nevertheless, rural/agricultural productivity remains low and the agricultural sector is far from contributing adequately to GDP. One of the effects that the EC has made in this dossier is to stabilize and ensure the level of budgeting in these sectors through PAF. This stability through predictability has enabled lower level administrations (i.e. districts) to plan further out and engage in larger pro-poor projects, especially in social services provision.
5. EC contribution to the transport sector has been significant – in terms of funding for specific parts of the NCR, duration, and technical assistance. However, delays in implementation have meant that most of the programmed benefits from improved transport are delayed. The improved roads have helped the Ugandan economy through the enabling of transport of Ugandan products to larger local markets, but the evidence that links the road improvement to poverty reduction overall is mostly anecdotal and questionable. Access to remoter parts of the Country is very difficult because of the state of rural roads, limiting the economic and social development of the poorest.

## 4 ANSWERS TO EVALUATION QUESTIONS

The nine Evaluation Questions retained for this evaluation are studied in the following sub-sections. Following a statement of an Evaluation Question, an overall answer is provided, followed by the logic that leads to that answer. The logic is based on the Judgement Criteria (JC) and indicators (I) used in the mandate, and reference is made to these building blocks by using the notation “JC x.x” for the former or “I y.y.y” for the latter. A more detailed analysis of the Judgement Criteria and Indicators is presented in Annex 1 to the Final Report.

### 4.1 EQ1-Consistency between EC Cooperation Objectives and the Evolving Needs of Uganda

#### Statement of Evaluation Question 1:

To what extent are EC cooperation objectives consistent with the evolving needs of Uganda, as indicated in GoU development policies and plans?

#### Answer to EQ 1:

EC's cooperation objectives over the evaluation period, as indicated in the appropriate NIP and CSP, is in line with evolving needs of Uganda. The logical links with national objectives and sector-based strategies are clearly stated in the EC's projects and programmes. The implementation of the GoU's PEAP has also been directly supported by various joint interventions with the EC working in collaboration with other donors; the share of EC cooperation in support of national development policies and sector policies and managed in accordance with GoU's budgetary support processes is important in terms of overall levels of cooperation. The LRRD approach in Northern and North-Eastern Uganda has focussed continued support by the EC, ensuring that it was adapted to the changing needs of the population.

***The EC policy dialogue has contributed, albeit indirectly, to the formulation of GoU's development policies, plans and programmes, but mostly at the technical level (JC 1.1).*** Documentation and interviews provide evidence that the EU Delegation in Kampala and various Development Partners (DPs) are involved in permanent policy dialogue with the GoU, and that GoU and DPs are jointly monitoring the performance of most development programmes in order to adapt the execution and to modify policies as required (ex. transport sector). In addition, dialogue on CSP/NIP has continued at the political level, either in bilateral or multi-donor fora (I 1.1.1).

The JAR, a thorough review performed in a structured manner by competent resources, noted in its 2007 report:

*“The EU's political dialogue with Uganda is being carried out in the framework of the restructured Article 8 Dialogue. During the relevant high-level meetings important issues, concerning human rights, media, multi-party politics, security, regional relations, and governance are being dealt with in a frank and constructive manner.*

*Numerous consultations between various stakeholders (NAO, Delegation, EU Member States, NSAs, LAs) have contributed to the drafting of Uganda's Country Strategy Paper and National Indicative Programme under the coming 10<sup>th</sup> EDF, including also credible Government commitments on governance issues.”*

*(JAR Report 2007)*

Documentation confirms that EC was – alone and together with other donors- involved in permanent dialogue with the GoU on a wide range of policy matters. Policy dialogue is pursued at political level and in sector working groups, although the latter is, in reality, the main focus. Permanent dialogue, and especially the intense discussions that occur at the



time of linking disbursement of fixed and variable tranches under GBS and SWAPs, gives the EC the opportunity to influence the GoU's development policies, plans and priorities. For example:

- Transport: The EC has engaged with GoU on issues of government funding shortfalls for rehabilitation and maintenance works. The Joint Annual Transport Sector reviews are the main forum for such discussions.
- Agricultural and rural development sector: The EC was instrumental in helping GoU design and launch its Plan for the Modernisation of Agriculture, which later enjoyed wide donor community support for implementation. The PMA is constantly monitored, in a public and therefore transparent manner. Reviews take place at regular intervals with the active involvement of all stakeholders.
- The GoU has launched a Rehabilitation Plan for Northern Uganda: Recent interventions financed by EC appear to have contributed to the launching of the Plan. Basically the EC has, through its 'Technical Co-operation Facility', funded the work carried out by technical assistance to finalise the PMA to a degree that has made it possible for all donors to subscribe to it. This overall finding is the result of research into Country Strategy Papers, Mid- and End-of-term Reviews and the list of Technical Assistance contracts that was examined by the evaluation team.

There are no clear indications of the exact influence that the EC may or may not have had with the PEAP's annual reviews, even if many of its interventions provide input into that process. However, the Annual PEAP Implementation Review (APIR) refers to an APIR Stakeholder Consultation undertaken in February 2007 where the EC actively participated. Involvement in other national policy, strategy or programme reviews take place at irregular periods but they offer important opportunities for continued assessment of the relevance of the EC's aid. There is some evidence (through interviews and comparisons of review reports over time) that the outcomes of the review exercises have led to appropriate GoU responses in terms of adaptations, but these appear to be mostly at the technical or administrative levels and changes proposed that imply political or policy change are not generally acted upon. Generally, the degree to which EC policy dialogue has influenced important policy directions of GoU needs to be increased, especially at the political level. There is an assumption in place within the EC's office in Kampala that much time is required before changes are made as a result of policy dialogue, but fairly recent policy decisions and reversals of policy by the GoU (ex. on the role of the State in transport infrastructure or in the change in basic rural development strategy to focus on larger land owners) demonstrate that the political leaders can make decisions quickly if they are motivated. There is no doubt that the delegation will need to be supported from Brussels in order to increase the outcomes of policy dialogue.

The programme and intervention strategies are also adapting to the changing needs; for example, EC support is based on an LRRD approach in Northern and North-Eastern Uganda, providing evidence of the capacity of the EC to adapt its interventions to changing contexts and needs of the country and its people. This statement is related, mostly but not only, to the proposed interventions that the EC will fund under its 10th EDF, such as they are described in the CSP&NIP for 2008-2013. The evaluation team considers that these interventions are well tailored to the needs of the whole Northern area, where the displaced population needs an environment attractive enough - in terms of social and economic opportunities - to go back to, beyond the basic conditions of a return to peace and [military] security. Those interventions are thus relevant and aligned to the PEAP and they are consistent with the CSP; they show the EC's capacity to adapt to change because interventions are a response to changing circumstances (I 1.1.2).

**The EC cooperation strategies and objectives are consistent with and aligned to Uganda's development needs (JC 1.2),** as can be seen from the detailed analysis in the text box in Annex 1. Moreover, there is evidence, across focal and non-focal areas of support, that EC's aid was perceived by the GoU as being particularly relevant to the needs and the plans of Uganda during the period under review (I 1.2.1). The alignment is rendered particularly evident when the EC objectives outlined in the CSP are compared, on a one-to-one basis, with the individual "Pillars" of the PEAP. In that analytical context, it is even clear that the strategies and objectives of other EC agencies such as ECHO are also aligned; in this case, the alignment is with Pillar 3 dealing with "Security, Conflict Resolution and Disaster Management".

As noted above, the EC's strategies and interventions are flexible enough to adapt themselves to changing needs of Uganda's development, and the EC has used modalities that offer the potential for a considerable level of change. For example, the use of Programme-Based Approaches such as GBS and Sector Budget Support gives the GoU considerable flexibility to adapt (I 1.2.2). The structured reviews and policy dialogue opportunities also provide fora for defining what has to be modified in order to adapt to changing contexts and environments. Factors that have to be taken into account in this issue include the relatively slow pace of administrative adaptation on the part of the GoU, the long and fixed programming/implementation cycles of the EC and the complex nature of international procurement. Given these contexts, the EC has still shown that it can adapt its programming within reasonable parameters, and it has done so.

#### **4.2 EQ2 - Consistency between the Objectives of EC Cooperation in Uganda and the Design of the Country Strategy, EC Development Policies, and the EC Intervention Frameworks**

##### **Statement of Evaluation Question 2:**

To what extent are EC cooperation with Uganda and its objectives consistent<sup>31</sup> as regards: 1) the design of the country strategy, 2) the EC development policies; and 3) the EC intervention framework of different financing instruments?

##### **Answer to EQ 2:**

The first part of this EQ deals specifically with "internal coherence"<sup>32</sup> expressed as an evaluation criteria. In that light, the evaluation found that there is no conflict between the various objectives found in (official) strategic documents that define the EC cooperation programme with Uganda (including the CSP).

The second part of this EQ also deals with a part of internal coherence. The evaluation team did not identify any contradiction between the objectives of the EC's development programme in Uganda and EC development policies; on the contrary, it found that the programme's objectives are highly consistent with EC development policies (i.e. not only do they not contradict them, but they reflect them).

The third part of the EQ deals with the extent to which the financing instruments used in the programme were appropriate for achieving the objectives of specific intervention frameworks. The evaluation found that the choice of financing instruments was appropriate to achieving the objectives of individual interventions. Specifically, it did not identify any intervention where the objectives were in conflict with the financial instruments chosen.

<sup>31</sup> Consistency is "Correspondence among related aspects". Within evaluation reports for the EC, it is often used as a synonym of "coherence".

<sup>32</sup> As such, it asks for a judgment on the extent to which there is internal coherency, defined as the measure of the absence of contradiction within the development cooperation strategy for Uganda.

**Programmes under EDF8 and 9 designed during the evaluation period are consistent with the CSP objectives (JC 2.1).** The CSP and NIP agreement document for the 2002-07 period noted that the 1999 mid-term review positively assessed the achievements of project implementation to that date and that a release of further funding was approved. The document then goes on to describe how and why the various programmes and interventions of the EC were consistent with the CSP objectives. As an update, the evaluation found that the programmes of EDF8 and 9 have fallen directly in line with the objectives set forth in that document. Moreover, the evaluation determined that there is a definite continuity of thinking, resources and planning over time within each of the three main focal sectors – Macroeconomic Support and Economic Reform, Transport and Rural Development – that were specified in the CSP to address the major constraints to economic development and poverty alleviation in the country. In large measure, the same key sectors will be addressed in EDF10 (I 2.1.1).

But while there are interventions involving non-focal areas in each of the main sectors identified for EDF8 and EDF9 (for example, environment mainstreaming within rural development), it is not that clear whether the interventions in the non-focal and focal areas were designed to specifically leverage each other. In other words, the team did not find evidence that non-focal area interventions were specifically put into place to enable the specific interventions in focal areas to be more effective, sustainable or relevant. In examining the EC's contribution to rural development, for example, the team noted that the sector included interventions from both types (ex. agricultural development took place in parts of the country where the capacity development of non-state actors took place). The team did not, however, find evidence that the co-existence of interventions from both the "focussed" and "non-focussed" areas was a result of a deliberate strategy. Finally, the team did not find any conflict between the global and sector objectives of these two EDF's and the objectives identified for 'non-focus' areas. (I 2.1.2)

The evaluation has found, however, that the design and execution of the interventions (whether in focal or non-focal areas) reflect the contexts inherent in bilateral cooperation with Uganda. Developing the capacity of non-state actors, for example, was left to the national organisation(s) that represent them. The financial management for transport construction interventions were largely and logically left to the GoU to manage because it is their responsibility and they have the essential systems to do so; the need to increase service delivery levels was largely left to Programme-Based Approaches, which is considered as being a good strategic choice for capacity development and transfer of ownership (and accountability) (I 2.1.3).

**There is coherence between the EC's interventions under its EDF9 intervention framework and its policy and planning framework (i.e. the CSP) for Uganda (JC 2.2).**

The evaluation found no evidence of conflict or contradiction between the programming that took place in Uganda under EDF9 and the broad policy framework of the EC for Uganda (more specifically the CSP) that was in place at the time. In addition, the evaluation examined whether there is reason to believe that there might be some level of conflict between the intervention logic assumed in the programming in Uganda under the 9<sup>th</sup> EDF and the broad development policies and strategies promulgated by the EC. In doing so, it found that while there is minimal reference to the broader EC's strategic or global objectives within the CSP itself, the intervention framework put into place did not obviously contradict these key EC policies and interventions.

The evaluation team carried out an analysis of the interventions of the 9<sup>th</sup> EDF, and found that the logic and objectives of the interventions *within each area* of concentration (focal sectors) in the CSP were relatively well linked to each other through written text, *but were less well linked with the overall planning umbrella of the CSP itself.* A small sample of non-focal interventions was also reviewed and it was found that their objectives also appeared to not be officially interfaced with focal sector interventions. Other sectors (private sector, food security and agriculture, health, education) have been tackled directly under the 7<sup>th</sup> and 8<sup>th</sup>

EDF and their effects have provided enabling conditions for interventions of the 9<sup>th</sup> EDF. As examples, it should be noted that the EC has undertaken the following “clusters” of interventions (not a comprehensive list); individually and collectively, they show that there is coherence between the intervention(s) and the EC’s planning frameworks (I 2.2.1):

- **Focal Sector Transport:** The five key transport interventions (TA to RAFU; Kampala Northern By-Pass; Il Backlog Roads Maintenance Programme (BRMP); Strengthening of the Northern Corridor (Jinja-Bugiri) and the Reconstruction of Priority Sections of the Kampala-Mbarara Road are fully aligned and consistent with the PEAP and complement each other, at least at the sector planning level. Further, they are in line with the EC’s priorities in Uganda (found in the CSP) dealing with the pursuit of economic growth in rural contexts.
- **Focal Sector Rural Development:** The SWAp Modernisation of Agriculture initiative is a clear indication of the internal coherence between the programme’s objectives (CSP) and the specific interventions under it. Further, at least eight interventions in the agricultural/rural development sector are consistent with the SWAP Modernisation of Agriculture intervention; because they have a direct impact on poverty reduction, they all reflect EC policy and the essential thrusts of the EDF9 Uganda Programme.
- **Non-Focal Sectors (Governance/NSA):** All of the interventions studied by the evaluation team in these sectors are coherent with the Uganda CSP under EDF9 as well as with EC’s broader policies dealing with governance and the development of civil society. Examples include the Civil Society Capacity Building Programme; the Support to Decentralization Programme, and the Human Rights and Good Governance Programme.

**RIP, DG ECHO, EIB, budget lines and other interventions are consistent with the CSP and NIP (JC 2.3).**

Part of the logic inherent in this Judgement Criteria is the relationship between the EC’s development cooperation objectives, interventions and strategies in Uganda and those it has put in place in a regional context. Consistency between the Uganda CSP and the RIP, both in focal and non-focal sectors, can generally be observed, at least in terms of their strategic level intent. The evaluation team found, however, that the objectives at the national and regional level concerning transport could have been better defined, leading to a concerted effort where the requirement for, and the production of policies, regulatory frameworks and physical infrastructure could have been more precisely determined in time.

Within the 9<sup>th</sup> EDF/NIP, the focal areas for cooperation are: the transport sector, rural development sector and macroeconomic budget support (with the aim of assuring macroeconomic stability, promoting efficient use of resources through appropriate planning and public finance management and improving service delivery) while at the regional level, the RSP/RIP for the South and Eastern African Region indicates that Economic Integration, Natural Resource Management and Transport /Communications are the focal areas. The following table illustrates that there is a high level of consistency between the national and regional logics (I 2.3.1).

**Table 8: Comparison Between national and Regional Levels of Programming**

| CSP/NIP 2002-2007  | RSP/RIP 2002-2007  |
|--|--|
| Macroeconomic Support and Economic Reform (focal sector) | Regional Economic Integration which will allow countries of the region to continue to pursue economic liberalization policies at a regional level, within the framework of WTO, which should help the region’s producers to obtain improved market access and attract investment into the productive sectors |

|   |  |
|---|--|
| Transport (focal sector)  | Programmes in Transport and Communications aim at reducing costs of transport and communications mainly through improved utilization of existing infrastructure and services and through the development of a master plan, which will address the most immediate requirements in this focal sector.  |
| Rural Development Sector (focal sector)   | Programmes in Natural Resource Management aim to improve the economic development of the region through the more efficient and sustainable management of the region's natural resource base.   |
| Non-focal sectors are <ul style="list-style-type: none"> <li>• Capacity building for good governance</li> <li>• Capacity building for NSAs</li> </ul> | The non-focal areas include programmes in conflict prevention, resolution and management, capacity building, higher education and culture. Involvement of non-state actors is a process in development (rather than an event) and cross-cutting issues (such as environment, capacity building and gender) concerns will be mainstreamed in all programmes |

NIP interventions are also coherent with those financed under DG-ECHO, Food, and budget-lines, as shown by the evaluation's analysis of the EC's contribution to the LRRD approach. The strategies and Interventions supported directly or indirectly by the EC in Northern and North-Eastern Uganda are consistent with that approach:

1. Emergency, relief, food-security (financed through ECHO, WFP, NGOs)
2. Reconstruction projects (i.e. EC Northern Uganda Reconstruction Programme – NURP: €20 million; and Agricultural Livelihoods Recovery Project for Northern Uganda).
3. EC Decentralization Programme (€10 million) which supports local government capacity building in Northern Uganda districts to promote effective and sustainable service delivery; Sector Support Programme to PMA (PMA covers the whole country).

Most interventions financed since 2000 under budget-lines are closely related to the focal and non-focal sectors of the CSP. Interviews show that the EC takes into account the priorities set in programming documents when deciding on financing proposals (for example when presented under a call for proposals). Further, there is no evidence for inconsistency within or between interventions financed under budget lines or with STABEX funds; they are consistent with the priorities mentioned in the CSP and with other EC interventions (I 2.3.2). Taking into account the important differences in goals and logic between EDF8 and 9, there is a high degree of consistency between interventions financed under the 8<sup>th</sup> EDF and interventions financed under the 9<sup>th</sup> and 10<sup>th</sup> EDF.

Although specifically defined as an external coherence issue, the evaluation team noted that projects financed by EIB<sup>33</sup> in Uganda contributed to the implementation of Pillar II of the PEAP, and thus may have complemented some of the EC's developmental interventions in Uganda. However, the evaluation's resources did not enable an investigation into whether EIB took the CSP into account as a leveraging strategy (I 2.3.3).

<sup>33</sup> The European Investment Bank enjoys its own legal personality and financial autonomy within the EU. EIB-ACP cooperation is based on the Cotonou Agreement that mandates the EIB to provide reimbursable aid to projects, alongside grant aid from the European Commission in 79 ACP countries. There is therefore a sound basis to examine the coherence between EIB and EC developmental objectives in Uganda.

### **4.3 EQ3 - The Coordination and Complementarity between EC Support to Uganda and that of other Donors (Including EU Member States)**

#### **Statement of Evaluation Question 3:**

To what extent is EC support coordinated and complementary with other donors (EU Member States and other bilateral and multilateral donors)?

#### **Answer to EQ 3:**

Mechanisms are in place that could ensure that EC support is coordinated with and complementary to the support of other donors, and specifically with EU Member States. The performance of those mechanisms is not adequate especially with respect to the joint impact of policy dialogue and mutual accountability.

***The Ugandan Joint Assistance Strategy (UJAS) has constituted a relatively effective coordination framework for donor interventions but it has important weaknesses as a mechanism for donor-GoU coordination and as a focal point for policy dialogue (JC 3.1).*** This evaluation confirms the findings and conclusions of a recent UJAS-specific review: UJAS was a good strategic decision at the time but has underperformed. It should either be made more effective and relevant through reform or replaced through a more strategic and policy-dialogue based mechanism such as that proposed for the JDSF (a solution supported by the Head of Delegation in Kampala).

One major innovation during the past few years is that the Ugandan assistance strategy is now a joint one, committing the EC to a common development financing framework with several other development partners. The Uganda Joint Assistance Strategy (UJAS) was designed in its original form in 2005 by seven development partners<sup>34</sup>; its objective was to articulate a harmonised development financing response to the country's third Poverty Eradication Action Plan (PEAP 2005-9). A further five (including the EC) adopted the UJAS approach in 2006.

By replacing many donor-driven country assistance strategies with one shared strategy, by embedding the strategy and its monitoring framework in the PEAP, by agreeing to some common principles for inter-donor coordination, the UJAS sought to help improve inter-donor effectiveness and help GoU in its delivery of PEAP outcomes. The UJAS was designed to draw on each participant's comparative advantage in two crucial dimensions. The first is the development partners' expertise in the specific sectors covered by the five pillars of the PEAP. The second is the partners' preferences for particular instruments of delivery of development support<sup>35</sup>. In addition, the UJAS was created with a results-based orientation built on a harmonized monitoring and evaluation framework constructed from the PEAP matrix. The UJAS also took inspiration from the 'Partnership Principles' agreed between the Government of Uganda and most development partners in 2003 and from major international initiatives at the time<sup>36</sup>. The UJAS thus presents the core operations strategy of key development partners for 2005-9. However, the GoU did not become an active partner in the UJAS approach.

*"At the point of its inception, GoU was invited to engage with the development of the UJAS but the signal from government was that they had their own strategy in place and that the UJAS was better seen as a development partner 'response' to the PEAP and the partnership principles."<sup>37</sup>*

<sup>34</sup> The seven participants were the AfDB Group, the World Bank Group, DfID, Germany, Netherlands, Norway, and Sweden.

<sup>35</sup> The main instruments of delivery of development support under consideration are: (i) direct budget support; (ii) indirect budget support; (iii) project support; (iv) 'tied' and 'untied' technical assistance and institutional support.

<sup>36</sup> Such as the Millennium Report and the Millennium Development Goals, the Commission for Africa Report, the Paris High Level Declaration on Harmonisation, and the IMF/World Bank Development Monitoring Report.

<sup>37</sup> Evans, A., and Ssentongo, P., "Review of the Uganda Joint Assistance Strategy – Current and Future Prospects"

The UJAS has constituted the key framework for donor harmonisation and cooperation as regards the division of sector involvement, the development of common positions among the development partners. The positions taken within the UJAS framework are developed through a number of parallel processes, including an annual review process of the PEAP implementation which provides: a) the strategic guidance for the sectors in accordance with the PEAP's five pillars; and b) the relative emphasis and interface between the sectors. Joint Sector Working Groups are also in place as are the fora where GoU and development partners discuss sector policies, strategies, plans and their implementation. The practice of having a lead donor engaging government on behalf of others to address specific policy or programme issues (within these Sector Working groups) is singled out as having contributed to a reduction in donor-government meetings that often duplicated each other (I 3.1.3). However, further gains from the division of labour exercise that were expected at the sector level have not yet materialised. Lack of government leadership or buy-in during the initial stages of the division of labour exercise, together with the launch of a process to formulate the NDP (which emphasises growth as opposed to poverty reduction), prevented a logical continuation of the coordination exercise at sector level (I 3.1.2).

So far, a number of UJAS-related achievements have been noted by several DPs, including the production of a review report on the DoL exercise and the creation of an AID Information Map, both of which were shared among the DPs and Government.

The PEAP's loss of political traction<sup>38</sup> was accompanied by a loss of political interaction between development partners and the GoU. In this context, the UJAS struggled to find an avenue for dialogue with GoU over and above existing dialogue mechanisms such as the PRSC and sector working groups. The Harmonization Committee established in MoFED to oversee progress with UJAS commitments met only three times before it was overtaken by events and changes in leadership following the 2006 elections. Government interest or buy-in to the UJAS, which was severely limited anyway, waned even further. In fact, the sectors where both GoU and the donors feel that the aid relationship is working well attribute that success to the relationship that existed before the introduction of UJAS<sup>39</sup>. The recent UJAS review also examined the perceptions of donors on the relevance of UJAS in the present and likely future contexts; twelve out of fifteen donors said that they thought UJAS was relevant. Notwithstanding, the evaluation found that it is not a very effective mechanism for strategic change and needs to be supported if it is to become effective at bringing about policy change.

An indicator for this JC was the extent to which the GoU has taken leadership in donor coordination. Based on the above, it is clear that "coordination" has not been a priority for the GoU. It does not generally participate in the most comprehensive donor coordination mechanism, preferring sector-by sector work with individual donors, and it has significantly reduced the use of the PEAP as a focussing mechanism with donors<sup>40</sup>. These conclusions, supported by the finding that donors have become disenchanted with the collaborative mechanisms that the GoU prefers to use, including SWAs<sup>41</sup>, leads to the conclusion that the GoU has not shown leadership in donor coordination (I 3.1.1).

***A Sector Wide Approach (SWAp) is applied for the EC's main development sectors in Uganda (JC 3.2).***

The basic logic of this JC is to demonstrate whether the EC, through the use of Programme-based approaches (PBA), increases the level and quality of its donor coordination (because the nature of PBA's implies a coordinated and unified response).

<sup>38</sup> Refer to Evans, A., and Ssentongo, P., "Review of the Uganda Joint Assistance Strategy – Current and Future Prospects", section 6.15-6.17

<sup>39</sup> IBID, Evans and Ssentongo, section 6.23

<sup>40</sup> IBID, Evans and Ssentongo, section 6 and 7

<sup>41</sup> IBID, Evans and Ssentongo, section 6.23-6.24

From 1998 onward the donor community moved progressively towards support to the Poverty Action Fund (PAF), although not all donors are able to work directly with GBS or SBS, due to their internal policies. However, even if Programme-Based Approaches are used by the EC in some of its focal sectors, most development sectors do not have them, other than through a GBS (I 3.2.1).

*General Budget Support:* A number of development partners provide budget support either through the Poverty Action Fund (five donors), or through completely un-earmarked General Budget Support (six donors including WB and EC). However, although several development partners provide GBS, EC has defined its own indicators for the disbursement of the variable tranches of GBS and has decided to take its own decisions on disbursements and/or reduction of instalments, based mostly on IMF assessments.

*Transport:* A Joint Transport Working Group has been established – with EC as the lead donor partner – and joint transport sector reviews have been undertaken on an annual basis since 2004. The Road Sector Development Programme (RSDP 2001/02-2010/11) guides the GoU's and development partners' interventions. The GoU has taken ownership in terms of providing the national road/transport sector framework, but not in terms of releasing funds for maintenance in accordance with the budget allocations.

*Agriculture and rural development:* EC is participating jointly with other donors (World Bank, IFAD, DFID, and Danida) in the SBS to the Programme for Modernisation of Agriculture (PMA), an integral part of PEAP aiming at a transformation of farming, encouraging farmers to produce for the market and move out of subsistence farming. Preliminary findings, concluded on the basis of information available so far, indicate that the donor community takes an active part in the PMA's joint annual reviews.

*Governance:* EC has financed the “Human Rights and Good Governance Programme, 2006”. EC is a member of the Justice, Law and Order Sector (JLOS) SWAp donor group which co-ordinates donor inputs in the SWAp and liaises with the JLOS secretariat. Support to the sector is guided by the five year Sector Investment Plans. The mid term review of the JLOS indicated that although there have been some improvements in the criminal and commercial justice reform programmes, a number of challenges including poor co-ordination amongst the various agencies and insufficient supervision from the centre continues to hamper progress. The EC might want to consider its proposed support to the Parliament and UHRC in light of a recently launched Deepening Democracy Programme that is being supported by a number of donors through basket funding. The objectives of the programme are very similar to some components of the EC Human Rights and Good Governance Programme whose implementation began in 2007.

The proportion of EC development aid implemented through SWAps, GBS and other PBA's is quite high in Uganda. As noted in Appendix 1, the total “A” Envelope for EDFs 9 (amended) and 10 are €316 million and €461 million respectively. Assuming that both transport and rural development are implemented using SWAp-like modalities, the percentage of amended 9<sup>th</sup> EDF provided through PBAs would be 86% of Envelope A and 75% of Envelope A and B. The corresponding figures for EDF 10 are considerably higher at 95% and 90% respectively<sup>42</sup>.

From the above, it is clear that while the EC is actively engaged in SWAps and other forms of PBAs, it has sometimes used these modalities bilaterally, (especially in GBS) thus cutting out some (but not all) of the benefits of donor coordination including increased influence through policy dialogue that these PBAs have shown to be able to provide. That being said, donor improved coordination has taken place in those interventions that use PBAs (I 3.2.2).

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<sup>42</sup> CSP – NIP EDF9 and EDF10, reproduced from Desk report, Annex 1, EQ3, page 21.



***The principles of ownership, alignment and harmonisation are generally adhered to (these terms are defined by the Paris Declaration on Aid Effectiveness) (JC 3.3).***

The evaluation has shown that the EC programmes and cooperation strategies in Uganda are aligned with the GoU's priorities as stated most clearly in the PEAP. The EC has also clearly moved away from a dependence on the project approach modality toward PBAs, implying that to a large extent, EC funds are now channelled through GoU systems, thus creating a greater harmonisation of processes, or at least a drop in duplication. EC is also a signatory to the UJAS, which has facilitated harmonisation among the development partners. It is also part of a group of donors that are putting in place a more influential and more effective donor-EU coordination and dialogue mechanism (e.g. the JBSF).

Although previous sections in this report have noted that the GoU does not coordinate aid as effectively as it could, it has put into place working mechanisms (mostly at sector levels) that constitute the main coordination approaches for the development partners' interventions. It appears amenable to policy discussions at the technical level, but on its own terms (ex. transport) and so appears to "own" the development partnership process within the sectors (I 3.3.1).

Uganda's experience suggests that the Paris Declaration has added value to pre-existing arrangements for management of aid in Uganda by reinforcing the message of ownership, alignment and harmonisation – already robust in the PEAP Partnership Principles (PP) of 2001 – thus elevating the significance of this strategy for aid management (I 3.3.2).

Interviews with GoU officials and donors showed that the duplication of technical assistance in ministries has never been much of a problem in Uganda: even if TA from more than one donor were present in any given ministry, they generally agreed to either divide the work or to work collaboratively.

The division of labour that was part of the results of the putting in place of the UJAS has resulted in more defined fields of responsibility for the donors, thus again reducing the potential for duplication and increasing the scope for greater harmonisation (I 3.3.4).

Finally, the evaluation team was not able to identify examples of where the GoU has taken the initiative to put into place joint planning or evaluation exercises (in the sense of Uganda-donor, and not donor-donor), possibly indicating a limit to its sense of ownership and its ability to coordinate or direct the donor-side of its development. What is common, however, are joint reviews of existing plans, strategies and interventions on a bilateral basis. This finding was confirmed by GoU officials during the Kampala Seminar (I 3.3.5).

One example of the difficulty in putting into place an effective sense of accountability and ownership is the APIR process, which was not, in the view of various EC officials and other donors, a success<sup>43</sup>. Part of the important benefit that donors could have received from the APIR is the opportunity to coordinate themselves better to respond to changing requirements. In so doing an opportunity was missed to increase ownership and improve alignment.

Finally, the EC could have been more pro-active in putting in place a genuine joint-ownership and "ownership transfer" process when it was putting in place the pillars for the 10<sup>th</sup> EDF; it was not conducted within what could be called "joint" programming but was seen by officials and civil society as being essentially carried out unilaterally by the EC in Brussels.

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<sup>43</sup> "The APIR was eventually not a success as it was not sufficiently well prepared, did not receive much support at senior government levels as it was generally not a process that was owned by its constituency, and hence did not have any real influence on policy-making or the budget process. The donors were clearly more interested than the government." Written comments received by senior EC manager.

***The 9<sup>th</sup> EDF intervention framework is complementary with EU Member States' and other donors' interventions (JC 3.4).***

The EC's interventions are often done in concert with other donors or support the sectors where EU Member States' and other donors have interventions. The evaluation team found that mechanisms were in place to ensure that the combined efforts of a number of donors produced outcomes that any single donor could not. For example, there are seven EU Member States which are providing GBS, in concert with other donors including the World Bank. Five EU Member States, various UN Organizations (IFAD, WFP, FAO...), USAID and the World Bank are working with the EC in supporting the Rural Development Sector.

In both of these examples, the EC is supporting the financing and implementation of larger-scaled interventions, but is not necessarily systematically leveraging the combined effects of two or more efforts (tasks, activities, outputs, etc.) on the same target populations<sup>44</sup>. Dividing the country geographically and assuming responsibility for an intervention in one (or more) of these parts, while another donor does the same thing in another part(s), for example, is not "leveraging" but overlap avoidance. In contrast, a capacity development programme added to a policy development action clearly constitutes "leveraging". An exception to the preceding is the clear case of the EC's support to Northern Uganda under a LRRD approach, including working with and through other development agencies (WFP, FAO); other EC DGs such as ECHO; EU Member States (ex. Denmark for roads) and other partners (NGOs, GoU). In this case the EC complements other donors' interventions, including those of Member States.

When asked, EU donors interviewed did not raise any examples where they or the EC were possibly acting out of line with what they believed were Maastricht obligations. In fact, the example of the EC and Denmark in the road sector is a case of where the EC is perceived to complement the Danish programme by leveraging the Danish intervention (helping its road interventions to form part of a larger network) and implementing related interventions that the Danish Aid Agency did not wish to pursue.

***JC 3.5: "The 9th EDF development objectives and strategies for Uganda are coherent with, coordinated and complementary to those of other Member States".***

This JC has largely already been covered in other JCs under EQ 3 and especially under JC 3.4.

During its field stage, the evaluation team was not informed of any "contradictions" that were substantial enough to cause an issue to be raised concerning the coordination, complementarity and coherence between the development objectives of the EC's 9th EDF in Uganda and the development objectives and strategies of Member States. It should be kept in mind that a number of EC development-related policies, such as the EU-Africa Strategy and the European Consensus, were only adopted towards the end of the period covered by the temporal scope of this evaluation and, according to the Kampala Delegation, their influence on implementation of the EDFs in place is "quite limited"<sup>45</sup>.

It is worth noting that interviews with Member States brought forth the perception that the Delegation did not put into place an effective mechanism for "European donor" coherence, coordination and complementarity. Interviewees noted that although there are regular ambassador-head of delegation meetings involving the EC and MS, most donor coordination mechanisms in Uganda involved the bringing together of all types of donors and not just those from the EU. It would be expected that improving the degree of coherence, coordination and complementarity between the EC and the Member States would start in an "all-European" forum that, interviewees noted, should be chaired by the EC. .

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<sup>44</sup> There is a considerable praxis on this issue, including LeBlanc, R. and Beaulieu, P., "Evaluation of Coordination and Complementarity of European Assistance to Development", Amsterdam: Askant Academic Publications, 2006. Also, see ECDPM website for the definition of complementarity within the Maastricht context.

<sup>45</sup> Written comment from EC Delegation transmitted to Evaluation Team.

#### 4.4 EQ4 -The Performance of EC's Macro-economic Budget Support

**Statement of Evaluation Question 4:**

To what extent has EC macroeconomic budget support contributed to improve:  
1) macroeconomic stability; 2) overall planning and public finance management; 3) institutional reforms; and 4) public service delivery (especially health and education)?

**Answer to EQ 4:**

The overall assessment of the EC's budget support is positive. PGBS has been an effective means of promoting macroeconomic stability whilst maintaining poverty-oriented expenditures by the GoU at a higher level than would likely have been the case. There exists some evidence that - by providing additional technical institutional support and by maintaining a permanent policy dialogue at the technical level<sup>46</sup> – the EC has positively influenced the implementation of institutional reforms and improved PFMs (at national and local level). PGBS has permitted the GoU to maintain its investments in pro-poor sectors (PAF expenditures) at higher levels and has thus contributed to the expansion of social services. However there are empirical studies, which show that, in their present form, the number and reach of PAF services are inadequate to significantly improve the life of poor Ugandans<sup>47</sup>. Evidence also exists that the expansion in the quantity of services delivered (i.e. to more people) was not accompanied by an improvement of their quality.

***The EC's interventions in the framework of Budget Support have been provided on time, corresponded to the envisaged inputs, and have been appropriate as regards Uganda's political, economic and institutional context; however tranches were not fully disbursed due to inadequate levels of achievement of performance indicators (JC 4.1).*** The mix of inputs under PABS 4 and PABS 5 was adequate and consisted of funds (in fixed and variable tranches), technical assistance and policy dialogue (I 4.1.1). Although a detailed disbursement plan was included in the Financial Agreement, the predictability of disbursements was limited due to delays in the disbursements in fixed and variable tranches of GBS: PABS 4 suffered from delays mainly due to slow administrative processing on the part of the GoU, limited communication between the GoU and the EC, and difficulties in fulfilling some of the conditions laid out in the Financing Agreement concerning the choice of performance indicators. PABS 5 has similarly suffered significant delays in its implementation and variable tranches were not fully disbursed (I 4.1.2; I 4.1.3 and I 4.1.4).<sup>48</sup> Institutional support (project support) was generally provided on time.

EC's contribution through GBS was important and has contributed to Uganda's maintaining macroeconomic stability during the reference period<sup>49</sup> (I 4.2.2). The EC effectively helped by providing no-risk free financing of the budget deficit thus permitting social expenditures to take place at higher levels than would have been the case without the EC support (I 4.1.2). But this is risky in the long term and creates long-term dependence behaviour such as a resistance to tax internal income; At the end of the scoping period for this evaluation,

<sup>46</sup> In this report, "policy dialogue" means interaction between donors on the one hand (Head of Post, subordinate officials or individuals assigned by them to discuss with the Government) and politicians or public officials on the other concerning the nature and content of public policy, where the argumentation is essentially focussed on the policy itself. Political dialogue is a larger concept in this report and refers to interaction that is bilateral (political) in nature.

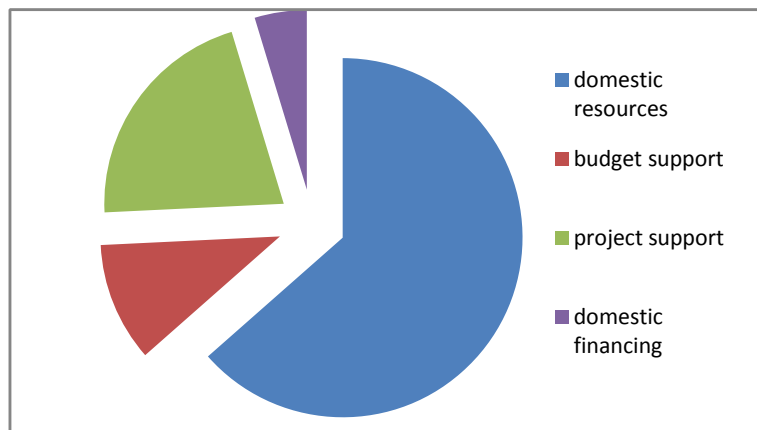
<sup>47</sup> Pro Poor Budgeting and the Poverty Action Fund (PAF): A critical evaluation of the effectiveness of the PAF and delivering pro-poor budgeting in Uganda, 2008.

<sup>48</sup> not all variable tranches of PABS 5 were fully released due to the fact that not all 11 performance indicators (related to the execution of the PAF, improvements in procurement; achievements in the educational and health sectors) have all been fully achieved.(for details see annex 1 EQ4)

<sup>49</sup> According to the budget speech, budget and project support from outside Uganda will finance 38.7% of the Budget for FY2007/08. The EC GBS with an annual disbursement of about €30 million per calendar year on GBS seems to correspond to less than 10% of overall GBS received.

Uganda's dependence on aid to finance the budget was quite high, running at about 50% of both domestic revenue and recurrent expenditure<sup>50</sup> (see graph). Recent information (summer 2009) obtained verbally from Ugandan officials indicates that this percentage has dropped, but the evaluation team did not have the data to independently validate.

**Figure 2: Source of Revenue for the financing of Uganda's Budget (average 2005-7) (%)**



Budget and project support from outside Uganda will finance about half (48%) of the available resources of the National Budget for FY2008/09<sup>51</sup>; thus, assuming that the proportion of the contribution of the EC to overall external financing will remain constant, it will correspond to about 4% of the overall Budget. In addition to its level of effect through its financial contribution, the EC has also played an important role in bringing about change through policy and political dialogue; however there is some evidence that policy dialogue was more concentrated at a technical level.

Overall, the PAF has played a significant role in raising visibility over social spending from the national budget and has assured in-year protection of these expenditures<sup>52</sup>. The PAF is a virtual fund, used to track poverty spending and ensure that budget lines covered are not subject to year-end (arbitrary) cuts<sup>53</sup>. The Government of Uganda used PAF as a mechanism to improve budget management and enhance accountability of expenditures by guaranteeing disbursement of funds to PAF Programmes<sup>54</sup>. Overall, PAF expenditures have grown in nominal terms compared to the 1997/1998 level. PAF expenditures increased from UGX134.4 billion in FY 1997/98, to UGX1,118.04 billion in FY 2006/07, and are projected to further increase to UGX1,217.86 billion in FY 2007/08. As a percentage of the GoU discretionary budget, PAF expenditures increased from 18% in FY 1997/98 to 39.8% in FY 2006/07 and are projected to remain at the 2006/07 level in 2007/08. However, the apparent increase in PAF expenditures has been driven by definitional changes in PAF over time rather than in increased allocations to the original 1997/98 PAF Programmes.

<sup>50</sup> Elaboration of the Consultant on the base of National Budget Framework Paper FY 2009/10 –FY 2013/2014, page 20.

<sup>51</sup> Idem; it is understood the budget net of arrears and interest payments.

<sup>52</sup> Written comments received from EC Delegation.

<sup>53</sup> One of the indicators of the PRSC/PABS V is a commitment by the GoU for budget lines to perform at 95%

<sup>54</sup> A PAF programme is a specific intervention or set of interventions within a sector or subsector that meets the following 4 criteria: (1) is identified as a priority area in PEAP; (2) is directly poverty reducing in the sense that it either increases the ability of the poor to raise their incomes or improves their quality of life; (3) it delivers a service to the poor; (4) it has a well developed investment plan and clear monitor-able indicators to track implementation

**Table 9: Salary Structure for Civil Servants**

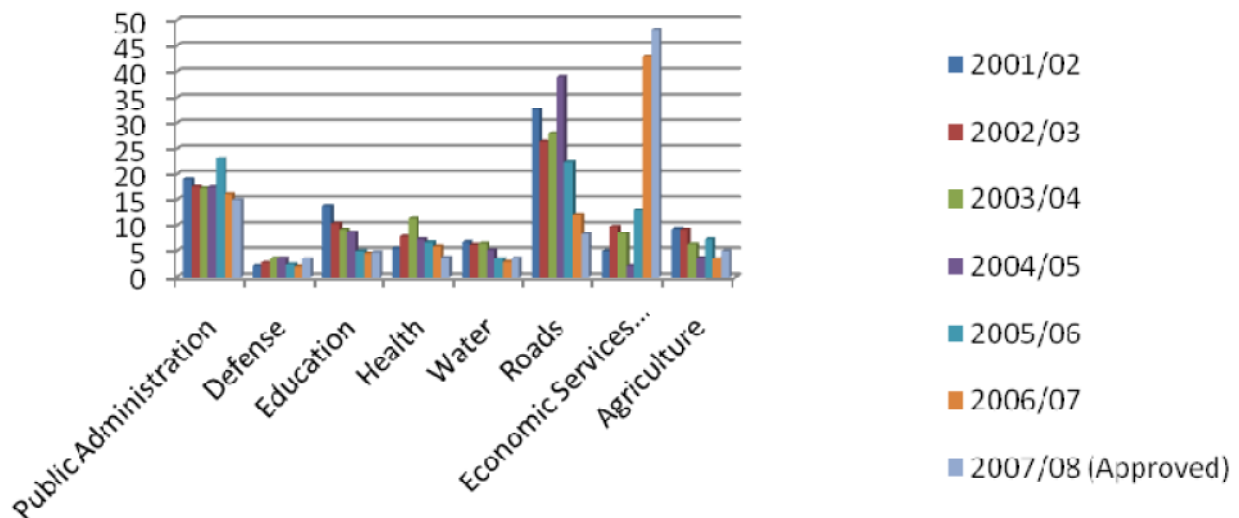
| Category of Civil Servants             | FY2005/06 MONTHLY SALARY (Ushs) | FY2006/07 MONTHLY SALARY (Ushs) |
|--|---------------------------------|---------------------------------|
| Primary School teacher                 | 150,400                         | 200,00                          |
| Primary School Head teachers (U6)      | 231,571                         | 256,571                         |
| Medical Workers Salary (U6)            | 283,919                         | 283,919                         |
| Civil Servants (U3 Scale)              | 831,093                         | 838,573                         |
| Civil Servants (U7 scale)              | 179,851                         | 187,662                         |
| Civil Servants (U8 Scale lowest level) | 85,086                          | 91,042                          |

Source: Ministry of Public Service - Year 2006/07

When analyzing the percentage make-up of Uganda’s central government development expenditures for the period 2001/02-2007/08<sup>55</sup> it can be observed that the major increase took place in the “economic services” sector. Development investments in the health, education, water and agriculture sectors did not show an increase during the last years. Development expenditures in the road sector were high until 2004/2005 but have dropped since then.

When the GoU’s recurrent expenditures<sup>56</sup> are analysed for the 2001-2008 period, a sharp increase in expenditures for general public administration, a continuous high level of expenditures for the defence sector and no significant increase (in some cases even decreases) on recurrent expenditures for other sectors are observed.

**Figure 3: Uganda Central Development Expenditure by Percent 2001/02-2007/08**



Source: Uganda Bureau of Statistics.

**Improvements in Planning, Public Financial Management and institutional reforms are being implemented, although important reforms are behind schedule or have not started (JC 4.2)** Improvements of Planning and Public Finance Management were observed and Institutional reforms are either implemented or ongoing. *Further to the provision of GBS, the EC has provided institutional strengthening: training and technical assistance was provided in favour of the Budget Department, the Procurement Authority (PPDA); Office of the Prime Minister, National Integrated Monitoring and Evaluation Strategy, (NIMES) and the Ugandan Bureau of Statistics (UBOS). There is some evidence that this support has*

<sup>55</sup> The expenditures exclude Donor funds under development component and include taxes and arrears. Source: Uganda Bureau of Statistics.

<sup>56</sup> The above expenditures excludes Donor funded development component and includes taxes and arrears.

*promoted implementation of reforms, as it permitted the direct access of the benefiting institutions to technical assistance and operational funds for capacity building measures.*

During the reference period improvements have been introduced in PFM and several reforms have been undertaken or are ongoing (I 4.2.1). Uganda has strengthened the legal and regulatory framework that underlies public expenditure management, in particular by enacting the “Public Finance and Accountability Act”, in 2003 with the purpose of regulating financial management at the national level. At the local government level, the GoU enacted the “Local Government Finance Act” to ensure that all revenue, expenditure, assets and liabilities are managed efficiently/ effectively, and to define for the responsibility of persons entrusted with financial management. Other reforms include the decentralization of capital development expenditure and the introduction of the Integrated Financial Management System (IFMS). The implementation of new accounting regulations also provides tangible evidence of its resolve to rationalize the expenditure cycle.

The GoU’s strategy for public finance reform relies, to a large extent, on the gradual computerization of Government financial transactions through the implementation of the IFMS and related computerized systems. However, results continue to be limited due to hardware constraints and the lack of connectivity of some local governments.

Significant progress has been achieved following the implementation of the “Public Procurement and Disposal of Public Assets (PPDA) Act”, which has increased the capacity of procurement officers leading, it is hoped, to a reduction in corruption.

The comprehensiveness of reporting on the Budget is quite good (I 4.2.4; I 4.2.5 and I 4.2.6) but still falls short of showing all government expenditures because: a number of projects are funded off-budget; some expenditures are funded by non-tax revenue which are exempted from transfer to the Consolidated Fund; underreporting of non-budgeted tax revenues by the ministries and local governments still occurs; inadequate reporting of semi-autonomous agencies is relatively common, and the introduction of a road fund – following that of an energy fund, cuts down on traceability. Budget cuts and limited execution of budgets, however, continue to be frequent, thus budgets do not necessarily reflect the amounts spent (I 4.2.4 and I 4.2.6). For example, local governments reported that due to late disbursements of the last installment of conditional grants (most of them PAF expenditures), these funds often cannot be used; they therefore have to be returned to the general budget and their original source (and proposed use) is lost. In terms of the formulation of the Budget (I 4.2.5), the introduction of the MTEF has made it possible to formulate a resource envelope for medium-term planning, according to the PFM Report 2007. However, this process is hampered by the limited possibility of the MFPE staff to predict political decisions and their corresponding impact on the budget (ex. Defense and administration expenditures) as well as donor funding. Nevertheless the budget formulation process and the establishment of ceilings are still not working well.

Credibility of the Budget process (both at the formulation and execution stages) seems to be limited due to frequent changes during the budget formulation period. A Pay Reform Strategy with a 10-year timeframe was introduced in March 2002 to enable a transparent and equitable pay structure for the civil service and the recruitment and retention of qualified staff.

However the progress made in this reform seems to be still limited and it is difficult to attract qualified personnel (especially for service provision in the social sectors)<sup>57</sup>. The decentralization process in Uganda is being implemented with appropriate (i.e. planned) powers and service delivery responsibilities formally delegated to local governments. Local authorities, however, are expected to provide planned basic services without adequate funding, including from local revenue sources; in reality, they cannot. The increased

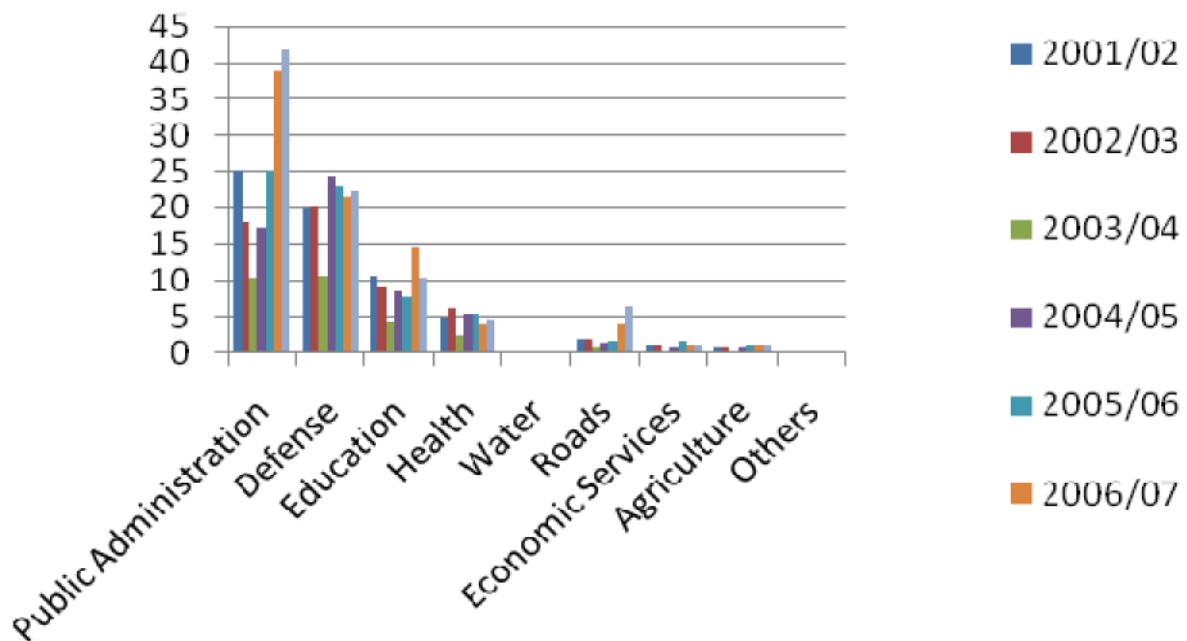
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<sup>57</sup> Apart from the low salaries and wages, the failure to attract and retain staff is attributed to a deficit in the number of teachers’ houses. Other factors affecting the poor performance in this include low community and inspectorate department’s participation in motoring implementation of government programmes.

conditional grants (mainly investment funds) have enabled local governments to finance investments in the social sector; however, being earmarked funds they have reduced the discretionary authority of local governments to use resources in areas where needs are greatest. Local governments, however, face problems in assuring the appropriate running and maintenance of infrastructures (ex. health, education, rural roads). The creation of new districts (there are now 80 in total) in 2005-2006 has contributed to a worsening of the financial situation of local governments (what is available has to be spread over more districts) and has created gaps in capacity.

There exists some evidence that the institutional support provided by the EC and key donors (technical assistance, capacity building, equipment, training etc) was highly relevant and permitted the departments/institutions in charge of the implementation of the before mentioned reforms to overcome their shortcomings in recurrent funds and thus to advance with reforms more quickly. However the support that was provided was small compared to the need and was not sufficient to overcome the problems caused by the general shortage of funds overall. In fact, recurrent funds (wages and others...) have not grown significantly in recent years within the institutions, which have benefited or are implementing reforms.

**Figure 4: Central Government Recurrent Expenditure 2001/02-2007/08**



Some ministries, departments and local governments have, in the past, experienced wage shortfalls due to variations between their staff salary lists, payrolls and approved structures, but the Ministry of Public Service validated the staff lists and payrolls in 2006 to help avoid that problem.

EU Delegation staff participated actively in technical working groups across the development spectrum; their high levels of engagement and proficiency in technical discussions were confirmed by development partners. This technical policy dialogue has resulted in technical changes in public administration: for example, by relating the disbursement of two of the performance indicators of the variable tranche of PGBS 5 to improvement in procurement and to control of areas, EC has given an incentive to the GoU establish an organisational structure encompassing procurement entities to keep arrears under control.

**The availability of social services increased, but this was not accompanied by an improvement of quality of services delivered (JC3).** It is evident that EC's support permitted the GoU to keep its pro-poor expenditures under the Poverty Action Fund at relatively high levels. In fact the PAF funds, which are mainly invested by the local

governments in Priority Programme Areas (primary education, primary health care, water and environmental sanitation, rural feeder roads, agricultural extension and functional adult literacy), increased drastically from US\$20 million in 1993 to over US\$500 million to date.

These funds, transmitted to local governments as conditional grants, permitted them to drastically increase service delivery; however there is no evidence that the increase of service delivery was accompanied by an improvement of quality of services provided: no evidence was found that outcome and impact indicators in health and education sectors will show improvement, or that there will be an increased level of satisfaction of the final users of services (I 4.3.2; I 4.3.4 and I 4.3.6). Other than the GoU, many other actors are present in, and provide project funding for, service delivery at local levels. It is therefore impossible to directly correlate improvements in service to GBS.<sup>58</sup>

The number of health facilities has increased, but the quality of services provided is often poor. The APIR states (p.8) that the Uganda National Minimum Health Care Package is estimated at US\$28 per capita but the recurrent level of funding is only about US\$15 per capita. This is a major contributing factor to the insufficient availability of essential drugs. Another major problem is the high percentage of unfilled positions for qualified health service providers (I 4.3.3). Apparently the poor remuneration offered is not sufficient to overcome the difficult working and living conditions in rural settings, thus limiting the interest of qualified health service providers.

Indicators for access to primary education and health facilities are improving; however quality remains poor and several of the PEAP objectives for the health and education sectors have not been achieved. According to Uganda's Progress Report 2007 on the Millennium Development Goals, a significant increase in the enrolment of children after the introduction of Universal Primary Education (UPE) has not been matched with an equivalent increase in teachers, classrooms and materials, bringing about a negative impact on the quality of education in the country. Drop-out rates and the percentage of repeaters are increasing, and a high percentage of pupils are not achieving targets in literacy. Concerns are growing about the quality of public service provision, regional inequalities and the problems of sustaining the large expansion in access in an environment of constrained resources and high population growth.

***There is clear evidence that the cross-cutting priorities of the EC have been considered in the programme JC 4.4).*** Aspects of gender equality have been introduced in the PEAP (I 4.4.1) and the EC has given specific attention to gender aspects in the formulation of the performance indicators related to the variable tranches of GBS (ex. in the education and health sectors). Furthermore, the EC has given special attention to capacity building aspects (I 4.4.2) by accompanying the GBS with institutional strengthening. Good Governance and Decentralization (I 4.4.3) policies were considered and executed through the selection of Performance Indicator P2 for the variable tranches of GBS (which is related to the establishment of an organisational structure of procurement entities, including those at local levels).

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<sup>58</sup> According to JAF 2008, donor project funding in 06/07 represented more than double the government expenditure on health. Budget increases are earmarked by MoPED and not necessarily allocated to the sector's priorities and needs. Similarly donor funds are not always allocated to the sector's priorities and needs. Only an estimated 31% of project spending is allocated to non-HSSP II inputs.



#### **4.5 EQ5 - The Contribution of the EC to Improvement in the Rural Development Sector**

##### **Statement of Evaluation Question 5:**

To what extent has EC support in Rural Development contributed to: 1) increased agricultural production, productivity, food security through the market, and increased income and employment, and 2) sustainable use and management of natural resources?

##### **Answer to EQ 5:**

Rural development in Uganda is not advancing quickly enough to eradicate the poverty equality gaps between the richer and poorer rural inhabitants across the entire country. Although the Ugandan economy grew quickly and poverty indicators have improved during the reference period, the growth rate of the rural sector remained low and regional inequalities remain high. EC's interventions in the rural development sector have been important under the 8<sup>th</sup> and 9<sup>th</sup> EDF. Under the 9<sup>th</sup> EDF EC has supported the implementation of GoU's PMA (especially NAADS and NARs components). Further to the SWAp, more than 30 programmes and projects related to the rural/agricultural sector were financed under different budget-lines.

EC interventions financed under project approach have benefitted different sectors of rural development (ex. rural finance, agricultural production, rural infrastructure, income generation) and have especially contributed to improvement of the living situation in Northern provinces of the country. Evaluation and monitoring reports of the majority of projects confirm positive achievements at local level.

However, considering that a major part of the EC intervention under the 9<sup>th</sup> EDF was provided in the form of budget support, it is difficult to establish a direct relation between EC support and observed changes. The data available for the analysis of the agricultural/rural sector in Uganda are poor and not updated; the national statistical data available shows no strong evidence that the GoU's targets (production, productivity, food security, income and employment) have been achieved. However, the Impact Evaluation of the NAADS Programme<sup>59</sup> indicates that a high percentage of farmers participating in the survey confirmed that they have improved their economic situation or are on track towards improving it. Food security has improved and sufficient food is available in markets, but not all segments of the population have the necessary financial means to purchase sufficient food over the whole year.

The rural population is progressively moving to combine subsistence agriculture with commercial agriculture and other income-generating activities. The peace progress in the northern region of Uganda has encouraged the return of IDPs and the recovery of agricultural activities there. There is a high probability that EC has contributed to all these achievements, both through its support to PMA as through its interventions implemented under a project approach. Furthermore, the EC support to Uganda contributed to improve the demarcation and management of natural forest reserves, and to increase the availability of timber; however, no evidence was found of overall improvement of sustainable use and management of natural resources. Under a regional project EC supported the Lake Victoria Fisheries Organisation and there is evidence that it has contributed to sustainable economic growth, resource use and development in the Lake Victoria basin.

**The EC support has been efficiently delivered (JC.5.1).** Aid to the rural development sector has been implemented through a variety of 'ad hoc' projects and programmes, relatively small in scope and widely scattered, either in terms of focus and outputs or geographically. Some of these projects/interventions – financed earlier than the 9<sup>th</sup> EDF -

<sup>59</sup> Impact Evaluation and Returns to Investment of the National Agricultural Advisory Services (NAADS) Program of Uganda, October 2007; the impact evaluation was based on a survey of 900 households and 120 farmers groups in 2004 and 1200 households and 150 farmers groups in 2007.

were still under implementation during the reference period for this evaluation. Analysis based on the information available in CRIS shows that interventions financed under project approach have been implemented with a moderately good score, as measured on the scale for the EC's internal 'ROM' assessments. EC sector budget support has been delivered efficiently and disbursements were nearly on time. Indicators conditioning disbursements were achieved and tranches were disbursed on time (I 5.1.1).

Further indicators of efficiency include the finding that the EU Delegation actively participated in and helped the progress of sector working groups; that crosscutting issues (i.e. gender and HIV/AIDS) were appropriately incorporated at the formulation stage and taken into account during implementation (I 5.1.2), and that an appropriate LRRD approach was applied in Northern Uganda (I 5.1.3).

***There exists evidence for increase of coverage of extension services and intensification of agricultural research were significant and NAADS objectives have been achieved; however the extension services reach only part of the farmers at district or sub-county level; no evidence of significant improvement of land tenure situation and water management is available (JC 5.2).*** The EC has supported Ugandan extension services since 2001 under a project approach, and since 2004 under a sector-wide approach (I 5.2.1). Thus it is reasonable to assume that observed changes have been partly achieved thanks to EC's support and EC's permanent participation in sector working groups a policy dialogue. Extension services have significantly increased in coverage and agricultural research has been intensified during the reference period<sup>60</sup>. NAADS structures are based at district and sub-national levels and deliver demand-driven extension services (mainly) through Private Service Providers (PSPs); some 39.600 farmers' groups were progressively established under NAADS (about 715.000 farmers). There is evidence that the quality of service providers is variable and that good quality PSPs are not available in all districts. The challenges the programme now faces relate to high level of group fall-out and dissatisfaction of group members with NAADS quality and quantity of services such as training, technological development sites, access to credit and delivery of material inputs<sup>61</sup>.

The release of funds for the NAADS Programme activities has been officially suspended since 10th September 2007 in order to allow Cabinet to review programme implementation to address the challenges and shortcomings in order to allow for a more efficient and effective implementation of the program and in order to maximize farm level earnings in line with Prosperity For All (PFA) aspirations. Additional guidelines were released in April 2008.

Additional responsibilities were assigned to the NAADS programme, including primary agro processing and support to model farmers<sup>62</sup> to act as demonstration and learning centres for the rest of the farmers.

The EC has supported NARs/NARO under project approaches since the beginning of the reference period at national and regional levels (using STABEX funds). During that time, a National Agricultural Research Policy was formulated in 2003, making research farmer-

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<sup>60</sup> The presence of the extension services in districts and sub-counties has considerably increased since 2001/2. In 2001/2 NAADS was present in 6 districts and 24 sub-counties (Source: NAADS Secretariat). In 2007 NAADS was present in 79 districts and more than 745 sub-counties (80% of total). Thus NAADS' targets have been fully achieved.

<sup>61</sup> The recently released (June 2009) National Service delivery survey noted that only 145 of the households surveyed reported that they been visited by an extension worker in the past 12 months, indicating that extension services reach only a minority. At the same time, Almost 80% of those households said that the quality of extension services for crop or animal husbandry were poor.

<sup>62</sup> Model farmers are selected by the group (based on criteria like potential for development). Support in areas such as agricultural inputs, mechanization, marketing support, etc. are concentrated in these farmers in order to show rapid and significant results, however according to a recent press-release also money within the NAADS Subcounty budget will be available to support farmers in their groups for the provision of extension services, planting and stocking materials (for both commercial and food crops), monitoring as well as strengthening farmer groups

oriented and client-driven<sup>63</sup>. Progress in implementation of these programmes has been made<sup>64</sup> (I 5.2.1). The number of research outputs has increased; however, no evidence was found for the existence of a systematic relation between PSPs and NARs institutions, nor is there proof that the transfer of research results is systematically undertaken<sup>65</sup>. (See as well Performance Evaluation NAADS, Final report, 2008). Nevertheless there is evidence that EC financing as well as technical assistance have considerably contributed to institutional development and technical achievements of NARO.

There is a pressure on land in several districts of Uganda (mainly southern and central part of the country, and size of farms is diminishing (I 5.2.2). The PEAP indicated that less than 1% of households have land titles for agricultural land; the national target is for 1.5% in 2007/08, and 3% in 2013/14 (an obviously inconsequential figure). However, no evidence was found that progress towards these targets had been made.

There is no evidence of improved water management for agricultural purposes (I 5.2.3) and no information is available concerning the increase of land surface under irrigation. Access to drinking water has slightly improved with 61% (in 2005) of rural population having drinking water within a distance of less than 1.5 km. There is evidence that EC support, under micro-project programmes and under the Water Facility, has contributed to the improvement of access to drinking water.

**Food security in the country has improved since the delivery of EC aid (JC 5.3).** There is some evidence that the general food-security status of the Ugandan population is not at risk, but there continues to exist problems of malnutrition and pockets of famine and hunger in the country (especially in areas affected by conflict in north and north-eastern Uganda). Sufficient food is available for sale in the public markets, but not all segments of the population have the necessary financial means to buy sufficient food all year long. In rural areas, subsistence farmers suffer from food-shortage occasionally during several months (I 5.3.1). EC sector wide support and direct interventions under project support have both directly and/or indirectly contributed to improve food production. Since the 7<sup>th</sup> EDF EC has promoted agricultural production and income-generation through numerous interventions under project approach (see annex 1/EQ5) and project evaluations and monitoring reports confirm positive results (at project level). There is evidence that EC support has contributed to improvement of the living situation in the Northern Province of the country.

Although the quantity and quality of available data at national level is poor, there exists some anecdotal and case-based evidence that agricultural production has increased in recent years; however growth rates are considerably lower than expected<sup>66</sup>. No data concerning transformation of production beyond farm-gate could be identified (I 5.3.2).

<sup>63</sup> The PMA vision for agricultural research is “a farmer responsive research system that generates and disseminates problem-solving, profitable and environmentally sound technologies on a sustainable basis”. The mission for research is “generation, adoption and dissemination of appropriate and demand-driven technologies, knowledge and information through effective, efficient, sustainable, decentralized and well co-ordinated agricultural research system.” In the new vision priority research areas now includes: technology development and multiplication, where emphasis is to be placed on commercial development, packaging and dissemination of technologies to farmers; socio-economic research, to ensure that research is meeting the needs of farmers and incorporates gender analysis; Strategic research to address biotechnology and genetic resource conservation; Farm-power and post-harvest technologies, including agricultural transport and marketing; Land and water resource management, to identify practices and technologies that will restore and increase soil fertility in a sustainable manner.

<sup>64</sup> Note that: (1) The appointment of a NARO Director General and research scientists has been achieved. (2) A registration of research providers was undertaken and a competitive grant scheme was introduced. (3) More than 2,000 research outputs were achieved.

<sup>65</sup> See as well the Performance Evaluation of NAADS, Final Report, 2008.

<sup>66</sup> Limited growth rates for the overall agricultural sector: (2003/04: 0.8%; 2004/05: 1.5%; 2005/06: 0.4%); growth rates for the food-crop sector : (2003/4: 1.6%; 2004/5: 0.7%; 2005/6: 0.3%); negative growth rate in 2005/6 for the cash crop sector: (2003/4: 0.5%; 2004/5: 4.1%; 2005/6: -7.3%) Source: APIR Uganda draft report (table 4A, page 24).

**Incomes from activities in rural areas have slightly increased (JC5.4).** There is evidence that the rural population needs to increase off-farm and non-farm income (I 5.4.1). An increasing number of subsistence farmers are gradually switching to commercial farming<sup>67</sup> but there is not any convincing evidence that a significant part of the rural population has benefited from an increase in agricultural income. The selling-off of small agricultural surpluses and income-generating activities beyond the farm gate has apparently contributed to a decrease in poverty. Information available shows that increases in household income are lower than expected.<sup>68</sup> Numerous interventions financed by EC under project approach (STABEX funds, micro-projects etc) have contributed to increase locally income of rural population. According to a recent impact evaluation<sup>69</sup>, farmers who have benefited from NAADS support have shown slight improvements in their productivity, in form of increased yields and production, but many districts have benefited from NAADS services only during the last years, and not all farmers are covered (or are yet to be covered) and therefore do not receive services; only farmers organised in farmers group benefit from services, and quality of services is variable.

As mentioned, statistical data for the rural sector are poor and are mainly the result of specific surveys based on small samples. Thus no data were available to the evaluation team concerning volumes and value of food traded at farm gate or at local collectors' markets (I 5.4.2). Based on interviews and observations, it can be concluded that the proportion of farmers depending entirely on subsistence output is declining and an increasing number of farmers are selling part of their production. **In the same way**, data concerning number of people employed on-farm and beyond farm gate are not available (I 5.4.3), nor are trends in the number of employees registered by local SMEs (I 5.4.4) or number of new incorporated companies that process, store, transport or market agricultural products (I 5.4.5).

<sup>67</sup> A number of surveys conducted between 2000 and 2005 have shown that the proportion of subsistence farmers selling some of their produce has increased from 76 to 80%. Labour is moving out of agriculture into full and part-time employment; in the ten years to 2003, the proportion of the labour force self-employed in agriculture fell by 5 percentage points, while the proportion self-employed in non-agricultural sectors rose by 14 percentage points (2.6% to 16.9%). The proportion of women self-employed in non-agricultural sectors rose from 24% to 40% over the same period, so that women participated fully in this major structural change. (Source: APRI).

<sup>68</sup> As mentioned before, the agricultural growth rate has fallen from 2.3% in 2002/03, to 0.4% in 2005/06. Within agriculture, subsistence output increased at less than 0.4% per year between 2001 and 2005. Nationally the income poverty figure still stands at 38% (2003) with 42% and 12% among rural and urban dwellers respectively. There seems to be increasing income inequality amongst and within regions as well as between the rural and urban population. Also, the share of agriculture in terms of contribution to GDP has continued to decline and is estimated at 34% during FY2005/06, as compared to 35.6% the previous year. Mean farm size has declined; with the agricultural work force increasing 45% but availability of land per worker falling by about 25% since 1987, which shows that in the long run increasing numbers of the working age population will become landless. The continued population expansion will put immense pressure on land as more and more seek to make a living out of smaller and smaller farms. Average land holdings decreased from 2ha per household in 1992/93, to 1.2ha in 2005/06 (National Household Survey, 2005/06).

<sup>69</sup> Impact Evaluation and Returns to Investment of the National Agricultural Advisory Services (NAADS) Program of Uganda, October 2007. The evaluation indicated: "it appears that the NAADS program is having substantial positive impacts on the availability and quality of advisory services provided to farmers, promoting adoption of new crop and livestock enterprises as well improving adoption and use of modern agricultural production technologies and practices. NAADS also appears to have promoted greater use of post-harvest technologies and commercial marketing of commodities, consistent with its mission to promote more commercially-oriented agriculture. Despite positive effects of NAADS on adoption of improved production technologies and practices, no significant differences were found in yield growth between NAADS and non-NAADS sub-counties for most crops, reflecting the still low levels of adoption of these technologies even in NAADS sub-counties, as well as other factors affecting productivity. However, NAADS appears to have helped farmers to avoid the large declines in farm income that affected most farmers between 2000 and 2004, due more to encouraging farmers to diversify into profitable new farming enterprises such as groundnuts, maize and rice than to increases in productivity caused by NAADS. Shortage of capital and credit facilities was often cited by farmers as a critical constraint facing them, in addition to scarcity of agricultural inputs, lack of adequate farmland, unfavourable weather patterns and problems of pests and diseases. These emphasize that the quality of advisory services is not the only important factor influencing technology adoption and productivity, and the need for complementary progress in other areas, especially development of the rural financial system."

***Progress in sustainable management of natural resources, maintenance of soil fertility and conservation of biodiversity is still limited (JC 5.5).*** There is no evidence that the management of natural resources has improved significantly during recent years, or that the sustainable management of natural resources has been a key priority of the GoU. The country is facing a number of environmental challenges including soil degradation, deforestation, drainage of wetlands, and loss of biodiversity; the main causes of which are poor farming methods, demographic pressures leading to land scarcity, limited non-farm income generating opportunities, inefficient use of energy sources, climate effects, and violent conflicts.

Even if the PEAP has mainstreamed the environment in all its five pillars and Uganda has put in place a number of policies concerning the environment (including the fact that the National Environment Management Authority (NEMA) has been established) (I 5.5.1), no evidence was found of increased capacities of local governments to undertake and enforce territorial planning. By extension, no evidence was found of management linkages within GoU policy or administration between land-tenure, territorial planning, reforestation, and disaster prevention. For example, an important pressure on natural resources (especially swamp lands) was observed in the districts visited by the evaluation team.

Responsibility for environment management has been devolved to local governments but they lack the capacity to implement, monitor and enforce the relevant policies. There is no evidence to show that NAADS have succeeded in systematically passing messages to the farming community on how to achieve sustainable development and especially maintain soil fertility (I 5.5.2). The Impact Evaluation and Returns to Investment of the National Agricultural Advisory Services (NAADS), indicates: NAADS appears to be having more success in promoting adoption of improved varieties of crops and some other yield enhancing technologies than in promoting improved soil fertility management. This raises concern about the sustainability of productivity increases that may occur, since such increases may lead to more rapid soil nutrient mining unless comparable success in promoting improved soil fertility management is achieved.

The local governments' capacity to promote the sustainable management of natural resources has not been systematically promoted or monitored; progress made in the formulation of the Environment and Natural Resource Management Regime is limited (I 5.5.3).

There is evidence that EC support has given valuable support to the demarcation and management of the national forests; however, this intervention is now completed and the sustainability of results achieved is uncertain. In order to diminish the pressure on national forests, the EC Forestry Conservation Programme promoted the commercial production of wood for energetic and construction purposes. This project component was recently refinanced (saw-log scheme) and is reportedly achieving its short-term objectives.

Furthermore there is evidence that EC has contributed to improve the management of the fishery resources of Lake Victoria.

#### **4.6 EQ 6 - The Contribution of the EC to Improvement in the Transport Sector**

##### **Statement of Evaluation Question 6:**

To what extent has EC support to transport contributed to increased safe and sustainable national and local transport networks, which promote: 1) improved access to rural areas; 2) balanced regional development; and 3) regional integration?

##### **Answer to EQ 6:**

The EC contributed to the setting-up of a reformed institutional framework that provides better guarantees of sustainability of the national road network, while improving the conditions of a regional transit corridor of major economic importance. This was achieved against massive investment (€300 million), ten years of varying forms of delaying practices by the GoU and conflicts over contract management issues. Regional integration was significantly supported by the road sector interventions and strategies, but at the cost of little improvement of district roads and poor improved access to rural areas. It should be noted that the decision to work on trunk roads and not on district or rural roads was largely based on the stated priorities of the GoU. More balanced regional development was looked at through coordination with the WB and AfDB.

***Uganda's transport policies, regulatory framework, and institutional capacity have improved – but it is still far from achieving sustainable infrastructure management or from putting in place regulations that would improve the management of transport services. (JC 6.1)*** As noted previously, the EC sector strategic framework was closely related to the priorities of the PEAP and transport sector-specific GoU policy documents. The EC and the WB have long been associated with GoU transport sector policy, regulation and programming and have contributed actively to their elaboration. For example, the EC funded the Transport Master Plan (that was not approved); TA over the years supported sector authorities for all planning exercises and ensured, in turn, that they were consistent with their best practices framework – particularly the joint WB-EC Road Maintenance Initiative (RMI). The extent of the GoU ownership and commitment to these policies and plans, however, is questionable considering delays in implementing the institutional reform, the constant gaps in recurrent expenditures budgeting, and recent policy reversals.

As noted, a comprehensive set of transport policies are in place. The GoU regularly issues sector planning documents (rolling 10-Year Road Sector Development Plan 1, 2, 3 - RSDP; DUCAR Investment Plan - DUCARIP) and budgeting plans (Transport Sector Investment and Recurrent Expenditure Programme – TSIREP, inside MTEF), all with EC and other DPs' support. They comprehensively cover major decisions and priorities such as the national roads (encompassing the Northern Corridor Route) and district roads in rural areas (managed by local governments) (I 6.1.1).

Corresponding legislation and regulatory frameworks are not functional. The legal base of transport sector interventions by the government (i.e. the Road Act, 1961) is outdated; its revision was once considered but not achieved against reiterated suggestions from the EC. Regulations are not efficiently enforced. Recent additions to the institutional framework were put into place very recently (2006 for UNRA, 2008 for Road Fund), with considerable delays: For example, it has been ten years since the GoU committed itself to commercializing its road network management. At the end of the evaluation period, the whole set of new or restructured institutions are in place, even if they are not yet fully operational: MoWT needs restructuring and capacity building, UNRA planning procedures are not functional, and the Road Fund revenues base is not set.

The agency “temporarily” set up in 1998 (RAFU), with strong WB support and the mandate to establish a definitive road authority (the UNRA), only achieved its objective in 2006. This delay is not due to issues with RAFU's capacities, but to the GoU changing political priorities. The EC support emphasis on institutional issues was then instrumental getting the initial commitment enforced. More capacity development initiatives to the Ministry of Works and

Transport (MoWT) would have helped reaching a balanced institutional framework, but was not considered by DPs to the needed extent (I 6.1.2).

During the evaluation period, public management shortcomings were regularly used to explain road project implementation delays and cost overruns. The responsibility can also be considered as being equally shared between MoWT and RAFU, the former being insufficiently budgeted, and the latter overloaded and understaffed even if technical assistance were also made available by the EC programmes. Similar shortcomings are still experienced in the enforcement of the transport services regulatory framework but are not yet considered for EC support. The Directorate of Transport of the MOWT has historically had insufficient and often inappropriate financial and human resources to address key activities (licensing, vehicle technical visits, axle load control, etc.). The EC impact on the capacity development (including financial resource capacity) of road sector institutions as a whole to implement reforms and manage the road networks from a strategic or operational point of view is limited. Significant input in technical assistance was focused on UNRA, creating an island of efficiency leading to an increasingly unbalanced institutional framework (I 6.1.3).

***The EC support contributed to an improvement of the overall condition of the road network and rail services, and its support helped funds to be available for development and maintenance, at least in the short run – the conditions for balancing on the long term maintenance needs and revenues are in sight but the EC still faces a reluctance from the GoU (JC 6.2).*** Public funding for investments and maintenance was not provided consistently with medium and long-term expenditure frameworks. Although the funding gap for infrastructure development as well as for maintenance was progressively reduced during the reference period, it still threatens the asset. It should be noted that sector budgeting fell systematically short, and proved erratic, not allowing rational programming, value for money and multi-annual contracting with private contractors.

Because updated road inventories and traffic counts were lacking, programming related more to an overambitious wish-list than an organised management strategy or a GoU-commitment to a medium or long-term expenditure framework. The expenditure level in the road sub-sector is in the range of 1.6% - 2.0% of GDP, whereas neighbouring countries have a level of about 5%. Even with those low financial commitments, the actual disbursement for road improvements and road maintenance were very low at 47% and 76% of the budget, respectively. In a long-term perspective, the RF promoted by the EC is expected to increase resources for maintenance, but this should imply a steady increase in the fuel levy which is already significantly higher than in neighbouring countries (I 6.2.1). Overall, the EC contributed, by a constant advocacy, to an increasing ownership of the reform principles, but limited to the MWT staff, while high level decision-making kept out of reach.

The average “condition profiles” of the various parts of the road network did not improve significantly, due to an oversized network and an increasing maintenance backlog. The EC contributed directly, through its road projects to limit the road condition deterioration implied by the insufficient funding of maintenance (I 6.2.2). The 2007 IMF’s statement<sup>70</sup> that -

*“Uganda’s indicators for road and railway infrastructure are among the worst in Africa. Given the country’s landlocked status, this poses considerable cost disadvantages, with some exporters turning to high-value goods that can be transported by air freight. Rural areas are also faced with an infrastructure deficit that prevents easy access to local markets, particularly for food crops and fish. These represent close to 25 percent of GDP.”*

...gives an idea of the magnitude of the issues to be faced. A full 93% of the road network is gravelled, inducing an extreme sensitivity of transport cost and efficiency to annual and periodic maintenance. The national roads network condition has in fact deteriorated over

<sup>70</sup> IMF Article IV review, 2007.

time: between 2002 and 2005 the proportion of roads in poor condition rose from 20 to 35%. Correspondingly, the proportion of roads in good condition increased from 18% to 29%; (there are many times more roads in poor than in good condition, so the net effect is that overall, the average condition over most of the country deteriorated). Over the same period, the rehabilitation and maintenance backlog increased, driving the EC to allocate specific funding to this issue.

The national or international construction industry still cannot provide adequate services, regardless of price but the EC did not find ways to introduce policy changes, although these have been considered since the start of the 90s. Shortcomings include financial capacity, work quality, and the quality of the work done by human resources. A key issue for capacity development is the cost of accessing capital, the core problem lying with the annual programming, procurement and contract management that together lead to disincentives to investment, payment delays, arrears, and lengths in procurement and contract management. There is also a lack of innovative contractual modalities on all sides of the transaction equation. Experience shows that contractors are prone to overuse judicial prosecutions in managing public work contracts, rather than mediation or arbitration. The lack of timeliness and coordination between institutional reform and modernising of the construction industry in EC programming will delay impact by several years (I 6.2.3).

The previous country evaluation has found that EC-funded road projects were overambitious and not adequately designed up front. They faced major contractual issues and judicial hurdles and their completion were most likely to be significantly delayed, bringing with it major cost overruns that implied additional budgeting. The institutional framework for implementing large-scale road projects has not been conducive to the improvement of efficiency levels, as both RAFU and MoWT have had capacity constraints and contractual problems which persisted at most levels. This has affected the implementation of the EC supported projects as well as other DPs' ones. There have been substantial delays during tendering of TA and contractors, as well as during implementation. Preparation of EC road projects has been protracted, leading to significant slippage in the programme. In addition, the quality of work submitted by the consultants involved in project preparation has often not been strong, partly because of weak quality control by MoWT. Weaknesses in project preparation have in turn resulted in slow implementation, the Kampala Northern By-Pass being a prime example. The implementation of road projects has also been subject to delays due to contractual disputes, as well as to GoU difficulties in meeting its financial obligations. Cross-cutting issues were systematically taken on board during projects design, and their enforcement has only taken seriously since 2004 (I 6.2.4).

The EC has only been able to provide complementarity and value-added to Danida interventions, other EU Member States not being involved in the transport sector (I 6.2.5). The EC has exploited its comparative advantage well (i.e. in knowing how and why to get roads built in Uganda), mainly at the regional level; there, the EC has the funding leverage to engage in large projects of national and regional significance, while at the same time having a strong focus on the regional integration agenda. The Danida focus was on district roads first, and later on TA for MoWTC restructuring. The evaluation found that Danida's interventions would have had less overall effect without the EC interventions (and vice versa). At the regional level, the EC has a distinctive added-value in coordinating its regional and country level programming to promote trade facilitation in the various countries using the NCR: Kenya 10<sup>th</sup> EDF CSP plans to complete its rehabilitation between Bachuma Gate and Mombasa, while the Uganda CSP focuses on its western sections and the Rwanda CSP rehabilitation of 92 km of critical sections of the NCR (Kayonza-Rusumo).

***EC funded road improvement reduced the cost of transport services. The de facto government deregulation paved the way for a high level of competition among numerous operators (on national/local routes) at the price of quality of service, safety and long term sustainability of the national road transport industry.*** This important issue for the impact of EC support was not taken on board (JC 6.3). Transport times and costs on



the NCR have locally and temporarily decreased after work completion, but the lack of informed indicators at the national as well as the projects levels do not allow to go much further. Considering the length of the NCR that was rehabilitated during the reporting period, only 80 km or so, no significant reduction in transport time and cost can be expected from EC road projects neither in national averages, nor on and alongside the NCR itself (I 6.3.1). The benefits of improving selected sections of the NCR are said to be offset by other sections in more dire need of improvements along the whole corridor.

The JC for this EQ has an imbedded indicator that examines the increased volume of transport services at affordable levels. Unfortunately, the evaluation team was unable to obtain valid longitudinal information on this variable<sup>71</sup>; the EC should have been in a position to provide this indispensable information, either through GoU agencies or by itself if the GoU did not have it. Furthermore, other than a brief and partial survey, there does not appear to be any valid baseline against which to compare the nature and volume of increases in traffic, the make-up of the transport suppliers in the country, or the cost of transport (I 6.3.2).

The EC did not support road safety while the number of road accidents increased from 2001 and peaked in 2005 at 19,783 recorded accidents. Since then it has declined so that the 2007 figure (17,428) corresponds to 2003 levels. Given the large increase in traffic volumes over the 2002-2007 period, the number of accidents in relation to the number of km driven has declined drastically. A Road Safety Action Plan has been prepared, but the prerequisites for a significant reduction of traffic accidents and fatalities are not met: the Transport Licensing Board does not have the capacity to undertake thorough vehicle inspections; the National Road Safety Council campaigns are not sufficiently extensive due to an inadequate budget and poor vision; Traffic Police staffing is at 40% of the requirement; and the success rate of prosecutions for violations of the traffic codes is about 30% (I 6.3.3).

***The EC support to road network's development and maintenance was strongly oriented towards regional integration, hence contributing to the growth and competitiveness GoU priorities. A more pro-poor short term prioritization and a balanced regional development was sought through DPs' coordination as the NCR rehabilitation was already contributing to reduce poverty by an improved access to urban markets of the most fertile area of the country (JC 6.4).*** Uganda's regions are poorly and unequally connected and served with transport services (I 6.4.1). The Northern Region has, for the last two decades, encountered severe civil strife that has significantly disrupted its development - (according to the Delegation, it is the "breadbasket" of Uganda and therefore needs to be much more integrated into the agro-economic reality of the Country, contributing more to rural poverty reduction and equitable growth). The updating of the second phase of the Road Sector Development Programme (RSDP2, 2001/02 – 2010/11) supported by the EC only applied 'economic returns' to its investment logic with no distributional effects included. As traffic levels are higher in the more affluent regions, this implied that about 70% of the investment was allocated to the Western and Central Regions – leaving the remaining part to the Eastern and Northern Regions with a small part of the available resources. Paved network density is 3 m/km<sup>2</sup> in the Northern region, compared to for an average of 15 m/km<sup>2</sup> in other regions. In the same way, the Northern region has 40m of paved roads for 1.000 habitants, compared to 105 for other regions while the road conditions between regions across the country are about the same. In terms of strategic effects, it is interesting to note that EC interventions in transport during the reference period focussed almost exclusively on the regional corridor (through Kampala and in the south of the country) and related district roads, improving mobility mainly in the south-west.

Access to markets, social services and employment has increased for rural communities (I 6.4.2 and I 6.4.3) and public transport systems have allowed for wider access to markets,

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<sup>71</sup> Only one traffic survey was undertaken in 2003 for the 2002-07 period. When compared to 2001, traffic had doubled (in terms of vehicle-km), but the evaluation team believes that this is a very partial proxy measure and that much more detail is needed to be of any use for policy making.

even for remote villages. Public transport is available in most rural areas and smaller centres with access depending mainly on the user's ability to pay. There are no GoU targeted, subsidised schemes to assist poorer sections of the population gain access to health care and education infrastructures. Improvement of the district road networks selected for EC support (through STABEX funding) – mainly in districts adjacent to the NCR – has resulted in improved access to the national network and increased intra-district access. Even if no causal relationship can be statistically proven, there is a link between the lower level of infrastructure development in the Northern Region and the fact that poverty has been reduced substantially less there (13% between 1992 and 2006) than in the other regions (28%).

The 9<sup>th</sup> EDF transport sector strategy (CSP p.18) objective was, chiefly, to improve rural transport infrastructure and thus promote district roads in order to support economic growth and poverty reduction. Against this statement all EC funds were allocated to the NCR and the district roads left to the PMA (p.19). In the same way, no support was provided to set up an efficient and sustainable framework for district, communal and urban roads maintenance, unless it was accompanied by components that would force the scheme to be subservient to UNRA; otherwise, it would have been a major threat to UNRA's perception of its sustainability. If the need for a backbone trunk road as the NCR is self-explanatory, the imbalance between this objective and improvement of the district roads network is difficult to understand. The EC introduced an inconsistency between stated objectives and the implementing strategy that can be related either to the need to compensate price increases of previously engaged work or an alignment with pro-growth GoU priorities.

***Transit and custom facilitation for movement of cargo and passengers on regional corridors have improved (JC 6.5).*** Coordination of regional infrastructure development supported by the EC has been efficiently promoted by regional organisations, with significant EC contribution (I 6.5.1). EC resources on RIPs for the NCR in Uganda territory amounted to €16 million, which is a limited contribution compared to improvement requirements. The major achievements of the RIOS' supported by the EC are found in the management of tariff and non-tariff barriers, where trade and transport facilitation registered significant successes. Uganda notes that it enforced regional transport agreements and harmonised its regulations, but traffic regulatory enforcement is poor, including axle-load restrictions and the transport of dangerous goods (especially inflammables) (I 6.5.2). COMESA and EAC promoted the need to address the issue of non-tariff barriers (NTB) and their removal if the cost of intra-regional trade was to be reduced, and are still working on a NTB monitoring mechanism with the objective of their elimination. This new thrust is supported by the EC.

Steady progress in implementing the regional trade agenda through improvements in transport practices and regulation were made during the reference period; however, there is still a large part of the agenda that needs to be completed, including: harmonisation of trade and tax policies; harmonisation of customs procedures; and the legislation, design and implementation of investment policies. The map in Annex 1 shows a heavy concentration of economic activities along or connected to the NCR. Improvements of this regional transport corridor funded by the EC therefore contributed to promote economic development (I 6.5.3). The Northern Corridor Transit Transport Coordination Authority (NCTTCA), given the institutional and physical problems along the Northern Corridor Route (NCR), has been recently mandated to transform the northern transport corridor into an economic development corridor. No evidence of success is available.

#### **4.7 EQ7 - The Contribution of the EC to Improvements in Good Governance**

**Statement of Evaluation Question 7:**

To what extent has EC support contributed to good governance through the strengthening of institutional capacities for: 1) strong and reliable accountability for decentralized spending; 2) enhancement of the rule of law; and 3) increased protection and respect for human rights?

**Answer to EQ 7:**

While it is not one of the focal areas of support noted in the CSP, the EC has committed resources towards institutional support for key governance structures as a means of establishing a strong foundation for good governance. The results have been mixed. Strengthening the capacities of local governments in terms of skills and direct investments in key poverty areas, while simultaneously promoting citizen participation has been the EC's most significant contribution towards implementation of the GoU's decentralization policy. Added to this is the fact that the EC has concentrated this support in marginalized and conflict affected districts whose institutional capacities have hitherto badly affected service delivery levels.

However, there remain gaps in the quality of service delivery at the local government level. The effectiveness of key governance structures is also wanting. Outstanding challenges include insufficient funding to these institutions; the absence of an engaged, informed and active citizenry; and exceedingly high levels of corruption. The latter is a critical governance issue that has continued to undermine the country's poverty reduction agenda, and therefore one that must be addressed with resoluteness.

**Improvements in Local Governments' capacity to plan and deliver services that are responsive to local needs; and to manage public finances efficiently and in a transparent manner have been modest (JC 7.1).** Since 2001, the volume of resources channelled through the local governments has increased tremendously. Several PFM reforms supported by a range of development partners, including the EC through budget support, have been instituted and have resulted in a slight improvement in transparency, accountability and budget execution, including improved reporting systems that comply (in large measure) with LGDP accountability requirements (I 7.1.1). However, the local government financing mechanisms and accountability measures in place have inadvertently emphasized *upward* accountability to the centre at the expense of that to the communities. Local communities' ability to demand for accountability has been diminished by gaps in the available tools, insufficient awareness of civic rights and fiscal transfer arrangements.

Through a number of interventions (I 7.1.2), the EC has supported capacity building activities aimed at improving local councils' planning capacities. Whereas progress has been evident in the improved quality of District Development Plans, there has been less evidence on the lower local councils' ability to influence expenditure priorities and to execute locally generated priorities. This has been attributed to dwindling own revenue and limited discretionary funding which stands at 11% of the total budget transfers. There is sufficient evidence that coverage of social services, to which the EC has contributed both through budget support and decentralised co-operation, has moderately improved and has resulted into increased access for local communities (I 7.1.3). The quality of services is, however, wanting due to, among others, insufficient O & M funds – a challenge experienced by many of the EC interventions. Corruption is also a big a challenge. The IGG's Annual Report 2007 ranked Local Governments as the most complained about public institution. It is not likely, therefore, that the intended outcomes will be achieved in the short term.

***Progress to increase transparency and accountability of government service delivery entities has been slow and is likely to continue to be a gradual process (JC 7.2).***

Uganda's score in Transparency International's Corruption Perception Index has improved slightly from 1.9 in 2001 to 2.8 in 2007. Efforts to combat corruption have been strengthened and include the establishment of an elaborate institutional and regulatory framework. However, implementation of the reforms and enforcement of anti-corruption laws remain weak. According to the *National Public Procurement Integrity Baseline Survey 2006*, the "irreducible minimum" loss due to corruption in procurement is UGX 117 – 148.5 billion (US\$64 million – US\$84 million) annually. Contributing factors include weak sanctions and institutional weaknesses of key oversight agencies. For example, while EC support to the Public Procurement Development Authority (PPDA) may have strengthened procurement practices in 10 pilot districts, the lack of additional funding to the PPDA has delayed the implementation of procurement reforms across all local governments (1 7.2.1).

With respect to the rule of law, many reforms have, with the support of a range of donors, been implemented since 2001 to streamline the policy framework, increase institutional capacities and the overall effectiveness of the Justice, Law and Order Sector (JLOS). Some successes have been registered including the EC's contribution to the Sector's institutional strengthening in terms of infrastructural development (1.7.3.1). On the whole however, the reforms have not delivered results to the expected levels and in some areas, progress witnessed between 2001 and 2004 has regressed (1.7.3.1). There is no evident improvement in the administration of justice and capacity of the justice sector to dispose of cases expeditiously is still lacking. The EC's support through the Community Service Programme has contributed to efficiency gains but has not had much significance on decongestion of facilities. A number of factors including staffing constraints within the judiciary, insufficient funding of the JLOS institutions and delays in the law reform process have constrained the sectors' efficiency and the administration of justice.

It should be noted that the EC is discontinuing its focus on supporting the JLOS sector.

***Respect and protection for human rights has improved in many respects but is still lacking in others, and particularly on the 'demand' side (JC 7.3).*** The human rights situation in Uganda has improved, albeit slowly. According to the 8<sup>th</sup> and 9<sup>th</sup> UHRC report, there has been a general improvement in the human rights situation as evident in the overall reduction in the number of reported grave human rights violations in the period 2003-2006 i.e. from 2,050 to 1,222 in 2006. There have also been notable improvements in the ratification of international human rights instruments by the GoU and efforts to domesticate these into National laws.

Notwithstanding progress made, there have however been, in recent years, incidences that undermine the rule of law, and the free exercise of civil and political rights in important areas (I 7.4.2) as well as realisation of social and economic rights (I 7.4.3). The GoU's active and public endorsement of its citizens' rights has not been matched with sufficient funding of responsible institutions, speedy enactment of relevant legislation nor changes in the practice and behaviour of security agencies. The net result is a situation where people cannot assume automatic protection of their rights.

The EC has supported a number of interventions (I 1.7.4) aimed at strengthening the institutional, legal and policy framework for human rights in Uganda. The most significant thus far has been the contribution to the Uganda Human rights Commission that has strengthened its capacity to monitor, report and investigate rights violations (I 7.4.2). Its ability to enforce awards and human rights standards within security agencies is however still a challenge, but one that is being taken up the EC under its 9<sup>th</sup> EDF Human Rights and Good Governance Programme. This programme whose implementation has been delayed will among others, work towards fostering a human rights culture within the Uganda Police Force and Uganda Prisons Services.

Awareness levels and the demand for human rights is still generally low. The EC's initial support to civic education prior to the 2006 election proved insufficient. The EU Election Observer Mission noted that citizens' ability to freely exercise their civil and political rights had been constrained by several weaknesses in electoral administration and intimidation that present challenges to the budding political pluralism and activism in Uganda (I 7.4.1). The EC is supporting interventions aimed at promoting democratic governance, however the programme is in its early stages.

Securing the rights of vulnerable groups (women and children) in terms of access to justice and redress for victims of violations is still a challenge due to the insufficient presence of JLOS institutions in many parts of the country, the absence of legal aid services and the delayed enactment of the relevant laws. Indeed one of the challenges in accessing the legal system continues to be the painfully slow process of law reform and especially in relation to gender sensitive legislation (I 7.4.3). The EC's Human Rights and Good Governance programme is supporting CSOs working on issues of gender based violence, Child rights and legal aid. Its implementation was however delayed and its impact cannot yet be assessed.

Security and order has been restored in the Northern Uganda and Karamoja regions, which have endured years of armed conflict. Over 80% of the IDPs have been resettled in their home villages and are slowly resuming their livelihoods. However the reconstruction of social infrastructure and coverage of basic social services remain a challenge both for government and its development partners. The EC through its Acholi, Karamoja and NUREP programmes has (during and after the conflict) been and remains a key player in the resettlement and rehabilitation of communities in the conflict affected districts.

#### **4.8 EQ8 - The Contribution of the EC to the Capacity Development of Non-State Actors**

##### **Statement of Evaluation Question 8:**

To what extent has EC support enhanced NSAs' capacity and thereby contributed to their increased involvement in policy dialogue, demanding for accountability, monitoring and participating in the delivery of services?

##### **Answer to EQ 8:**

EC support has contributed towards multi-donor efforts geared at enhancing the effectiveness of CSOs' engagement in governance processes. The EC has through different interventions strengthened CSO competencies, and increased their visibility at both the national and district level. Important contributions at district level include support towards the strengthening of social and downward accountability mechanisms and citizen participation, both of which are critical for improved service delivery. At the national level, EC support has facilitated and contributed to CSOs' better engagement with policy planning processes including the on-going PEAP revision and formulation of the National Development Plan, which will define the country's development priorities. However whereas these and other interventions have raised the CSOs profile, capacity development is a long term process and CSOs in Uganda will require continued and sustained support to consolidate their potential. The restrictive regulatory environment, which is also perceived as a limiting factor, needs to be addressed.

**The Negotiation, advocacy and mobilization capacity of NSAs has improved significantly (JC 8.1).** Information obtained from the APIR<sup>72</sup> suggests that NSAs involvement in policy planning and programme formulation has improved significantly (I 8.1.1). NSAs have been actively involved in PEAP revision exercises in 2003/2004 and in 2007 – the precursor to the soon to be launched National Development Plan. Through its

<sup>72</sup> Annual PEAP Implementation Review (APIR)

Civil Society Capacity Building Programme (CSCBP), EC supported CSOs' engagement in this process by funding the research and development of policy papers (through participatory policy research or PPR) articulating CSOs proposals on key development issues (I 8.1.2). The policy papers have facilitated constructive dialogue with key sector ministries and the National Planning Authority. CSOs have previously contributed to ensuring that plans are pro-poor and it is therefore not known how much influence they will have on the NDP which is expected to represent a shift to greater focus on growth. It has however been noted that the "policy spaces" are constrained – the CSOs having no influence on final decisions made by Government.

NSAs' ability to mobilise communities' involvement in local governance processes, and particularly in resource monitoring, is progressing and has presented some good models, in part due to the research they were able to share (I 8.1.2). Both the 8<sup>th</sup> EDF Human Rights and Good Governance Programme and the CBSCP have supported the development, implementation and replication of the Poverty Resource Monitoring Tool (PRMT). In some of the districts where it has been applied, the tool has strengthened communities' ability to demand for accountability by facilitating their increased involvement in the planning, implementation and monitoring of service delivery. Sustainance of the local structures for resource monitoring however remains a challenge.

**CSOs are more transparent and accountable to their constituents and the public (JC 8.2).** There is evidence that efforts have been made to strengthen CSO accountability mechanisms and thereby increase their credibility and integrity in the eyes of their partners, funding agencies and government. In particular, the EC supported the development of the NGO Quality Assurance Mechanism (QuAM) – a self regulating mechanism that is expected to promote CSO compliance to an agreed set of ethics and standards (I 8.2.1). In terms of being more representative, the ideal situation is for duly designated NSAs to have a greater amount of influence in decision-making. NSAs in Uganda are represented on aid co-ordination committees but their level of influence is still fairly limited. The CSSC established under the Cotonou Agreement, however, has served as a platform for CSOs dialogue with EC. There is some evidence that through this forum, CSOs have presented their proposals on the 10<sup>th</sup> EDF Uganda Country Strategy Paper (I 8.2.1). CSOs have also contributed their views to the EU Strategy for Africa. The CBCSP has also facilitated the involvement of CSOs in the Civil Society Development Partners Group. This forum has enabled CSOs to forge CSO – donor alliances in relation to the NGO legislation and draft NGO Policy. However CSOs are of the impression that their inputs are not sufficiently addressed and/or incorporated in subsequent development co-operation dialogue and/or development aid programmes. Because it is typically NGO associations that participate in these discussions and dialogues, the rest of the NGO community is thoroughly briefed at the end of the discussion, in addition to having participated in the formulation of positions on the way in. Unfortunately, the evaluation brought to the fore the perception of CSOs that many donors, including the most influential ones, are not interested in working with, or obtaining the input of, civil society. Further, the performance of the GoU in integrating civil society in its policy making is not good. (I 8.2.1)

CSOs ability to represent grass-roots interests at district and central level has also improved owing to efforts to strengthen representational, networking and co-ordination efforts (I 8.2.2). EC support for networking activities (leadership strategic meetings, reflection meetings, advocacy week) have spurred the desire for a more co-ordinated, dynamic and proactive engagement with government and policy making processes. These aspirations are evident in the subsequent rationalising of the sector and the re-emergence of a National NGO Forum with a stronger co-ordinating mandate, and the establishment of the CSO-Parliamentary Forum, which has already been identified by the 9<sup>th</sup> EDF Human Rights programme as a good entry point for strengthening parliamentary governance.

A National Regulation Framework to facilitate CSO-government relations and improve CSO involvement in development processes has been proposed but remains heavily contested.

The GoU put in place regulations governing NGOs that have questioned its commitment to the GOU-CSO partnership. The NGO Amendment Bill that was passed in 2006 is considered somehow restrictive to the operations of NGOs. EC has supported efforts at dialogue both in observer status and through facilitating CSSC's dialogue with MoIA. Through this engagement, CSOs have succeeded in securing some of their proposals in a draft NGO policy that create some possibilities for tempering the NGO bill. The contents of the final policy are however yet to be known.

#### **4.9 EQ9 - The Contribution of the EC to Regional Integration through its Efforts in Uganda**

##### **Statement of Evaluation Question 9:**

To what extent has EC support contributed to regional integration?

##### **Answer to EQ 9:**

EC contribution to regional integration was significant by improving the NCR mainly with NIP resources, as well as trade facilitation mainly through RIP funded interventions, and in a coordinated manner with neighbouring countries. The GoU's and EC's agendas are consistent in this regard, but national budgetary resources were scarce to promote regional integration against a strong political involvement. Putting in place a full Economic Partnership Agreement is still on track. The related GoU policy is stated in the National Trade Sector Development Plan, a recent breakthrough for regional integration.

**EC support has contributed positively to promote the GoU's regional integration agenda (JC 9.1).** Regional integration was an essential cooperation objective with Uganda. It underlined a national strategic response to country needs and represented an obvious overarching goal for regional strategy under the 8<sup>th</sup> and 9<sup>th</sup> EDFs. Being a landlocked country, it was expected that Uganda would directly benefit from an easing of tariff and non-tariff barriers through the promotion of cross-border trade and an increased possibility for the movement of people, taking into account that transport costs are roughly estimated at about 35% of the value of exports for Uganda.

In the case of Uganda, the regions involved are EAC and ESA-IO through the membership of COMESA. EAC is part of ESA-IO. Key targets for regional integration are:

- Expansion of the EAC CU to include a larger number of ESA-IO member states,
- A further reduction of tariff duties by Tanzania and Uganda for imports from Kenya,
- NTB removal policy harmonisation, and
- A reduction of the transport cost component for Uganda's exports and imports.

The EC is the main development partner that encourages and actively supports regional integration. It has contributed to this thrust through funding and political support to the GoU's regional integration agenda – both through the ESA-IO RSPs/RIPs and Uganda's CSPs/NIPs. Uganda participates actively in the EAC and COMESA RIOs, although it seems to emphasise the EAC relatively more than it does COMESA. The evaluation team found that whereas regional integration is high on Uganda's political agenda, the regional dimension was not adequately incorporated in national development plans and investment programmes until the recent National Trade Sector Development Plan (I 9.1.1), nor does it allocate appropriate levels of funding to promote regional integration (I 9.1.2).

The GoU has the capacity to promote and sustain regional integration. Institutional capacities are mainly focused in the MFPED, which takes a significant share in promoting regional integration by negotiating agreements and their implementing modalities. A dedicated ministry, the Ministry of East African Community Affairs, was recently created to support the process and to help incorporating regional integration in GoU plans and programmes (I 9.1.3). It evidences the importance given to regional integration by the GoU.

***The intermediate impacts of regional significance stemming from the focal sectors of the Uganda 9<sup>th</sup> EDF have materialised or are likely to materialise (JC 9.2).*** The regional integration process matured in several ways during the reporting period. EAC was established and put in place a customs union (March 2004). COMESA is moving towards the establishment of the same, of which the EAC will either be an integral part or be closely related to.

The 9<sup>th</sup> EDF focal sectors have contributed to attaining the intermediate impacts of regional significance. The regional road network is under continuous improvement – especially the Northern Corridor Route, even if faced with delays (see EQ6). Agricultural production has increased, which enhances food security and ability for Uganda to increase intra-regional trading with neighbouring countries. Agricultural products exports have grown substantially over the past years. Trade policies have become more outward oriented. Management of natural resources at the regional level is being strengthened through the EC-supported Lake Victoria and Virunga projects.

The main contributions to regional integration from EC's support under the 9<sup>th</sup> EDF are the rehabilitation and maintenance works on the Northern Corridor Route, which is essential for improving road transport of landlocked countries of the region (Rwanda, RDC and Uganda itself). Transport volumes have increased substantially over the 2002-2007 period, amongst others, by a sharp increase of export to southern Sudan and northeast DRC (I 9.2.1). Improvements achieved during the reporting period emphasized the commitment of the EC to support corridors development, but were limited in terms of road length. Other issues of regional corridor, particularly management requirement and non-trade barriers were progressively encompassed in policy dialogue, notably improving NCR efficiency prospects.

There has been little progress in integrating inter-modal transport at national and regional levels. Road transport continues to carry the vast majority of land transport of passengers and freight in the region, although rail transport would offer a viable alternative due to the long haulage distances. However, huge investments with commensurate improvements in operational management, combined with application of revised sector policies, will be needed to enhance such modal splits.<sup>73</sup> Uganda's National Transport Master Plan (NTMP) addresses such modal splits, but the Plan has not yet been adopted.

The EAC Council of Ministers has adopted Action Plans, which encompass modernisation, extension and development of the railways and road networks, lake transport on Lake Victoria and Lake Tanganyika, ports and harbours, civil aviation, telecommunications, and energy. EAC and COMESA focus on main transport corridors, including the Mombasa-Nairobi-Kampala-Kigali-Bujumbura transport corridor, i.e. the Northern Corridor Route. Regional coordination was thus set in place.

Uganda has allocated national and regional resources to fund projects that have a regional scope. Further budget allocation would have been desirable: to manage Lake Victoria's fisheries in a sustainable way; to network highland forestry initiatives; and to conduct agricultural research. Uganda is a member of two regional organisations that clearly have natural resources as a focal concern for their international association: the Nile Basin Initiative and the trans-border Virunga Park (I 9.2.2).

***The EC support to ESA-IO RIOs enhanced their capacity to promote the benefits of regional integration– although constraining factors continue to exist (JC 9.3).*** EC initiatives contributed for both RIOs to which Uganda is member to recognise the need for coordination and harmonisation of trade policies and programmes. Among the ESA-IO CUs of interest to this evaluation, only the EAC achieved a significant level of integration. Having formed the CU in 2005, EAC is now working on the prerequisites for a Common Market. COMESA, composed of a far more diverse array of countries, is moving forwards; but the

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<sup>73</sup> Final Report: Evaluation of the Commission's Support to the Region of Eastern and Southern Africa and the Indian Ocean, November 2008, page 35.



mid-2009 target it has established does not seem realistic. Not all of its Member States will necessarily become members of the COMESA CU.

Harmonisation has, however, progressed. EAC has agreed on its Common Tariff Nomenclature (CTN) and Common External Tariffs (CET) and is phasing in the full use of the CET. COMESA is in the process of establishing CTN and CET, harmonising customs procedures and legislation, adopting the World Trade Organisation (WTO) customs valuation code, and administrative aspects of a Customs Union (I 9.3.1).

Trade barriers were reduced but stay high. Progress in implementing the regional trade agenda was made from 2000 onwards. COMESA and EAC apply the same Rules of Origin, which apply to all tariff lines but their CET varies, but these variations could be bridged if COMESA and EAC were to merge their CUs. However, there is still a large working agenda to complete, including: harmonisation of trade and tax policies; harmonisation of customs procedures; and legislating, designing and implementing investment policies.

Uganda is now characterized by a relatively more liberal trade regime after rationalizing the tariff structure and reducing the maximum tariff rate from 60% to 25% (but with a few exceptions/sensitive products – refer to EAC CET). The adoption of this regime was strongly supported by bilateral and regional EC TA, among other DPs and the IMF. However, with a 2007 Market Access TTRI (including preferential rates) score of 7%, Uganda ranks 114th (out of 125 countries), indicating that its exports face higher barriers than the SSA region (5.4%) and low-income countries (6.3%). Its exports face significant NTBs as reflected by its Market Access Overall Trade Restrictiveness Index (OTRI) of 32.7%, compared to 15.7% in SSA or 18.03% in low-income countries.

Increased awareness on non-tariff barriers was too recent to induce decisive actions. EAC and COMESA shared the need to remove non-tariff barriers (such as trucks convoys, police and administrative controls, weighbridges, congestion linked to restrictive opening hours, etc.) if the cost of trade is to be reduced. A tripartite task force has been established with members from EAC, COMESA and SADC to actively address the NTB issues (I 9.3.2).

***Trade and development cooperation between EU and the ESA-IO RIOs/ member states develop positively but face considerable delays (JC 9.4).*** EC is not yet in a position to sign a comprehensive EPA that would have encompassed Uganda and the EAC. In 2004, Uganda launched negotiations with the EC under the Eastern and Southern Africa (ESA) configuration. In August 2007, the Heads of State Summit decided that the EAC should conclude an EPA with the EC as a bloc. The time remaining for the expiry of the Cotonou trade preferences being inadequate to allow proper negotiations, an Interim Framework Agreement covering at least Market Access was established in November 2007 in order to avoid the disruption of the flow of exports to the EC after 31<sup>st</sup> December 2007 (I 9.4.1).

At the time of the preparation of the report of this evaluation, the EAC's objective was to have the full EPA in place by July 2009, which implied a minimum delay of one-and-a-half years compared to the initial schedule (I 9.4.2).

## 5 CONCLUSIONS

This section is composed of two parts:

- Meta-level conclusions that have the highest relevance for the overall strategic management of the programme (and thus represent the key learning opportunities), and
- Conclusions that refer specifically to the Evaluation Questions.

For each meta-level conclusion, an indication of its importance to the long-term success of EC development cooperation in Uganda is given. The extent to which the evaluation team is confident in the validity of the conclusion is given as a 1, 2 or 3, the latter being a high level of confidence, and a 1 representing a significant, but lesser level.

For each of the specific conclusions, a table assesses the importance of the conclusions to present and future management of the Uganda Country Programme (XXX=very high, XX=high, X=moderate), the strength of the supporting evidence (XXX=very high, XX=good, X=limited), and the possibility to generalize the conclusion as a lesson across other EC programmes.

### 5.1 Meta Conclusions

To identify the following meta-conclusions, a typology was created that took into account four variables on one axis<sup>74</sup>:

- ✓ The Strategic Approach and Design of the Programme;
- ✓ The performance of the Programme in terms of Aid Effectiveness (including EU-GoU partnership);
- ✓ Implementation performance
- ✓ The effect and sustainability of the outcomes of the Programme.

And two variables on the other axis<sup>75</sup>:

- ✓ Results that had been positive, and
- ✓ Results that had been negative

The forty-two specific and EQ-related conclusions can be assigned to one or the other of the resulting four-by-two matrix, and one of two meta-level conclusions have been drawn from each cell of the matrix.

#### OVERALL UGANDAN DEVELOPMENT CONTEXT OF THE CONCLUSIONS

In terms of the overall Ugandan progress towards poverty reduction, the numbers are clear: the absolute numbers of people still under the poverty level has risen from 7 million to approximately 8.5 million, even if it has DROPPED in percentage terms (from 38% to 31%), the result of the high population growth rate in the country. In fact, some districts have reported that the percentage of poverty has gone up, but it is not possible to tell if this is a result of district-splitting (or not) when compared to the base.

<sup>74</sup> The choice of these four variables was made following an analysis of other EC Country Programme Evaluations in which versions of the same variables were found. See the Angola evaluation for example.

<sup>75</sup> The choice for this axis was made after a meta-analysis of the forty-two specific EQ-related conclusions.

### A) Strategic Approach and Design:

| <b>Conclusion I :</b>  | <b>Priority: High</b> | <b>Confidence in validity: 3</b> |
|--|-----------------------|----------------------------------|
| <p>The EC has been able to put into place an internally coherent programme that has been flexible enough to be able to meet the changing development needs of Uganda. It has been consistent in its approach over time, allowing for cumulative effects to strengthen and for priority issues to be addressed over the long term. Programme Design has considerably improved since the Country Evaluation 2001. In that sense the Programme has been highly RELEVANT.</p> <p><i>(No recommendation associated with this meta conclusion)</i></p> |                       |                                  |

| <b>Conclusion II :</b>  | <b>Priority: Moderate</b> | <b>Confidence in validity: 3</b> |
|---|---------------------------|----------------------------------|
| <p>The EC did not systematically install the information and “intelligence” systems it needs to make strategic decisions (these have not been forthcoming from the GoU), and is often making choices based on partial, outdated or invalid data concerning the interface between development efforts. Related to this conclusion is the logical deduction that the EC cannot manage by results if it has problems with data, nor can it effectively identify or manage risk. In that sense the Programme has had important problems of EFFECTIVENESS and EFFICIENCY.</p> <p><i>(This meta-conclusion is associated with recommendation : 5)</i></p> |                           |                                  |

| <b>Conclusion III :</b>  | <b>Priority: High</b> | <b>Confidence in validity: 3</b> |
|--|-----------------------|----------------------------------|
| <p>The EC’s participation in the development of Uganda’s road network is not designed chiefly as a poverty-eradication strategy for the poorest. It reflects the priorities of the GoU and has been very effective at facilitating the transport of goods for import and export (growth strategies that offer little direct or indirect benefit to the poor); the internal transport of goods between major markets along the NCR (a growth and poverty-reduction strategy that directly benefits anyone who wants to access larger markets, including the poor), and the transit of goods through Uganda, (in line with a regional integration strategy that offers little in direct economic benefits to Uganda’s poorest). Access to urban markets for local agricultural products along the NCR is more a subsidiary consequence than a strategic goal. District and rural roads remained very poorly maintained overall, causing important problems for bringing local goods (mostly agriculture) to national markets in a cost-effective manner. Evidence shows that net imports are greater than net exports (including transit), leaving open the interpretation that the investment in road infrastructure was benefiting more to neighbouring countries than to the local economy (and chiefly the poor) of Uganda. This conclusion refers to issues of RELEVANCE</p> <p><i>(This meta-conclusion is associated with recommendation : 4)</i></p> |                       |                                  |

### B) Aid Effectiveness

| <b>Conclusion IV :</b>  | <b>Priority: Very high</b> | <b>Confidence in validity: 2</b> |
|---|----------------------------|----------------------------------|
| <p>While the EC has taken every opportunity to adopt behaviours and processes that are in line with international agreements and conventions concerning aid effectiveness (including Paris Declaration and Accra accords, to name a few), Uganda has very often been perceived as a challenging development partner in that it has not always participated pro-actively within a collaborative framework with the community of donors. Policy change through dialogue has been limited to technical subjects, policy changes are made that are contrary to agreed-to plans, there is little in the way of Ugandan-led mutual accountability measures or dialogue. Although the EC continues to engage in political dialogue on development issues, access to decision-makers at the political level is difficult, partly because there is a concentration of that power in progress, making long-term and effective dialogue more difficult. Manifestations of this difficulty are the long-term resistance of the GoU in rationalising the road transport sector and in implementing decentralisation with appropriate resources and delegation. This conclusion deals with issues of EFFECTIVENESS</p> <p><i>(This meta-conclusion is associated with recommendation : 2)</i></p> |                            |                                  |

| <b>Conclusion V :</b>   | <b>Priority: Moderate</b> | <b>Confidence in validity: 2</b> |
|---|---------------------------|----------------------------------|
| <p>The GoU does not manifest behaviours that would indicate an openness to collaborate with its own civil society, local community groups, or associations. The EC's efforts to develop the role and capacity of Non-State Actors are therefore isolated from any national strategy in that regard and cannot be leveraged (and in fact, have not been leveraged). In that sense, the Programme has problems of EFFECTIVENESS and RESULTS.</p> <p><i>(This meta-conclusion is associated with recommendation: 2, 6)</i></p> |                           |                                  |

| <b>Conclusion VI :</b>  | <b>Priority: Moderate</b> | <b>Confidence in validity: 3</b> |
|---|---------------------------|----------------------------------|
| <p>A key instrument used by the EC for donor coordination in support of national priorities, the UJAS, is under-performing and is not nearly as effective as it should be in structuring and pursuing policy or political dialogue with the GoU, or in reducing the administrative and project management burden (including transaction costs). In that sense, the Programme has an important issue concerning EFFECTIVENESS.</p> <p><i>(This meta-conclusion is associated with recommendation: 2)</i></p> |                           |                                  |

### C) Implementation Modalities

| <b>Conclusion VII :</b>   | <b>Priority: Very high</b> | <b>Confidence in validity: 3</b> |
|---|----------------------------|----------------------------------|
| <p>The various Programme-based approaches implemented by the EC (jointly) have resulted in a higher level of service than would have been the case, but it is impossible to tell how much has actually gone to the poor per se. The off-the-shelf data now available on PBA's is totally insufficient to conclude on higher-level effects including those brought about through policy dialogue of donors in general and of the EC specifically.</p> <p>PBAs have provided a strong motivation for GoU departments to work together on policy development within a poverty focus, at least at technical levels, but the effectiveness of GBS and SBS as development instruments is contested in Uganda by different stakeholders and especially civil society organisations, in part because the triggers that are in place are often stated in output-outcome terms (not necessarily as policy requirements) and therefore can be more easily achieved. This conclusion brings out an important issue of EFFECTIVENESS</p> <p><i>(This meta-conclusion is associated with recommendation: 1)</i></p> |                            |                                  |

| <b>Conclusion VIII :</b>  | <b>Priority: High</b> | <b>Confidence in validity: 2</b> |
|---|-----------------------|----------------------------------|
| <p>The re-allocation of resources made available by the GoU (part of which are from EC contributions in PBAs) is not done in a way that is clearly pro-poor, especially in the delivery of services to the rural sector. This conclusion deals with RELEVANCE and EFFECTIVENESS</p> <p><i>(This meta-conclusion is associated with recommendation: 1,3)</i></p> |                       |                                  |

| <b>Conclusion IX</b>   | <b>Priority: High</b> | <b>Confidence in validity: 3</b> |
|--|-----------------------|----------------------------------|
| <p>EC financed Transport infrastructure projects faced recurrent problems relating on one hand to weak policy development, oversight and implementing capacity from the GoU side, and, in the other hand, to the lack of capacity of selected contractors. This situation was aggravated by an extensive use of judiciary procedures by contractors, and the overall price rise of construction materials. The EC proved to be flexible in finding technical and financial solutions to the problems faced, even it contributed to creating them by overestimating the absorption capacity of the sector and by agreeing on weak design studies (ex. Kampala by-pass). In some cases, such as Malaba border crossing, budget constraints during project identification phase were considered in a too narrow sense and lead to undersized projects that are now contributing to transport bottlenecks.</p> <p>For transport sector reform, the EC used a mix of advocacy, pressures and capacity building initiatives that allowed the various stakeholders of the reform to restructure step by step the whole institutional framework and overcome long-standing reluctance at high level of the GoU. The amount dedicated to these activities is not proportional to the potential far reaching long term benefits of this restructuring. This conclusion brings out issues of EFFECTIVENESS and EFFICIENCY</p> <p><i>(This meta-conclusion is associated with recommendation: 4)</i></p> |                       |                                  |

|  |                            |                                  |
|--|----------------------------|----------------------------------|
| <b>Conclusion X :</b>  | <b>Priority: Very high</b> | <b>Confidence in validity: 1</b> |
| <p>In dealing with the development of the Ugandan civil society, the interventions and sub-projects of the EC are overly spread out over too many recipients and will not, in all likelihood, have much of a long-term effect. This is an issue that affects <b>EFFECTIVENESS</b> and <b>IMPACT</b></p> <p><i>(This meta-conclusion is associated with recommendation:- 6)</i></p> |                            |                                  |

#### D) Effect and Sustainability

|   |                           |                                  |
|---|---------------------------|----------------------------------|
| <b>Conclusion XI :</b>  | <b>Priority: Moderate</b> | <b>Confidence in validity: 2</b> |
| <p>The EC's participation in PBAs and in other interventions has contributed to a significant macro-economic stabilisation of Uganda and to a more professional management of its financial systems based on international standards. The GBS in place has helped to increase the level of service delivery but not nearly enough to satisfy basic needs even in essential areas such as health. This conclusion brings out important issues of <b>IMPACT</b> and <b>RELEVANCE</b>.</p> <p><i>(This meta-conclusion is associated with recommendation:- 1, 3)</i></p> |                           |                                  |

|  |                       |                                  |
|--|-----------------------|----------------------------------|
| <b>Conclusion XII :</b>  | <b>Priority: High</b> | <b>Confidence in validity: 3</b> |
| <p>Much of the GoU's public expenditures affecting rural livelihoods (part of which are supported by the EC) are concentrated in the provision of technical assistance to farmers and the promotion of the diversification of agricultural production. It is very weak on the transfer of knowledge, technologies and skills relating to sustainable development growth strategies and on identifying gainful employment for the increasing Ugandan rural population. Since 80% of the population of the country depends on agricultural activity, the EC should confirm that its strategy in this focus area is the most appropriate.</p> <p>In terms of the environment, there continues to be many serious environmental issues at play in Uganda even though the EC (and many other donors) have contributed to forest resource sustainable management through various interventions. For example, the EC has contributed to sustainable management of Lake Victoria by financing Lake Victoria Fishery Plan and strengthening the Lake Victoria Fisheries Organization. NAADS in particular has not provided evidence of being efficient in providing messages on sustainable management of natural resources.</p> <p>These are issues of <b>EFFECTIVENESS</b> and <b>SUSTAINABILITY</b>)</p> <p><i>(This meta-conclusion is associated with recommendation:- 12)</i></p> |                       |                                  |

The following table provides an overview of the matrix that was used to deduce the above-noted meta conclusions. For simplicity, only the conclusion number was used; for details concerning the exact nature of the specific conclusions, refer to the following section.

**Table 10: Allocation of Conclusions between Four Strategic Variables**

|  | <b>STRATEGIC APPROACH AND DESIGN</b><br>(META-CONCLUSIONS 1-3) | <b>AID EFFECTIVENESS</b><br>(META-CONCLUSIONS 4-6) | <b>IMPLEMENTATION MODALITIES</b><br>(META-CONCLUSIONS 7-10) | <b>IMPACT AND SUSTAINABILITY</b><br>(META-CONCLUSIONS 11-12) |
|--|--|--|---|--|
| <b>CONCLUSIONS THAT ARE FUNDAMENTALLY POSITIVE</b> | 1,4,5  | 33,35,36   | 16  | 10,13,14,37,41   |
| <b>CONCLUSIONS THAT ARE FUNDAMENTALLY NEGATIVE</b> | 3,7,11,24,25   | 2,6,8,9,27,34,39                                   | 12,15,17,21,28,30,31  | 18,19,20,22,23,26,29,32,38,40,42                             |

## 5.2 Specific Conclusions for each EQ

### Conclusions relating to EQ 1:

1. The EC's planning processes are sufficiently flexible to enable the changing needs of the country to be incorporated into the programme's objectives and its operational plans. While strategies to meet needs have evolved, needs per se have also evolved: ex. democratisation, decentralisation, Northern Uganda conflict, global energy and the financial crisis. All in all, the EC is fully aligned to the PEAP but will be somewhat out of sync with the NDP and its focus on economic growth rather than poverty reduction.

| Priority EQ 1 | Strength | Generalisation |
|---------------|----------|----------------|
| XX            | XX       | NO             |

2. The EC, alone or not, is constantly involved in some form of dialogue at policy or technical levels and has contributed actively to that dialogue. There is no evidence to quantify or qualify the contribution of the EC to any changes made, except for the transport sector where the EC plays a predominant role amongst donors. The EC's dialogue with the GoU is mostly effective at the technical level; its policy dialogue has not been particularly effective in most sectors, largely because the GoU has not shown any real commitment to change through dialogue. The EC also does not have a current policy dialogue strategy.

| Priority EQ 1 | Strength | Generalisation |
|---------------|----------|----------------|
| XXX           | XX       | NO             |

3. The EC does not have access to the data, information, knowledge and "intelligence services" it requires to conduct environmental scanning, business planning, scenario development, risk analysis and other high-end management functions that are required in a complex context such as Uganda.

| Priority EQ 1 | Strength | Generalisation |
|---------------|----------|----------------|
| XXX           | XXX      | YES            |

### Conclusions relating to EQ 2:

4. The EC's strategic planning has been consistent in Uganda over the years in terms of the fundamental design of the country strategy and the intervention framework used under various financing instruments. Focal and non-focal interventions are consistent with the CSP, but fully leveraging non-EDF and EDF interventions through coordination and complementarity has proven to be largely impossible from the field perspective.

| Priority EQ 2 | Strength | Generalisation |
|---------------|----------|----------------|
| XX            | XXX      | NO             |

5. The EC's strategic planning has resulted in an alignment between the priorities and needs of Uganda and the priorities of EC cooperation for that country.

| Priority EQ 2 | Strength | Generalisation |
|---------------|----------|----------------|
| XXX           | XXX      | NO             |

### Conclusions relating to EQ 3:

6. UJAS was an aid coordination instrument that was well conceived but was rapidly overtaken by events. The decline in political traction around the PEAP, the difficulty in putting in place the PEAP monitoring framework and the annual review process, changes in leadership across the top of government and events following the 2006 multiparty elections, has made it difficult to use UJAS as a strategic policy-dialogue and donor coordination mechanism. Although working groups under UJAS have been busy and have produced interesting results, they are not strong enough to be effective in pushing for change. The EC staff has, however, played an important role in working

groups under other organisational umbrellas such as FINMAP.

| Priority EQ 3 | Strength | Generalisation |
|---------------|----------|----------------|
| XXX           | XX       | YES            |

7. There is little in the way of leveraging carried between EC project interventions, or between EC interventions and those of other donors.

| Priority EQ 3 | Strength | Generalisation |
|---------------|----------|----------------|
| XXX           | XX       | YES            |

8. The GoU has not set up effective donor coordination mechanisms, nor does appear to want to do so, preferring one-on-one approaches with individual donors or with parts of donor organisations.

| Priority EQ 3 | Strength | Generalisation |
|---------------|----------|----------------|
| XXX           | XXX      | NO             |

9. The EC's search for coordination and complementarity between the EU Member States and itself is generally limited to low-level performance functions such as static data exchange and duplication avoidance.

| Priority EQ 3 | Strength | Generalisation |
|---------------|----------|----------------|
| XX            | XX       | YES            |

**Conclusions relating to EQ 4:**

10. The economic structure of the Country is more stable and more balanced now than it was in 2001, and the EC has contributed significantly to the national budget in order to permit that to happen.

| Priority EQ 4 | Strength | Generalisation |
|---------------|----------|----------------|
| XXX           | XXX      | NO             |

11. Measuring outcomes and impacts of donor contributions and of the GoU's own programmes has proven to be extremely difficult, due to the lack of baseline data and systematic collection of statistical data. The GoU does not have robust statistics data and decisions by the government and donors alike are made on very poor data with very little information: good planning for or monitoring of economic or social progress is sketchy at best. Ministries are very reluctant to capture and share data. EC is supporting a performing small-scale intervention in this area (NIMES), but needs to expand beyond the PMO. There is a lot of relevant knowledge in NIMES but EC has not mined it.

| Priority EQ 4 | Strength | Generalisation |
|---------------|----------|----------------|
| XXX           | XXX      | YES            |

12. The ongoing debate on the real impacts of Programme-Based Approaches to all the sectors of the population in Uganda needs to be resolved; There has not been an evaluation of the PBA approach in Uganda since the Joint Evaluation of GBS (overly focused into GBS for policy-making); further, the EC follows a strategy of light conditionality while CSO, donor and opposition voices claim that the fungibility of funds issue is treated too lightly by donors.

| Priority EQ 4 | Strength | Generalisation |
|---------------|----------|----------------|
| XXX           | XX       | YES            |

13. Without the multi-donor PGBS, the Ugandan economy would not have achieved such a high level of macroeconomic growth and stability; it has contributed to reducing the costs of budget finance by making new and free financial resources available. The EC's support permitted the GoU to keep its pro-poor expenditures under the Poverty Action Fund at levels higher than would otherwise have been the case. However, fungibility of

funds, limitation in budget classifications as well as budget cuts during the fiscal year and return of un-used funds (due to late disbursement of allocations) make it difficult to track the final use of budget support funds and there is no manner to tell how much has actually gone to the poor per se.

| Priority EQ 4 | Strength | Generalisation |
|---------------|----------|----------------|
| XXX           | XXX      | NO             |

14. EC's support to the reform agenda of improved public finance management is highly relevant, contributed to improve reliability of the budget, and will show direct effects in form of improved budget execution rates and/or efficiency of public expenditure in the medium term. Progress has been hampered by low budgets and physical problems at local government levels (ex. no electricity, limited connectivity for internet). However, it would have been difficult to achieve these results without donor alignment (and thus an important volume of funding) and important weight in policy and political dialogue.

| Priority EQ 4 | Strength | Generalisation |
|---------------|----------|----------------|
| XXX           | XX       | NO             |

15. The Ugandan National Budget is not being allocated to service delivery in general or to the poor specifically. PAF development expenditures<sup>76</sup> remained at levels they had achieved years ago, but budget increases were concentrated in the “economic services” sector. Development investments in the health, education, water and agriculture sectors did not increase during the last years. The recurrent expenditures<sup>77</sup> budget line items during the period 2001-2008 show a sharp increase in expenditures for general public administration, a continuous high level of expenditures for the defence sector and no significant increase (in some cases decreases) on recurrent expenditures for other sectors. Furthermore there exist empirical studies, which show that in the present form the number and reach of PAF services, are inadequate to improve significantly the life of poor Ugandans<sup>78</sup>. PAF expenditures – transmitted to Local Governments as conditional grants – have permitted an increase in the proportion of the country where service delivery has been made possible (unconditional grants are almost completely used for recurrent costs because the local governments suffer from a lack of operating capital); however there is no evidence that increase of service delivery went along with improvement of quality of services provided, and in many aspects, services are not really available (ex. Health) or are of very poor quality (ex. Education).

| Priority EQ 4 | Strength | Generalisation |
|---------------|----------|----------------|
| XXX           | XXX      | NO             |

16. The PGBS has a moderately positive effect on the development of sector policies because it forces the Ministry of Planning to coordinate with sector ministries on policies and service delivery within a poverty focus. While the EC'S interventions have contributed to the implementation of the PGBS, the policy dialogue and monitoring of the budget support programmes take place at levels which makes it difficult to distinguish their impact on social sectors. However, observations lead to the conclusion that high level political influence is increasingly common in decision-making. This has already resulted in budget allocations and decisions that were based more on political rather than technical criteria.

| Priority EQ 4 | Strength | Generalisation |
|---------------|----------|----------------|
| XXX           | X        | YES            |

<sup>76</sup> The above expenditures excludes Donor funds under development component and includes taxes and arrears; Source: Uganda Bureau of Statistics

<sup>77</sup> The above expenditures excludes Donor funded development component and includes taxes and arrears; Source: Uganda Bureau of Statistics

<sup>78</sup> Pro Poor Budgeting and the Poverty Action Fund (PAF): A critical evaluation of the effectiveness of the PAF and delivering pro-poor budgeting in Uganda, 2008



17. Line ministries and departments of GoU institutions continue to receive parallel sector-wide support and programme support, which makes them more interested in direct dialogue with donors.

| Priority EQ 4 | Strength | Generalisation |
|---------------|----------|----------------|
| XX            | X        | NO             |

**Conclusions relating to EQ 5:**

18. Although GoU confirms in its policy statements the crucial importance of the development of the agricultural sector for poverty reduction, investments in agriculture have steadily declined from 10% in 1989 to less than 4% in recent years, indicating a shift away from agriculture in favour of other public expenditures.

| Priority EQ 5 | Strength | Generalisation |
|---------------|----------|----------------|
| XXX           | XXX      | NO             |

19. There exists no real strategy that promotes growth with equity in all sectors in Uganda, nor are there strategies or leadership on the part of the GoU on how to accelerate growth in rural areas. Moreover, the solutions proposed by the GoU actually disadvantage the poor in that efforts made through NAADS present a more replicable solution for farmers who already have sufficient agricultural land and can access improved technologies

| Priority EQ 5 | Strength | Generalisation |
|---------------|----------|----------------|
| XXX           | XXX      | NO             |

20. Rural Development Policies and especially NAADS seem to be subject to high political influence and less to technical considerations.

| Priority EQ 5 | Strength | Generalisation |
|---------------|----------|----------------|
| XXX           | X        | NO             |

21. Triggers of EC Sector Budget Support were often output indicators based on progress, not finality and thus relatively easy to achieve; this has permitted full disbursement of tranches and the appearance of real progress in reform. Such is not necessarily the case.

| Priority EQ 5 | Strength | Generalisation |
|---------------|----------|----------------|
| XX            | XXX      | NO             |

22. Coverage of extension services has increased significantly during the reference period. However there appears to be no strategy for promoting growth with equity for the rural sector. GoUs policies for the rural sector seem to have progressively moved away from a poverty reduction approach to promotion of economic growth.

| Priority EQ 5 | Strength | Generalisation |
|---------------|----------|----------------|
| XXX           | XXX      | NO             |

23. Although the PMA has 7 pillars, allocations and expenditures of MAAIF (the key Ministry with the mandate of providing critical services to the agricultural sector) are generally allocated to NAADS, NARS/NARO<sup>79</sup>, non-NAADS extension services and other MAAIF expenditures. Other important aspects of rural development like security of land (land-titling), sustainable management of natural resources, functioning rural markets incl. Opening of marketing channels, rural transport, water for production (irrigation) etc. are not sufficiently covered.

<sup>79</sup> Although agricultural research is a core function (confirmed in the PMA) the budget has declined in real terms since 2001-2002.

| Priority EQ 5 | Strength | Generalisation |
|---------------|----------|----------------|
| XX            | XX       | NO             |

24. Up to date statistical data is not available nor are regular monitoring reports on the status of food-security in Uganda. However, the food security situation appears to be acceptable, although problems of malnutrition and pockets of famine and hunger in the country continue to exist (especially in the areas affected by conflict in north and north-eastern Uganda). Sufficient food is available in the markets, but not all segments of the population have the necessary financial means to acquire all their food requirements through out the year.

| Priority EQ 5 | Strength | Generalisation |
|---------------|----------|----------------|
| XX            | XX       | NO             |

25. The absence of systematic monitoring of farmers' economic activity has made it impossible to obtain a full appreciation of the achievements of GoU's policies and EC's contribution. There are concerns regarding marketing aspects and whether the market (national and regional) will be able to absorb the potentially lucrative production of non-traditional crops and the need therefore for market development and expansion.

| Priority EQ 5 | Strength | Generalisation |
|---------------|----------|----------------|
| XXX           | XXX      | YES            |

26. Although specifically mentioned in PMA and notwithstanding international agreements and conventions the GoU has signed on the issue, there is little evidence for strong political commitment towards environmental protection and especially in wetland management. Although regulations exist, their enforcement is weak. Land degradation and soil erosion remain problems due essentially to population pressure and inappropriate practices that are allowed by the GoU; forestry coverage has declined even if a supposedly sound environmental legislative framework has just been put in place. However, its effective implementation requires commensurate funding at central government, as well as at district levels, which is unfortunately not available.

| Priority EQ 5 | Strength | Generalisation |
|---------------|----------|----------------|
| XX            | XX       | NO             |

### Conclusions relating to EQ 6

27. EC efforts towards improving roads, either directly or indirectly, has always faced strong resistance that has had the result of delaying, by ten years or so, outcomes that were agreed to since the early 90s Achievements by the end of the reporting period stay fragile, and have had to bear significant policy reversals attributable to the forthcoming Presidential election campaign. Overall governance and political issues have seriously constrained the line ministries' commitment to the transport sector reform agenda. In the view of the evaluation team, the sector budget support envisaged under the 10<sup>th</sup> EDF was rightly postponed.

| Priority EQ 6 | Strength | Generalisation |
|---------------|----------|----------------|
| XXX           | XXX      | NO             |

28. Road network improvements funded under the 7<sup>th</sup>, 8<sup>th</sup> and 9<sup>th</sup> EDFs have concentrated over 70% of available resources on the Northern Regional Corridor for a total of only 254 km. The cost per unit appears to be very high considering the construction conditions that were faced. The Jinja-Bugiri section, 78 km, was only (almost) completed by 2008. The EC seriously overestimated the capacity of the country in all respects: construction industry capacity, legal framework, contract management capacity, and the impact on prices of being landlocked. The evaluation team concluded that this is poor performance over a long period of time, and that the transport sector performance could be carefully

reviewed to see if there are lessons to be learned or systems to change (possibly through a comprehensive audit for management performance, not for financial compliance).

| Priority EQ 6 | Strength | Generalisation |
|---------------|----------|----------------|
| XXX           | XXX      | YES            |

29. EC interventions for road improvements and support to trade facilitation, such as at the Malaba border crossing, contributed to ease international transit and Uganda’s access to the sea, as shown by the sharp increase in Ugandan transit traffic (imports) at Mombassa Port. (There are important design problems with Malaba, however). Transport services deregulation allowed a drop in transport prices for agricultural products along improved rural roads. The sustainability of those growth factors is still strongly questioned by the uncertainties on the sources of revenues of the Road maintenance fund, in a country where only 7% of the road network is paved.

| Priority EQ 6 | Strength | Generalisation |
|---------------|----------|----------------|
| XX            | XX       | NO             |

**Conclusions relating to EQ 7**

30. EC support to good governance has been multi-dimensional and interventions have attempted to address the different tenets of good governance. However, the EC has spread the available resources too thinly to register any real impact. Furthermore it appears that greater attention has been given to improving the supply side of good governance within public institutions, hence limiting the volume of resources available for promoting civic participation and demand for accountability.

| Priority EQ 7 | Strength | Generalisation |
|---------------|----------|----------------|
| XX            | X        | YES            |

31. Measures aimed at improving transparency and accountability at the Local Government level have focused more on improving horizontal accountability (through conventional administrative processes) and less on the complementary social accountability mechanisms which are vital for effective service delivery. EC support to LLGs, CSOs and Communities under both the 8<sup>th</sup> and 9<sup>th</sup> EDF has been important but not sufficient in promoting the *demand* side for accountability. Some of the beneficiary CSO networks have exhibited great potential and have presented good models. However at the general level, the targeting, time and resources allotted to promoting civic participation have not been sufficient.

| Priority EQ 7 | Strength | Generalisation |
|---------------|----------|----------------|
| XX            | X        | YES            |

32. There has been some action in terms of legislation and establishing the institutional framework against corruption (National Anti-Corruption Strategy); however corruption remains rife in government service delivery entities and particularly in relation to procurement; and a serious threat to poverty reduction efforts. Insufficient funding towards the activities of key oversight agencies, weak enforcement mechanisms and the apparent lack of political commitment remain key challenges. EC’s institutional support to the PPDA has not yielded the expected results due to government’s failure to provide sufficient resources for implementation of the procurement reforms and systems at the local government level.

| Priority EQ 7 | Strength | Generalisation |
|---------------|----------|----------------|
| XXX           | XX       | YES            |

33. The human rights situation has improved considerably and avenues for redress have been established, even though enforcement is still a challenge. There have been efforts including EC interventions to alleviate the suffering and address the rights of vulnerable groups including women and IDPs. But resources allotted vis-à-vis requirements and the legal framework remain insufficient. EC interventions on civic education and human rights in JLOS aim to address important challenges such as HR violations, but implementation only began recently and impact is not known.

| Priority EQ 7 | Strength | Generalisation |
|---------------|----------|----------------|
| XXX           | XX       | YES            |

### Conclusions relating to EQ 8

34. The political context appears to be a limiting factor to CSOs' effective engagement. Unless the protection of basic civil and political rights is guaranteed and a culture of transparency and accountability nurtured, Civil Society in Uganda will not flourish and will only operate within the parameters established for it. EC's support to CSOs under the different sectors and programmes as well as the stand-alone capacity building programme have been of value in strengthening CSO competencies and the sector as a whole. There is need however for more support around the 'environmental' issues.

| Priority EQ 8 | Strength | Generalisation |
|---------------|----------|----------------|
| XX            | X        | NO             |

35. CSOs are exhibiting greater dynamism in their advocacy efforts and engagement with government. However there is a need to strengthen linkages with CSOs at the national level with those at the district level to facilitate better *upstreaming* of policy inputs. The EC's CSCBP has been instrumental in: a) providing CSOs with a combination of capacity building and research grants to support their advocacy efforts and; b) bridging the gap between the national and local CSOs – however the project's duration may have been too short and there is need therefore for continued support to consolidate these linkages. Overall, the engagement of CSOs in national development planning is declining due to a progressive 'narrowing' of policy dialogue spaces (in this case, the use of the term "policy dialogue" has a clear political-economic sense).

| Priority EQ 8 | Strength | Generalisation |
|---------------|----------|----------------|
| XX            | X        | NO             |

36. CSOs have exhibited great potential in mobilizing communities and promoting the utilization of a variety of social accountability mechanisms. Sustenance of these initiatives appears to be a challenge. EC support towards the sustenance and replication of such initiatives has been useful but insufficient in terms of duration due to the delayed implementation of the CSCBP.

| Priority EQ 8 | Strength | Generalisation |
|---------------|----------|----------------|
| X             | X        | NO             |

37. EC support to CSOs through a variety of support initiatives has greatly contributed to the on-going efforts to professionalize the CSO sector (in a bid to increase its level of responsiveness and accountability to its own members and the public) and thereby increase its legitimacy.

| Priority EQ 8 | Strength | Generalisation |
|---------------|----------|----------------|
| X             | X        | YES            |

38. Whereas it recognizes them as partners, government's relationship with CSOs lacks coherence as evident by the relatively restrictive regulatory environment. EC's CSCBP support to CSO dialogue with Government departments has been useful but not

sufficient in terms of influence. There is need for a higher level EC – GoU dialogue on issues of an enabling environment.

| Priority EQ 8 | Strength | Generalisation |
|---------------|----------|----------------|
| XXX           | XX       | YES            |

39. EC support has created opportunities for CSO's increased engagement on development aid policy and development co-operation in Uganda. However the level of partnership still falls short of the CSOs' expectations.

| Priority EQ 8 | Strength | Generalisation |
|---------------|----------|----------------|
| XXX           | XX       | YES            |

**Conclusions relating to EQ 9**

40. Regional integration initially benefited from high level political support, and the EC reaction was consistent with the EC objectives stated in RIPs as well as NIPs. This commitment was poorly translated in GoU development plans and investment programmes. Presently, efforts at regional integration appear to be driven by the EC and the World Bank, rather than the GoU, putting at risk the sustainability of past achievements.

| Priority EQ 9 | Strength | Generalisation |
|---------------|----------|----------------|
| XX            | XX       | NO             |

41. Major steps were achieved with the EAC, in particular a custom union, even if it actually decreased the level of protectionism in some Member States while increasing the level of protection in Uganda, a turn of events that is contradictory with the EC objective of supporting 77globalisation.<sup>80</sup>

| Priority EQ 9 | Strength | Generalisation |
|---------------|----------|----------------|
| XX            | XX       | NO             |

42. EPAs negotiations were significantly delayed. The EAC, with its restricted membership, was in a better position than COMESA for policy dialogue at sector and sub-sector levels. There is, for the time being, no convincing arguments for thinking that the July 2009 deadline for reaching a comprehensive EPA with EAC will be respected. The RSPs and CSPs do not help provide a consistent strategic framework for negotiating EPA as they are not sharing the same overarching objectives while they are both available to GoU.<sup>81</sup>

| Priority EQ 9 | Strength | Generalisation |
|---------------|----------|----------------|
| XXX           | XX       | YES            |

<sup>80</sup> Uganda increased from 0, 7, 15 to 0, 10, 25; the formation of the Customs Union conformed with GATT XXIV-MTTI comments on Synthesis report dated 3 July

<sup>81</sup> Strictly speaking, the RSP & CSP are not designed to be the frameworks for negotiating EPAs. EPAs are based on the Trade Chapter of Cotonou, which has its own amendment procedures and not on strategic and financial programming for which RSPs and CSPs are meant. But there is a clear logical link between the two even if it has not been institutionalised or widely published.

## 6 RECOMMENDATIONS

In this chapter, seven strategic-level recommendations are presented to the EC.

Recommendations are assessed in respect to their priority (▲▲▲ = high, ▲▲ = medium, ▲ = low) and the recipients to whom they are likely to be particularly relevant. The recommendations specifically refer to specific meta-conclusions and are characterised by suggestions that are logically deduced from the specific conclusions relating to the EQs.

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| <b>Rec. No: 1</b>   | Priority: ▲▲▲  | Recipient:<br>EC Headquarters<br>EC Delegation-Management |
| <b>Programme-Based Approaches</b>                                       |  |   |
| <b>Overall statement of recommendation</b>                              | <b>Improve the developmental and policy-inducing performance of the PBAs supported by the EC in Uganda. This should be initiated with a detailed joint evaluation, specifically to know the nature and level of the effects they have had on the rural communities and their inhabitants, and to better understand the probable effects of the present GoU strategies on rural development.</b>  |   |
| <b>Specific recommendations dealing with conclusions drawn from EQ.</b> | <ul style="list-style-type: none"> <li>Continue to support the GoU with macroeconomic budget support and sector budget support; however be more exigent in the definition and monitoring of triggers. At the same time, the GoU should be encouraged to increase its portfolio of sources of income (possibly through taxes) in order to reduce, within a set time-frame, its dependence on donor financing.</li> <li>Increase the level of policy dialogue and the support to PFM (budget classification) in order to ensure that an important share of GBS funds is used for poverty reduction.</li> <li>Continue to support the reform agenda of the GoU in the Public Finance Management domain while advocating other important reforms (e.g. public sector reform), which are a precondition to achieving targets as set in the PEAP and other strategic documents.</li> <li>Try to assure through the definition of appropriate triggers that there will be a correspondence between targets expected (i.e. reforms) and funding available at the corresponding departments of the Ministries/institutions. Eventually support reforms additionally under project approach.</li> <li>Give specific attention to the allocation and execution of budget funds for the sectors. As the agricultural sector is a key sector for assuring poverty reduction, GoU should make an allocation of a sufficient volume of funds to this sector.</li> </ul> |   |
| <b>Comment</b>  | An evaluation is a good way to start this process.   |   |
| <b>Link:</b>  | Meta Conclusions : VII-VII-XI  |   |

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| <b>Rec. No: 2</b>                          | Priority: ▲▲▲  | Recipient:<br>EC Delegation-Management<br>EC Delegation-Implementation |
| <b>Donor influence</b>                     |  |  |
| <b>Overall statement of recommendation</b> | <b>Increase the donor influence and reach of the donor community in general and the EC in particular on GoU development policy-making. As part of this process, a detailed policy dialogue strategy should be prepared along with a strategy to radically improve the performance of donor coordination, especially but not uniquely with Member States.</b> |  |
| <b>Specific recommendations</b>            | <ul style="list-style-type: none"> <li>Improve the performance of UJAS by implementing the</li> </ul>  |  |

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| <p><b>dealing with conclusions drawn from EQ.</b></p> | <p>recommendations of its recent review.</p> <ul style="list-style-type: none"> <li>• Continue to support NIMES in the development of its systems and functions, and establish a permanent dialogue with that organisation in order to benefit from the available knowledge and information. Regular structured meetings between the EC and NIMES officials, based on a programme of EC-required monitoring and analyses needs, should be started at once.</li> <li>• Enhance the level of coordination with all donors and take a leadership role in joint programming between them. Donor coordination with a view to aid effectiveness should be based on the most up-to-date information management and technology solutions available, not only Excel, Word and e-mails.</li> <li>• While increasing efforts at donor level continue motivating GoU to take a more active role with a view to taking over the leadership</li> <li>• In order to promote and provide visibility to GoU involvement in regional integration, by harmonizing policy and institutional frameworks with EAC/COMESA objectives, the EC should support the elaboration of a comprehensive strategic plan and a short and medium term action plans, linked with MTEF. This might be done under the new Ministry for East Africa Affairs.</li> <li>• The EPA negotiations should allow the EC to advocate for the EAC to better align itself, (where possible and without negating its fundamental role as a Customs Union) to at least Sub-Saharan Africa-levels of opening of its external trade. Older cost-benefit analyses should be professionally updated to take into account the global financial and economic crisis, accounting for various recovery scenarios and their projections for their impact on EAC/Uganda's economy. EC support to poverty reduction policy should accordingly be revised (in the PAF) and reinforced.</li> <li>• In order to improve internal coherency between programmes, the EC's overarching strategy for Uganda should be more clearly shared by RSPs and CSPs. At the moment, the former adopted a macro-level support to globalisation where GBS is partly seen as a temporary means of compensation for losses implied by market opening due to regional integration while the latter represents a strategy anchored on technical issues for GBS, sector policies for focus sectors and governance issues.</li> </ul> |
| <p><b>Comment</b></p>                                 | <p>None</p>   |
| <p><b>Link:</b></p>                                   | <p>Meta Conclusions: IV-V-VI</p>  |

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| <p><b>Rec. No: 3</b><br/><b>Service delivery</b></p>                           | <p>Priority: ▲▲▲</p>  | <p>Recipient:<br/>                 EC Headquarters<br/>                 EC Delegation-Management<br/>                 EC Delegation-Implementation</p> |
| <p><b>Overall statement of recommendation</b></p>                              | <p><b>Focus on the quality and quantity of service delivery at sub-national levels as a means of leveraging and converging all GoU strategies for development, accompanied by heightened levels of dialogue at the national level.</b></p>  |  |
| <p><b>Specific recommendations dealing with conclusions drawn from EQ.</b></p> | <ul style="list-style-type: none"> <li>• Continue to provide GBS and sector budget support, but give specific attention to the allocation and execution of budget funds for the selected sectors and ensure that decisions are made on technical grounds. As the agricultural sector is a key sector for assuring poverty reduction, GoU must make an allocation of a sufficient volume of funds to this sector.</li> </ul> |  |

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|                | <ul style="list-style-type: none"> <li>• Promote through the definition of appropriate triggers for PGBS, that local governments will not only receive investment funds (as conditional grants- PAF expenditures) but also the necessary operating and infrastructure maintenance funds.</li> <li>• Insist on intensifying policy and political dialogue on the necessity to focus policies for the rural/agricultural sector on poverty reduction, growth with equity and development of farm-models/rural enterprises for small-holders/landless people; and advocate for more dialogue with the private sector especially on rural development and income generation. (Promote a direct relation between producers and consumers of agricultural products (non-traditional cash-crops) promotion of new marketing channels; elaboration of brand names; promotion of Ugandan products regionally; promoting dialogue between farmers' groups and traders. Include representatives of the private sector in working groups and in discussion with donor groups and GoU).</li> <li>• Monitor closely the new NAADS policy: (1) NAADS support should focus less on the introduction of profitable cash-crops with farmers with potential, and more on the promotion of integrated farms for small-holders, which permits at the same time food-security and cash-income through marketing part of the production. (2) The immediate access to agricultural inputs, small equipment and machinery should be assured (through the improvement of access to rural credit); (3) land titling should be promoted in order to reduce land conflicts and to promote investments. A specific attention to land-titling for women should be given (especially vulnerable women such as widows). Consider eventually to combine with SWAp approach with an intervention under project approach focused on the promotion of the poorest segments of the rural population (landless farm families or with very small plots, widow or children-headed households)</li> <li>• Insist, through policy and political dialogue and triggers, that GoU gives the necessary attention to all aspects of rural development at the moment of budget allocation. Eventually accompany SBS with specific bilateral traditional interventions (i.e. support to land-titling, irrigation).</li> <li>• Support the GoU in a reflection/ strategy development process on how to achieve higher rates of growth for the rural/agricultural sector and to assure food security at the level of all districts (especially for small-holders and landless farmers. An inter-sectoral working group on agricultural/rural development and food security should be created and the elaboration of a master plan should be promoted; identifying comparative advantages of different regions/districts and possible markets as well as infrastructure needs (stocking centres, roads, .....). GoU should make an additional effort to identify possible growth sectors, outside the agricultural sector, which are labour intensive and could provide employment for part of the growing population.</li> </ul> |
| <b>Comment</b> | None  |
| <b>Link:</b>   | Meta Conclusions: VIII- XI-XII  |

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| <b>Rec. No: 4</b>                          | Priority: ▲▲▲   | Recipient:<br>EC Headquarters<br>EC Delegation-Management |
| <b>Transport</b>                           |   |   |
| <b>Overall statement of recommendation</b> | <b>Re-assess the strategic role that the EC should play in the transport sector, taking into account rural development, strategic economic growth regional integration and the lessons learned over the past years in the sector (including project design and time/financial estimating)</b> |   |



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|   | <b>into account.</b>   |
| <b>Specific recommendations dealing with conclusions drawn from EQ.</b> | <ul style="list-style-type: none"> <li>• The strategic response of the EC was to reinforce UNRA capacity development with a large TA programme (covering as well a support for the Road Fund) and to extend NCR improvement southward. This option was pragmatic, taking into account GoU priorities and the existing concentration of planning and managing capacities within UNRA. However, considering the lengthy reform process recorded to-date, EC should begin to encourage and support the GoU in carrying about a renewed rural roads maintenance and a legal and institutional framework improvement programme.</li> <li>• At least on a short term basis, EC support to road improvement should be partly re-allocated from NCR itself to adjacent district and rural roads.</li> <li>• The extreme concentration of EC funding on NCR should be moderated by allocating in each contractor's contract a share of 20% (approximately-this is an indicative figure) for adjoining district roads spot improvements and current maintenance in order to support agricultural growth in those areas. This should clearly be done in down-sizing the length of the NCR improved. Main contractors should be allowed to sub-contract improvements on district roads to local registered contractors in a learning-by-doing process which might be supported by UNRA through its EC TA support.</li> <li>• Transport facilitation, and particularly the reduction of non-tariff barriers (including administrative and other processes), should become a major EC contribution to the transport sector in the coming years. This should be channelled through support to the transport section of the MoWT for revising the regulatory framework, supporting its enforcement and scoping efficient cooperation modalities with the Ministry in charge of external trade, the Uganda Revenue Authority (border crossing management) and Police forces (road blocks).</li> </ul> |
| <b>Comment</b>  | None   |
| <b>Link:</b>  | Meta Conclusions: III-IX   |

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| <b>Rec. No: 5 Management Functions</b>                                  | Priority: ▲▲  | Recipient:<br>EC Headquarters<br>EC Delegation-Management |
| <b>Overall statement of recommendation</b>                              | <b>Significantly improve the ability of EC managers to make decisions based on valid and comprehensive data, especially but not uniquely with respect to strategic prospecting and analysis and progress and results monitoring.</b>  |   |
| <b>Specific recommendations dealing with conclusions drawn from EQ.</b> | <ul style="list-style-type: none"> <li>• The EC should define what type of information and knowledge support it requires to be able to operate. Only the most modern systems and tools should be used and an investment in knowledge management would probably result in high benefit/cost ratios.</li> <li>• Where data is not available, the EC should invest in data capture and analysis; this recommendation should be immediately applied to the agricultural and rural development sector, perhaps through specific and targeted support to UBOS.</li> <li>• The EC should significantly strengthen its monitoring systems and ensure they are all based on results.</li> <li>• The EC should always establish a baseline before starting project implementation, including those for EDF 10.</li> <li>• Performance standards and the nature and quality of data bases (including the critically important development of baselines on</li> </ul> |   |

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|                | <p>production and markets) should be agreed upon between partners before another intervention in rural development is agreed to.</p> <ul style="list-style-type: none"> <li>• Make sure that monitoring procedures proposed in project design are actually followed during implementation from the very beginning, covering outputs and outcomes, but also impact.</li> <li>• Continue and internalise ROM activities, focusing them on projects with suspected weaknesses and ensure evaluations. When these tools are used, the EC managers and stakeholders need to take the time to decide what to do with the information and knowledge gained.</li> <li>• Continue to support NIMES in the development of its systems and functions, and establish a permanent dialogue with that organisation in order to benefit from the available knowledge and information.</li> <li>• Finance, possibly under a project approach, an “Observatory of Public Expenditures and Policies” that would be implemented by Civil Society and Universities. The purpose of this organisation is to permanently analyse GoU expenditures and policies and prepare publications which are easily understandable by a broad spectrum of stakeholders including politicians, donors, the media and civil society.</li> </ul> |
| <b>Comment</b> | Effective policy and political dialogue and project management between the EC and the GoU cannot take place without valid, up-to-date and relevant data, and the EC requires this information in order to plan and monitor on a results basis.   |
| <b>Link:</b>   | Meta Conclusions: II   |

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| <b>Rec. No: 6</b>   | Priority: ▲▲   | Recipient:<br>EC Headquarters<br>EC Delegation-Management |
| <b>NSA development</b>  |  |   |
| <b>Overall statement of recommendation</b>                              | <b>Based on a strategy of social inclusion, improve the capacity of private and non-state actors to develop themselves with punctual assistance from the EC, specifically in the domain of advocacy and social organisation. That assistance should be focussed, long-term, and highly predictable, and should be based on the principle of mutual accountability between the EC and the NSAs/private actors.</b>  |   |
| <b>Specific recommendations dealing with conclusions drawn from EQ.</b> | <ul style="list-style-type: none"> <li>• The EC should continue with its strategy of addressing institution building/strengthening issues at the highest levels, but it must ensure that affected organisations always leverage the EC support to the local levels.</li> <li>• Strengthening existing forms of organisation at grassroots level (e.g. cooperatives) and strengthening institutions at local level is the key to ensuring good management of the systems set up in development interventions, and to promoting sustainability. In order to manage the scope and distribution of these local entities, the EC should work through higher organisational levels.</li> <li>• The EC should reduce its areas of NSA and cross-cutting support to the most strategic, particularly to interventions destined to strengthen accountability and democratic governance. It should also increase and balance investments between the ‘supply and ‘demand’ side for accountability. If possible, the EC should support CSOs that promote civic participation in governance, accountability, civic education and the reform of electoral processes.</li> <li>• Because they are intimately tied to good governance and accountability, the EC should immediately engage the GoU in policy dialogue on the roll-out of the Fiscal Decentralisation Strategy, on local economic development; and on the viability of supporting, over</li> </ul> |   |

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|                | <p>the long term, the new and the smaller districts.</p> <ul style="list-style-type: none"> <li>• The EC should be more pro-active and more forceful in its dealings with the GoU in the areas of HR and corruption. It should engage the GoU in setting performance benchmarks for sustained and continued action in these areas. It should also engage the GoU on its performance and plans for creating an enabling environment for its citizens in accordance with constitutional provisions and accepted international standards</li> <li>• The EC should assist the NSAs and the GoU to regularize CSO/ Government relationships on a stable and equitable framework, based on the rule of law and the NGO Amendment Act, through specific events, research and policy dialogue.</li> </ul> |
| <b>Comment</b> | None  |
| <b>Link:</b>   | Meta Conclusions: V-X   |

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| <b>Rec. No: 7</b>   | Priority: ▲▲   | Recipient:<br>EC Headquarters<br>EC Delegation-Management<br>EC-Delegation Implementation |
| <b>Environment</b>  |  |   |
| <b>Overall statement of recommendation</b>                              | <b>Strictly enforce EC policies and practices concerning the environment and, if the GoU is found wanting in applying its own policies, the EC should strongly engage the GoU at the appropriate level.</b>  |   |
| <b>Specific recommendations dealing with conclusions drawn from EQ.</b> | <ul style="list-style-type: none"> <li>• The EC should continue to support the protection of environment and wild-life through interventions under project approaches based on priority problems.</li> <li>• The EC should, closely monitor forest cover and wetlands degradation through the support to NSAs.</li> <li>• The EC should closely monitor NAADS in order to determine its performance in the sustainable use and management of natural resources; it should also promote the implementation of village-based sustainable resource management.</li> <li>• It should insist, through the application of appropriate triggers in GBS and SBS and in other fora for policy dialogue, that GoU pay the necessary attention to environmental impacts (as foreseen in the PEAP), especially its wetlands and its climate change.</li> </ul> |   |
| <b>Comment</b>  | None   |   |
| <b>Link:</b>  | Meta Conclusions: XII  |   |

**Table 11: Comparison of the 2001 Country Programme Evaluation Report and the Conclusions/Recommendations outlined in this Report**

The Evaluation Team was specifically mandated to compare the results of its analysis with the analysis carried out for the 2001 Evaluation Report. The following are the key elements of that comparison.

In comparing conclusions and recommendations made in the initial country evaluation undertaken in 2001 with the present one, it can be observed that significant progress has been made and many of the mentioned difficulties have been overcome. In comparing these documents it is noted that:

- ✓ Overall, and in keeping with the conclusions and recommendations of the initial evaluation, we found that the CSP 2001-2006 was more consistent with GOU priorities and concentrated (in line with the Paris Declaration) in fewer sectors of intervention. Overall findings and conclusions in this evaluation point to the fact that the CSP 2001-2006 was defined within a much more participatory approach through consultation with civil society. This evaluation noted that consistency between strategic objectives found in strategic documents has improved and greater care (notably through due diligence and in-depth analysis as well as through a concerted effort to ensure alignment with national priorities stated in official GoU development strategy documents) has been taken to ensure that the objectives of each EC intervention is directly pertinent to the needs of the Country (as per initial recommendations).
- ✓ The 2001 evaluation recommended that “EC strategy should focus on two principal objectives: first, the reduction of poverty; and second, good governance, including improvements in public administration and anti-corruption actions”. The findings of the present evaluation note that this has essentially taken place with the CSP 2001-2006 concentrating its interventions in GBS, rural development and transport as focal sectors and placing Good Governance under the umbrella of non-focal sectors. Although the initial recommendations were taken into consideration, the conclusions of the present report identify that it might have been possible to mainstream poverty orientation still more.
- ✓ Present conclusions show that the initial recommendation concerning the prioritization of programme-based approaches over project-based interventions was well adopted, and although some interventions were financed under project approaches during the reference period for the present evaluation (including interventions financed with STABEX funds which, in the opinion of both evaluation teams is limited in terms of transparency and accountability), the nature of the objectives sought, combined with the strategy retained for their achievement, justified the use of those approaches.
- ✓ The initial recommendations concerning the transport sector are still valid as per our analysis: “EC (together with other key donors) should focus on institutional development and capacity-building”. Although the initial recommendation has been taken into consideration, we conclude that progress in institutional development is still limited and further support will be needed. The EC still has not focused on rural roads as per initial recommendations, but this evaluation concluded that the specific interventions chosen for implementation by the EC, although still overly optimistic in their scope considering the capacity of the Country, clearly reflect the stated needs and priorities of the GoU as per its development strategy, so the choice of intervention was purposefully done.
- ✓ This evaluation observed that the EC has withdrawn from direct support to the health and education sectors as per the initial evaluation’s recommendations, and notes that the EC has adopted recommendations that it should become more involved in the agricultural/rural development sector and to support a sector support programme. At the same time, this evaluation found that the initial evaluation’s recommendation that the EC should continue and improve its support the strengthening of civil society has been acted upon, although conclusions in the initial report concerning the monitoring of the PAF by CSO were not observed by this evaluation. This report also noted that the Delegation has overly-limited formal working relationships with Civil Society.
- ✓ Initial conclusions concerning the intent of the GoU to roll-out an ambitious decentralisation process have also been observed by the present evaluation.

- ✓ As per recommendations stated in the initial evaluation, we found that donor coordination has improved significantly since the 2001 evaluation but needs to improve much more, especially in the light of the Paris Declaration and the present development priorities being pursued by the GoU.
- ✓ The initial evaluation concluded that a number of initiatives to combat corruption have been put into place under a general feeling of optimism in the country. This evaluation notes that corruption is still a major problem although there is still a willingness to fight corruption among the citizens.
- ✓ The initial evaluation concluded that “regional integration initiatives so far have had relatively little substantive impact”, a conclusion also reached by this evaluation (with a focus on “substantive”).
- ✓ In concert with the initial evaluation, this report found that there continues to be an absence of effective and stable mechanisms within the Delegation for ensuring gender or environmental assessment of EC projects, although there are provisions for ensuring front-end analysis of these cross-cutting issues.
- ✓ Both evaluations concluded that the implementation of agricultural/rural development strategies is weak, largely but not uniquely due to the capacity of the sector ministries involved.