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INDEPENDENT EVALUATION GROUP

OPEV
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Département de l'évaluation des opérations

Uganda
Country Assistance Evaluation, 2001–2007

Joint IEG/OPEV Country Assistance Evaluation

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Abbreviations

AfDB	African Development Bank
ADF	African Development Fund
AEF	Africa Enterprise Fund
APL	Adjustable program loan
CAE	Country Assistance Evaluation
CAS	Country Assistance Strategy
CASCR	Country Assistance Strategy Completion Report
CSP	Country Strategy Paper
DFCU	Development Finance Company of Uganda Limited
FDI	Foreign direct investment
GBS	General Budget support
GDP	Gross domestic product
GNI	Gross national income
HIPC	Heavily Indebted Poor Countries
HSSP	Health Sector Strategic Plan
IDA	International Development Association
IEG	Independent Evaluation Group
IFC	International Finance Corporation of the World Bank Group
IMF	International Monetary Fund
LGDP	Local Government Development Project
M&E	Monitoring and evaluation
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries
MDG	Millennium Development Goal
MDRI	Multidonor Debt Relief Initiative
MTEF	Medium-Term Expenditure Framework
MW	Megawatt
NEMA	National Environmental Management Agency
ODA	Official development assistance
OECD	Organization for Economic Cooperation and Development
OPEV	Operations Evaluation Department of the AfDB
PAF	Poverty Action Fund
PEAP	Poverty Eradication Action Plan
PCR	Project Completion Report
PER	Public Expenditure Review
PMA	Plan for Modernization of Agriculture
PPAR	Project Performance Assessment Report
PRGF	Poverty Reduction and Growth Facility
PRSC	Poverty Reduction Support Credit
PRSL	Poverty Reduction Support Loan
PRSP	Poverty Reduction Strategy Paper
PSD	Private Sector Development
SIL	Specific investment loan
SME	Small and Medium Enterprise
SWAp	Sectorwide approach
UA	Unit of Account (for the ADF)
UEB	Uganda Electricity Board
UJAS	Uganda Joint Assistance Strategy
WSS	Water Supply and Sanitation

All $ amounts are U.S. dollars.

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Foreword

This joint Country Assistance Evaluation (CAE) report has been prepared by a joint team from the Independent Evaluation Group (IEG) of the World Bank and the Operations Evaluation Department (OPEV) of the African Development Bank (AfDB). It reviews the assistance provided by the World Bank and the AfDB to Uganda during 2001-2007 based on the fiscal years 2001-03 World Bank Country Assistance Strategy, the 2002-04 AfDB Country Strategy Paper, and the Uganda Joint Assistance Strategy. These strategies focused on promoting governance, growth, and human development, and were pursued through a net commitment of $2.1 billion by the International Development Association (fiscal years 2001–07) and $732 million equivalent (2002-07) by the African Development Fund.

The assessment concluded that the World Bank's assistance strategies showed strong client orientation and were aligned with Uganda's poverty reduction strategy. The programs were substantially effective in decentralization, public sector reform, growth and economic transformation, education, and water and sanitation. However, more could have been done to help: (i) counter the perception of increasing corruption; (ii) improve power supply; (iii) reduce transport costs; (iv) enhance agricultural productivity and; (v) help with family planning and reproductive health.

The assessment also concluded that the assistance provided by the AfDB was relevant and aligned with the government's development goals. AfDB support substantially achieved its objectives for decentralization, public sector finance, growth and economic transformation, improved competitiveness, agriculture, and water and sanitation, as well as education and health. However, there were some shortcomings in the assistance provided for power and roads and in reducing corruption.

Based on lessons from the evaluation, many of which reinforce those of previous separate IEG and OPEV country assistance evaluations, IEG recommends that the World Bank: (i) support the development of an analytic framework to guide Uganda's decisions on governance reform; (ii) encourage and help the government in developing medium-to-long-term master plans for infrastructure; and (iii) assist in coordinating ongoing monitoring and evaluation initiatives through a single framework.

OPEV recommends that the AfDB relocate sector specialists closer to the client; seek deeper engagement in a limited set of priorities; and undertake regular (perhaps joint) analytic work and project self-evaluation to underpin its strategy and project assistance. It is also recommended that both banks reinforce the effectiveness of general budget support as an instrument for minimizing transaction costs and facilitating the use of country systems.

Preface

This joint Country Assistance Evaluation (CAE), prepared by the Independent Evaluation Group (IEG) of the World Bank and the Operations Evaluation Department (OPEV) of the African Development Bank (AfDB), reviews the assistance provided by the World Bank and the AfDB to Uganda during 2001-07. Since the assistance provided by the two banks was not jointly-financed, the report examines whether: (a) the objectives of the assistance of the two banks were the "right" ones given the country context and the mandate of each bank; (b) the designs of the banks' assistance programs were appropriate, effective, and consistent with their associated objectives; and (c) the program and interventions of each bank achieved their objectives and contributed (or are likely to contribute) to the intended outcomes. Examining these questions allows the joint CAE to draw lessons and recommendations for future assistance, either individually or collectively. Annex B describes the methodological framework.

The joint CAE is based on a comprehensive review of relevant documents and evaluations: (i) IEG/OPEV background papers covering the main building blocks of the banks' support to Uganda; (ii) relevant parts of recent sectoral, thematic, and "corporate" evaluations; (iii) project assessments, including Implementation Completion Reports, Project Completion Reports (PCRs), and IEG reviews and Project Performance Assessment Reviews (PPARs). In addition, interviews were conducted with senior Ugandan government officials, representatives of the private sector and civil society (including local and international nongovernmental organizations), bilateral and multilateral development partners, World Bank and International Monetary Fund (IMF) staff in Washington and in Uganda, and the AfDB staff in Tunis and Uganda. A list of persons interviewed during report preparation, including those in Uganda during the IEG/OPEV mission in January/February 2008, is provided in Annex H.

Comments from the World Bank and AfDB operational teams were received on November 21, 2008, and November 30, 2008, respectively, along with the World Bank and AfDB operational teams' responses to the Management Action Record (MAR). These comments have, to the extent possible, been addressed in the report. A draft of the joint CAE was shared with the government, but no official comments were received. The Chairman's Summary of the Committee on Development Effectiveness (CODE) is also attached.

Summary of World Bank Program Outcome Ratings*

IEG's Country Assistance Evaluations (CAEs) *assess and rate the outcomes* (the "results") *of a given World Bank country program relative to its objectives*. This differs from rating country outcomes or Bank or client government performance. The central question underlying the table that follows is: "To what extent did the World Bank program achieve the outcomes that it set out to achieve?" Distinct ratings and sub-ratings are typically assigned to each "pillar" or set of strategic goals outlined in the relevant Bank strategy document(s) (see annex B).

Country Assistance Strategy Goals	Achievement of Associated Country Assistance Strategy Results	World Bank Program Outcome Ratings
Governance		Moderately Satisfactory
Decentralization	Financial management and accountability reforms supported under local government yielded positive results in building institutions and enhancing capacity. Program achieved targets established under Local Government Development Project grant.	Satisfactory
Public Sector Reform	Limited capacity in ministries, departments, and agencies did not permit the institutionalization of the results-based approach to public service management. Expected pay reform was also not fully achieved. Support for financial management reforms yielded positive results.	Moderately Satisfactory
Anti-Corruption	Support to improve accountability has not significantly reduced the perception of high corruption. Government effectiveness is perceived not to have improved. Use of Poverty Reduction Support Credit did not facilitate governance reform, as the direct links between Bank support and outcomes were not clear. The analytic basis for governance reform was limited.	Moderately Unsatisfactory
Growth		Moderately Satisfactory
Growth & Macro-Stability	Growth was moderate and only slightly off expected target, but World Bank analytic support was not particularly timely. Fiscal prudence was maintained, although arrears remained due to implementation weaknesses with the Medium-Term Expenditure Framework. Domestic revenue mobilization was modest. The government's aid dependence remains high with likely implications for "Dutch disease."	Satisfactory
PSD and Competitiveness	World Bank support, with IMF collaboration, helped to deepen the financial sector, promote privatization, and improve the regulatory environment. Nonetheless, the economy's competitiveness was not significantly enhanced because of failure to resolve the power issue, substantially reduce road transport cost, and improve access of SMEs to financial sector services.	Moderately Satisfactory
Agriculture and Environment	Support for agriculture, although focused, emphasized institutional capacity-building too heavily. Support for the National Environmental Management Agency has improved the focus on the preservation of the natural environment. But the analytic work was not matched by comparable operations. Current status of agriculture productivity is unknown.	Moderately Satisfactory
Human Development		Moderately Satisfactory
Health	Despite improved access and citizens' satisfaction with public health service delivery, there remain unsatisfactory outcomes in family planning and reproductive health. Poverty Reduction Support Credits have declined as effective instruments for dealing with specific health sector issues.	Moderately Unsatisfactory

Country Assistance Strategy Goals	Achievement of Associated Country Assistance Strategy Results	World Bank Program Outcome Ratings
Education	Support has: (i) yielded equitable coverage, especially for girls; (ii) provided institutional strengthening by meeting output targets established in the Poverty Eradication Action Plan; and (iii) sustained resource flow to the sector through Poverty Reduction Support Credits. Support was unable to deal with inefficiency issues and concerns with Uganda's attainment of the Millennium Development Goal 2.	Moderately Satisfactory
Water & Sanitation (service delivery aspects)	Support through the Poverty Reduction Support Credits to local governments helped exceed all Country Assistance Strategy performance targets (protected springs, boreholes drilled, and new wells constructed). Both rural and urban access to safe water showed major improvement, on track to exceed the corresponding Millennium Development Goal targets. There was limited progress in sanitation provision and hygiene mitigation, with potential negative effects on the achievement of Millennium Development Goals in the area of infant, child and maternal mortality.	Satisfactory

* As emphasized in several places in the CAE, the World Bank and AfDB ratings should not be compared.
Notes: AfDB=African Development Bank; CAE=Country Assistance Evaluation; IMF= International Monetary Fund; SME=small and medium enterprises.

Summary of African Development Bank Program Outcome Ratings*

The African Development Bank's (AfDB) Operations Evaluation Department's Country Assistance Evaluations (CAEs) *assess and rate the outcomes* (the "results") *of a given African Development Bank country program relative to its objectives*. This differs from rating country outcomes or AfDB Bank or client government performance. The central question underlying the table that follows is "to what extent did the African Development Bank program achieve the outcomes that it set out to achieve?" Distinct ratings and sub-ratings are typically assigned to each "pillar" or set of strategic goals set out in the relevant Bank strategy document(s) (see annex B).

Country Strategy Paper Goals	Achievement of Associated Country Strategy Paper Results	AfDB Program Outcome Ratings
Governance		Moderately Satisfactory
Decentralization	Assistance provided by the AfDB helped strengthen institutions and human capacity in financial management and accountability of local government. This contributed to improved access to basic services.	Satisfactory
Public Sector Management Reforms	Support for procurement reform has not yet yielded the expected results. Support for financial management has helped the government to achieve expenditure targets with respect to poverty spending.	Moderately Satisfactory
Anti-corruption	Support for accountability and training to facilitate the reduction in corruption has not helped to reduce significantly the perception of high corruption. Government effectiveness is perceived not to have improved through the assistance provided for audit systems.	Moderately Unsatisfactory
Growth		Moderately Satisfactory
Growth, Fiscal Reform, and Export Diversification	AfDB's contribution was substantial in achieving poverty-reducing expenditure targets. Fiscal prudence was maintained, although arrears remain. Revenue mobilization remains weak. Substantial progress was made on export diversification.	Satisfactory
Private Sector Development/SME Development and Competitiveness	Focus on rural finance helped improve availability of lines of credit to SMEs. Support for communal roads is helping open up the rural areas. Overall, the economy's competitiveness was not significantly enhanced because of the failure to resolve the power issue and to substantially reduce transport costs.	Moderately Satisfactory
Agriculture	Diversified approach to supporting agriculture yielded mixed results: sustained growth of agriculture of 3 percent has not been achieved, but the integrated approach is helping reduce soil degradation, commercialize traditional agriculture, and develop fisheries and livestock.	Satisfactory
Human Development		Moderately Satisfactory
Health	Improvements in regional access to mental health and primary health care services were achieved. But severe shortages of staffing and drugs continued to limit effective access to mental health care. The lack of adequate monitoring and evaluation program support was also a shortcoming.	Moderately Satisfactory
Education	Increases to both access and quality of education occurred, but quality improvements were limited by the timeliness and quality of the delivery, as well as by the relatively high demand for education. The education system in Uganda still faces high drop-out rates and low transition rate from primary to post-secondary education.	Moderately Satisfactory
Water & Sanitation (service delivery aspects)	Support from the Small Towns Water project helped exceed all Country Strategy Paper performance targets (protected springs, boreholes drilled, and new wells constructed). Both rural and urban access to safe water showed major improvement, on track to exceed the	Satisfactory

Country Strategy Paper Goals	Achievement of Associated Country Strategy Paper Results	AfDB Program Outcome Ratings
	corresponding Millennium Development Goal target. Relative neglect of sanitation provision and hygiene mitigation could have potential negative effects on achievement of Millennium Development Goals in the area of infant, child and maternal mortality.	

* As emphasized in several places in the CAE, the World Bank and AfDB ratings should not be compared.

Notes: AfDB= African Development Bank; CAE=Country Assistance Evaluation; SMEs= small and medium enterprises.

Executive Summary

The World Bank and the African Development Bank programs in Uganda covering the years 2001–07 were contained in the fiscal year 2001–03 World Bank Country Assistance Strategy (CAS), the 2002-04 AfDB Country Strategy Paper (CSP), and the Uganda Joint Assistance Strategy (UJAS). These strategies focused on promoting governance, growth, and human development. Net program commitments of $2.1 billion by the International Development Association (fiscal year 2001–07) and $732 million equivalent (2002–07) were made by the African Development Fund.

The World Bank's assistance strategies showed strong client orientation and were aligned with Uganda's poverty reduction strategy. The programs were substantially effective in decentralization, public sector reform, growth and economic transformation, education, and water and sanitation. However, more could have been done to help counter the perception of increasing corruption, improve power supply, reduce transport costs, enhance agricultural productivity, and help with family planning and reproductive health.

The AfDB's assistance was also relevant and aligned with the government's development goals. Its support substantially achieved its objectives for decentralization, public sector finance, growth and economic transformation, improved competitiveness, agriculture, and water and sanitation, as well as education and health. However, there were some shortcomings in the assistance provided for power and roads and in reducing corruption.

The International Finance Corporation's (IFC's) main contribution has been in telecommunications, as well as in playing a substantial role in providing assistance for institutional and regulatory reforms in leasing, and in supporting the supply response to these reforms. Limited impact was seen in small and medium enterprise (SME) access to finance, despite significant joint effort with the World Bank.

The Independent Evaluation Group (IEG) of the World Bank recommends that the World Bank support the development of an analytic framework to guide Uganda's decisions on governance reform; encourage and help the government in developing medium-to-long-term master plans for infrastructure; and assist in coordinating ongoing monitoring and evaluation initiatives through a single framework. AfDB's Operations Evaluation Department (OPEV) recommends that the AfDB relocate sector specialists closer to the client; seek deeper engagement in a limited set of priorities; and undertake regular (perhaps joint) analytic work and project self-evaluation to underpin its strategy and project assistance. It is recommended that both banks reinforce the effectiveness of general budget support as an instrument for minimizing transaction costs and facilitating the use of country systems.

This report evaluates World Bank and African Development Bank assistance to Uganda during 2001–07. The motivation to undertake a joint evaluation was the shift to a common strategic framework, the Uganda Joint Assistance Strategy (UJAS), to guide the formulation and delivery of their programs. Under a common strategic framework joint evaluation is, in principal, more cost effective than the equivalent separate evaluations, since at least some aspects of the evaluation can be done together. This also helps to reduce government transaction costs.

The evaluation discusses the outcome of the support of each bank, rates each independently, noting that the two banks are of different size, capacity, and institutional setting. In addition, the two banks have programs that were not implemented jointly but in parallel, although they regularly engaged with one another as development partners. The outcome ratings for the two institutions are therefore not comparable and should not be used to imply that one institution did "better" than the other.

Country Background

With a population of 29.9 million (2006 estimate) and per capita income of $300 (Atlas method, 2006), Uganda is considered one of the world's poorest countries; it is ranked 154 out of 177 countries by the UN Human Development Index (2007).

In 1986, Uganda emerged from civil war with an economy shattered by misrule and conflict. The new government's post-conflict program was directed at economic rehabilitation and stabilization and resulted in a per-capita growth rate of 3.3 percent in the 1990s, a rate that exceeded the average for sub-Saharan Africa. Sound macroeconomic policies contained debt and stabilized prices, and poverty rates declined (with the head-count ratio of poverty falling from 56 percent in 1992 to 34 percent of the population in 2000).

World Bank and AfDB Assistance

Assistance during the period 2001–07 was delivered under the fiscal year 2001-03 World Bank Country Assistance Strategy (CAS), the 2002–04 AfDB Country Strategy Paper (CSP), and the first two years of the UJAS, 2005–2009. All the strategy documents emphasized the promotion of good governance, support for growth and poverty reduction, and the enhancement of service delivery in education, health, and water and sanitation. Although the CAS and CSP were aligned with Uganda's Poverty Eradication Action Plan (PEAP, the title of its Poverty Reduction Strategy Paper), the UJAS was also the mechanism for enhanced donor alignment on a common set of priorities.

The World Bank and AfDB together disbursed about $1.9 billion ($1.6 billion from the International Development Association and $282 million from the Africa Development Fund), constituting about 29 percent of total overseas development assistance to Uganda during calendar years 2001-06. Commitments of IDA credits and grants totaled $2.1 billion during Fiscal year 2001–07, about 40 percent of which was budget support provided through Poverty Reduction Support Credits. Apart from a single Poverty Reduction Support Loan of UA40 million, the AfDB focused on investment projects, with total commitment of UA492 million, or $732 million, during 2002–07.

The World Bank also carried out an extensive program of analytic and advisory activities dominated by diagnostic economic and sector work, most notably annual public expenditure reviews. Although these had significant impact, the relevance of the Bank's analytic and advisory activities could have been enhanced with studies focused on anti-corruption, civil service reforms, and population growth, and with more timely coverage of growth issues, as was done in the 2007 Country Economic Memorandum. The AfDB delivered a few pieces of analytic work, but depended largely on the World Bank and other development partners for such analysis.

Assessment of the World Bank's Contribution

The overall outcome of the World Bank's support is rated "moderately satisfactory." This reflects the combined ratings for the relevance of objectives, design factors, choice of instruments, and efficacy. Regarding relevance, the World Bank's strategies and supporting programs showed strong client orientation and emphasized technical quality, especially the analytic work and project preparation that underpinned its interventions. Moreover, by addressing complex policy and institutional development issues in governance, growth, and human development, the level and scope of support was comparable to what the World Bank provided to countries with development needs similar to that of Uganda. Although it is not possible to evaluate the efficiency of the World Bank's support, the resources were used to meet the targets proposed in the CAS and reflected CAS objectives. The analytic and advisory activities were cost-effective and complemented the lending program, and portfolio performance was close to the World Bank's average.

The World Bank's assistance was substantially effective and achieved its objectives for decentralization, public sector reform, growth and economic transformation, education, and water and sanitation. Public sector reform, including financial management and accountability reforms, supported by general budget support and capacity-building, helped enhance institutions and service delivery in rapidly expanding local government structures. Along with the International Monetary Fund (IMF) and other development partners, the World Bank's policy dialogue helped the government maintain a prudent fiscal stance throughout the period, although analytic work on the slow-down of growth was not timely. Support for education and health helped to increase coverage, improve access, and establish a framework for better service delivery.

Bank support achieved modest outcomes in key areas of the government's poverty reduction agenda. The support was not fully successful in helping to counter the perception of increasing corruption, promoting a competitive business environment through improved supply of power and reduced transport costs, enhancing agricultural productivity, or helping with family planning and reproductive health.

Assessment of the AfDB's Contribution

The overall outcome of AfDB's support is rated "moderately satisfactory." This rating should be considered against a backdrop of AfDB's limited resource base, its strategic selection of areas in which to intervene, and the role played by other development partners. The AfDB aligned its strategies with the Poverty Eradication Action Plan (PEAP) and provided selective assistance by complementing the activities of other development partners, including the World Bank. However, the efficiency of resource use on targets set in the CSP was lower than expected given the long project effectiveness and gestation periods, which tended to impede the timely realization of project benefits.

AfDB's assistance was substantially effective in achieving its objectives for decentralization, public sector reform, growth and economic transformation, improved competitiveness, agriculture, water and sanitation, and health and education. The AfDB complemented the efforts of other development partners, notably the World Bank, in supporting decentralization through capacity building and institutional support. Its assistance was particularly important in improving access to potable water supply through its small-town and rural water projects, as well as to mental health, primary health care, and education services. Its diversified approach to agriculture through support for fisheries and livestock is likely to improve rural incomes. In other areas, AfDB's support was less effective. For example, its anti-corruption efforts needed refocusing and quality issues in healthcare and primary education needed to be addressed.

IFC's Assistance

The IFC's activities in Uganda covered the period between 1999 and 2008. IFC's set of objectives included support for the development of infrastructure, financial and social sectors, and the growth of small scale enterprises, with special emphasis on empowering women entrepreneurs. During this period, the IFC invested US$178 million in 10 projects in Uganda, encompassing: power, telecommunications, financial sectors, and small investments in agribusiness and education.

The IFC also undertook advisory services operations that focused predominantly on infrastructure (52 percent) and access to finance (33 percent). These operations supported privatization, large infrastructure projects, telecommunications, small and medium enterprise (SME) growth, access to finance for woman entrepreneurs, and mortgage finance.

Assessment of IFC's Contribution

The IFC's main contribution has been in telecommunications, where it helped restructure the sector and expand access to mobile communications. In addition, the IFC played a substantial role providing assistance to institutional and regulatory reforms in leasing and supported the supply response to these reforms by helping clients introduce new financial products in the market. These included: (i) pioneering of the leasing industry in Uganda; (ii) introduction of mortgage programs; (iii) introduction of a trade finance program; and (iv) the piloting of a program targeting women's access to finance. In these instances, the IFC's additionality was in the provision of long-term finance and expert advice in business development which were critical in mitigating the risks of entering new untested sectors. Despite significant joint efforts with the World Bank, the desired results in the energy sector have yet to be seen. Limited impact was seen in SME access to finance and in developing housing finance, despite reforms in these areas. Factors of success included: sustained involvement in priority sectors such as energy, telecommunications, and financial services; a government committed to policy and institutional reform; and a close and well-established relationship with clients.

Alignment and Harmonization

Although aid alignment and harmonization were not explicit aims of any strategy, they were important drivers for the support provided by the two banks. Alignment behind a common set of priorities was facilitated by the first PEAP in 1997, in which the government encouraged the development of sectorwide approach (SWAp) arrangements and the introduction of general budget support (which includes sector budget support, support notionally earmarked to the Poverty Action Fund, and support not earmarked to any sector, such as Poverty Reduction Strategy credits and loans). Further progress on alignment occurred when a group of seven development partners, including the World Bank and the AfDB, completed the UJAS in 2005. That document included a common policy matrix corresponding to the results matrix in the PEAP.

Although the PEAP and the UJAS have facilitated the adoption of common development priorities among development partners, the alignment process has led to a large number of sectoral working groups, which—at least in the view of some—is negating the anticipated reduction in transaction costs for the government and its partners. In addition, although the UJAS partnership has increased its membership to 11, is still small relative to the 42 development partners providing assistance to Uganda. So, even as the UJAS has been a major move in the right direction, it would benefit from clarification of the main principles underlying the partnership along the lines of the 2005 Paris Declaration of Donor Harmonization and Aid Effectiveness.

The aid harmonization mechanism in Uganda is also making progress. With general budget support currently accounting for about half Uganda's official development assistance, the use of country systems for procurement and other processes is expanding.

Progress notwithstanding, development partners' mix of aid delivery mechanisms still varies widely. Some, such as Ireland and the United Kingdom, have moved predominantly toward budget support, and others, such as Germany, provided only a small portion of their assistance as budget support. The World Bank has markedly shifted emphasis toward budget support, but still provides almost half of its support through projects. The AfDB provided one round of budget support through the

Poverty Reduction Support Loan (in 2002). However, because of restrictions on procurement of items from non-AfDB member countries, the AfDB is unable to participate in SWAps and continues to provide almost all of its support through projects.

Overall, although efforts at alignment and harmonization have been substantial, both UJAS (on alignment) and the procedures around the general budget support instrument (on harmonization) need further refinement in order to attract increasing participation from all development partners. The World Bank and the AfDB, along with other multilateral institutions, can lead in this area.

Recommendations

Two sets of separate recommendations are provided, one for the World Bank and the other for the AfDB. The third recommendation applies to both banks. These all build on the recommendations provided in the earlier 2001 IEG and the 2004 OPEV Country Assistance Evaluations. The review notes that the recommendations in both documents were not fully implemented, especially those with respect to the World Bank taking a stronger stance on governance and the AfDB deepening it's economic and sector work.

Regarding the World Bank, program implementation was reasonably on target, commitments reflected the objectives of the program, analytic work was relatively cost effective, and portfolio performance was close to the World Bank average. From this, it may be concluded that resources were adequately directed to their intended use. World Bank assistance could continue to:

- Support government efforts to develop an analytic framework to guide decisions on governance reforms. Such a framework would help define the causal links between various interventions and expected outcomes related to improved governance.

- With the help of development partners, encourage and support government efforts to develop medium-to-long-term master plans for infrastructure development in order to promote private sector participation, competition, and regulatory reform.

- Encourage the government to coordinate ongoing monitoring and evaluation initiatives by its development partners in order to secure reliable monitoring and evaluation of its overall poverty reduction strategy.

Regarding the AfDB, concern with program effectiveness could be raised given the long project effectiveness and gestation period, which could in turn reduce the timely outcome of project benefit. In this respect, the AfDB could:

- Strengthen its presence by relocating sector specialists to the country in order to raise its profile and improve policy dialogue. This is particularly important in the areas where the AfDB plans to stay engaged. To avoid spreading staff too thinly, one option may be to deploy sector specialists to regional hubs.

- Use limited resources more effectively by seeking deeper engagement in a limited set of areas.

- Undertake regular (perhaps joint) economic and sector work and project self-evaluation to underpin strategy and project assistance.

Regarding both the World Bank and the AfDB:

- Seek to reinforce the effectiveness of general budget support as an instrument for minimizing transaction costs and facilitating the use of country systems. Channeling funds through the recipient country's institutions helps to strengthen the governance structures and capacities and facilitates aid harmonization. This will require a greater focus on reaching agreement with other UJAS members on a joint budget support mechanism and assisting the government in budget prioritization, and monitoring and evaluation.

Management Action Record

For the World Bank:

IEG Recommendations Requiring a Response	Management Response
Support the government in developing an analytic framework to guide decisions on governance reforms. Such a framework will help define the causal links between various interventions and expected outcomes in terms of improved governance.	The government will be supported to strengthen its monitoring and evaluation system to ensure that it: (a) identifies both institutional and management constraints that affect achievement of outcomes at all levels, and: (b) can link the achievement of results to the budgeting process. There is ongoing work in a number of sectors to link the results-oriented management framework to budget monitoring; this will help define the link between reforms in these sectors and improved service delivery, that is, improved governance in terms of accountability. The World Bank will assess opportunities to integrate cross-cutting governance indicators in developing a new Country Assistance Strategy for Uganda as well as applying a governance lens at the sector and project levels.
With the help of other development partners, encourage and support the government to develop medium-to-long-term master plans for infrastructure development in order to promote private sector participation, competition, and regulatory reform, as well as to enhance the process of timely institutional building.	The World Bank, in collaboration with other development partners, is already working with the government on master plans for infrastructure development as outlined below: • A sector working group was put in place in 2006, to allow for more formal coordination between the stakeholders involved in the sector, so as to enhance the efficiency and effectiveness of its development. • The World Bank is supporting the preparation of a Sector Investment Plan under the ongoing Power Sector Development operation. • The government, with the support of the World Bank (under the financing of Energy for Rural Transformation I), has prepared an Indicative Rural Electrification Master Plan which operationalizes the Rural Electrification Strategy and Plan (increased rural access to electricity). • The World Bank is helping Uganda to put in place a legal and regulatory framework for the implementation of Public-Private Partnerships. In the transport sector a master plan has been put in place that calls for substantial private sector participation. In addition, endeavors are being made to create a Multi-Sector Regulatory Authority. The government, with support from the World Bank, has contributed to the East African Community Railways Master Plan focusing on extending and improving nation-

IEG Recommendations Requiring a Response	Management Response
	al and regional railway coverage.
Encourage the government to coordinate major ongoing monitoring and evaluation (M&E) initiatives supported by its development partners in order to secure reliable M&E of its overall poverty reduction strategy, thereby helping to facilitate adequate sequencing of policy reform.	The World Bank, in collaboration with other development partners, is closely following and supporting the government in the process of improving and harmonizing the existing M&E initiatives in Uganda as part of the development and finalization of the new Poverty Reduction Strategy Paper – the National Development Plan. It is expected that the process will contribute to the completion and application of an M&E framework that will be much more closely linked with budgeting, policy reforms, and implementation, unlike many of the previous M&E systems in the Poverty Eradication Action Plans. Regarding concrete measures, the World Bank is actively participating in the recently revived National Monitoring and Evaluation Technical Working Group (NMETWG) under the Office of the Prime Minister. One of the tasks of the NMETWG is to design and manage support in the preparation of the M&E matrix and strategy for the 5-year National Development Plan. In addition, the World Bank has initiated a one-week training in monitoring and evaluation systems for the NMETWG in December 2008, thus strengthening the capacity of members of this group to carry out its tasks.
Seek to reinforce the effectiveness of general budget support as an instrument for minimizing transaction costs and facilitating the use of country systems, as channeling funds through the recipient country's institutions helps strengthen the governance structures and capacities and facilitate aid harmonization. This will require a greater focus on reaching agreement with other Uganda Joint Assistance Strategy (UJAS) members on a joint budget support mechanism and assisting government in budget prioritization, monitoring, and evaluation.	The World Bank is working closely with the government and other UJAS members in designing a Joint Budget Support Framework that is aligned to the budget cycle and sector processes. At the core of this is a multi-annual Joint Assessment Framework focusing on efficiency in public spending and enhanced service delivery, in support of the government's own value-for-money agenda. The Joint Budget Support Framework is being implemented in phases and will need to be closely aligned to the coming National Development Plan and the corresponding monitoring and evaluation structure, avoiding overlapping frameworks. The findings of the Country Economic Memorandum, together with recent and ongoing Public Expenditure Reviews, are feeding into all these processes. The coming Poverty Reduction Support Credit 8, starting a new Poverty Reduction Support Credit series, will be designed within the structure of the Joint Budget Support Framework.

For the African Development Bank:

OPEV Recommendations Requiring a Response	Management Response
Strengthen AfDB's presence in-country by relocating sector specialists in order to raise its profile and ensure improved policy dialogue. This is particularly important in the areas where the AfDB plans to stay engaged. To avoid spreading AfDB's staff too thinly, one option may be to deploy sector specialists to regional hubs.	We agree. The number of professional staff in Uganda Country Office has grown from only five in 2005 to eight (including two internationally recruited and three locally recruited) in 2008 (of whom three are infrastructure experts). The relocation of internationally recruited sector staff is planned as part of our ongoing decentralization. A social sector expert (based in Nairobi) but covering the region including Uganda has already been relocated.
To use its limited resources more effectively, seek deeper engagement in a limited set of areas.	We concur. During African Development Fund XI, greater selectivity is planned, with 69 percent of the indicative program focusing on Infrastructure (energy, sanitation, transport, and rural infrastructure).
Undertake on a regular basis (perhaps jointly) sufficient economic and sector work and project-level self-evaluation, to underpin its strategy and project assistance.	We agree. This is consistent with the High Level Panel Report (2007) that recognized the need for an enhanced role in knowledge and analytical work. The Uganda Oil Seminar (July 2008) emphasizes the Bank's timely response to the government's request for knowledge sharing and dissemination. Planned analytical work on regional integration in 2009-10 is also in line with this recommendation.
Seek to reinforce the effectiveness of general budget support as an instrument for minimizing transaction costs and facilitating the use of country systems, as channeling funds through the recipient country's institutions helps strengthen the governance structures and capacities and facilitate aid harmonization. This will require a greater focus on reaching agreement with other UJAS members on a joint budget support mechanism and assisting government in budget prioritization, monitoring, and evaluation.	AfDB remains committed to partnering with other UJAS members to minimize transaction costs. At the request of the government, infrastructure remains the priority focus for the Bank and general budget support is thus not envisaged during African Development Fund XI (2008-10).

CHAIRPERSON'S SUMMARY: COMMITTEE ON DEVELOPMENT EFFECTIVENESS

Informal Subcommittee's Report: Uganda Country Assistance Evaluation, 2001-2007

(Meeting of May 20, 2009)

On May 20, 2009 the Informal Subcommittee of the Committee on Development Effectiveness (CODE) considered the Uganda Country Assistance Evaluation (CAE) prepared by the Independent Evaluation Group (IEG).

Summary of the Uganda CAE. A joint team from the World Bank Group's IEG and the African Development Bank's (AfDB) Operations Evaluation Department (OPEV) prepared the CAE. The overall outcome of the World Bank Group's (hereinafter referred to as the Bank) program was rated moderately satisfactory. IEG recommended that the Bank continue to support the Government to: (i) develop an analytic framework to guide decisions on governance reform; (ii) develop medium to long-term master plans for infrastructure development with the aid of other development partners; and (iii) coordinate ongoing monitoring and evaluation (M&E) initiatives by development partners. In addition, IEG urged the Bank, together with other development partners, to reinforce the effectiveness of general budget support.

Management's Comments. Management noted the relevance of the CAE findings for the next Uganda Country Assistance Strategy which is expected to go to the Board in December 2009. There were no major areas of disagreement, and Management elaborated on its ongoing and planned work responding to each area of IEG's recommendations.

Government's Comments. The Representative of the Constituency emphasized the positive partnership between the Ugandan authorities and the Bank, AfDB, and other development partners. She indicated that support in the following areas would be welcomed: (i) more analytical work in specific sectors and tailored to the country context; and (ii) focus on infrastructure. She also encouraged the Bank, together with other development partners, to continue efforts toward~~s~~ greater alignment and harmonization. The Bank's contributions to Uganda's development goals were appreciated, and the importance of strong client orientation and selectivity in future assistance was emphasized.

Main Conclusions. The Informal Subcommitee welcomed the CAE and broadly supported the findings and conclusions. Members positively noted the collaboration with AfDB's Operations Evaluation Department and the CAE's timeliness and relevance for preparing the next Country Assistance Strategy. Management's candid response, including reflections on how to strengthen Bank support, was appreciated. Although commending the achievements in Uganda, some members noted the country's high aid dependency, and expressed some concerns about external debt sustainability. The main comments and questions related to the donor harmonization and coordination, use of budget support, importance of infrastructure development, and support to governance and health. Interest was also expressed in the International Finance Corporation's (IFC) operations.

The following issues were raised:

Donor Support and Coordination. The CAE insights on strengthening donor partnerships including the Uganda Joint Assistance Strategy (UJAS), was welcomed. A few members sought additional information on plans to strengthen harmonization and alignment among donors participating in the UJAS with regards to their overall support, predictable aid flow, and M&E. *Management described the ongoing consultations to prepare the next Country Assistance Strategy, as well as to ensure appropriate framework to monitor its implementation.* Some members remarked on Uganda's high aid dependency, and raised some concerns about the country's external debt sustainability including the possible impact of the infrastructure investment (for example, the Bujagali Hydro Power Project). *Management believes that Uganda continues to merit substantial concessional resource flows for the medium term, with the International Development Association (IDA) amount determined by the performance-based allocation (PBA). It noted that the Bank, together with the International Monetary Fund (IMF) just completed the debt sustainability analysis, and Uganda is doing well as a post-Multilateral Debt Relief Initiative (MDRI) country. Management reassured the members that the Bujagali project is not adding very much to Uganda's public sector debt since most of the financing is private.*

Budget Support. A few members commented on the need for appropriate balance between budget support and investment lending and also cautioned on overemphasizing budget support as a means for aid harmonization. A speaker raised concerns about its use in the absence of more robust fiduciary safeguards and a member considered budget support as a fundamental means of support to a country, ensuring that such support is provided judiciously. The speaker emphasized the need to focus on how countries do rather than on absolute levels of budget support. *Management considered the current level of budget support as justified by Uganda's performance under the PBA in terms of economic efficiency and enabling alignment to the country's development objectives. It also acknowledged that perhaps the Bank's assistance may have focused too much on budget support, and the balance is being reconsidered. Under the new Country Assistance Strategy, Management expected that 30 to 35 percent of annual gross IDA flows to Uganda would be to budget support. Management elaborated on the joint budget support framework, which focuses on fiduciary procedures, and is linked to progress in public financial management. Management concurred on the need to improve domestic resource mobilization,* as emphasized by a few members who also stressed appropriate division of labor between the Bank and AfDB in the area of tax policy and administration. *In response to a question about tax-to-gross domestic product (GDP) ratio in Uganda, Management informed that this was currently less than 15 percent and the Bank was providing support to help Uganda improve this ratio.*

Sectoral and Thematic Areas. A few speakers noted the importance of addressing the binding constraints to development, with a member underlining the need to focus on infrastructure development. *Management said the next Country Assistance Strategy is moving toward providing additional support to infrastructure.* Although welcoming public-private partnerships and involvement of the private sector in infrastructure development, it was suggested that more public sector participation may be merited. More information was sought regarding support to governance, and a note of caution was expressed regarding inclusion of "perception" in evaluating the outcomes of the Bank's anti-corruption initiatives. *Management noted that Uganda's performance on public financial management is relatively positive within the region, and there have been significant achievements in fighting corruption. IEG clarified that perceptions of corruption is considered as they drive behaviors of individuals vis-à-vis the Government, including the private investors.* A member noted the importance of underpinning Bank support with analytical work. A few questions were raised about weaker health outcomes and lessons for AfDB from the Bank's work on decentralization.

IFC Contributions. Some speakers expressed interest in the findings related to IFC's operations. Responding to a question about the CAE's reference to IFC's cumbersome procedure and whether this referred to its environment and social safeguards, *IFC Management said that this was a general issue raised by private sector clients, which is being addressed through decentralization efforts and reviewed on internal business processes. Important lessons emerging from the CAE included how to promote private investment in infrastructure and improve effectiveness in agribusiness, and described its ongoing efforts in these areas.* On the question of its plans for an IFC Country Manager, *IFC Management said Uganda is not yet on the priority list of countries to deploy one.*

General Comments on the Evaluation. A few members asked about IEG's experience and its plans to carry out joint evaluations, to which *IEG said that it is learning how to effectively evaluate with its counterparts in other institutions, given the challenges and constraints such as their limited resources. The upcoming CAE for Bangladesh is based on a common evaluation framework.* A member wondered about the possibility of moving toward risk-weighted evaluation, to draw out more clearly the value-added of the Bank given the risks and difficulties associated with each sector. Regarding any lessons that may be applicable regionally, *IEG noted that it may be able to draw lessons in certain cases but for CAEs, it tried to ensure specific recommendations applicable to the country.*

Giovanni Majnoni,
Chairperson

Chapter 1
Country Background

Since independence in 1962, Uganda's economy has been subjected to shocks, some of which derive from conflict and some from misrule. With a population of 29.9 million (2006 estimate) and a per capita gross national income of $300 (Atlas method), Uganda is considered one of the world's poorest countries, ranked 154 out of 177 countries by the United Nations Human Development Index (2007). However, the country has economic possibilities in the form of substantial natural resources, including fertile soil, high but sometimes irregular rainfall, sizable deposits of copper and cobalt, and largely untapped reserves of crude oil and natural gas. Agriculture is the most important sector of the economy, employing over 80 percent of the workforce, with coffee accounting for the bulk of export revenues.

Country Context

Economic Environment. Although the focus of this evaluation is the period 2001-07, economic and political developments since 1986 influenced developments during the period reviewed. Uganda emerged from civil war in 1986 with an economy shattered by misrule and conflict: gross domestic product (GDP) was more than 20 percent below its 1970 peak, inflation was rampant, the official exchange rate was grossly overvalued, exports (primarily coffee) had shrunk drastically, budgetary discipline had seriously declined, and much of the economic infrastructure had been destroyed.[1]

The new government's post-conflict recovery program was directed at rehabilitation and stabilization of the economy. Macroeconomic performance during the 15-year period 1986-2000 was noteworthy. Per capita GDP growth exceeded the average for sub-Saharan Africa, and international reserves were rebuilt.[2] Sound macroeconomic policies contained debt and stabilized prices—important factors in Uganda's growth and poverty reduction record. Development partners consistently funded a significant part of public spending: aid flows during the period averaged 11 percent of GDP and 50 percent of public expenditure. A flexible exchange rate regime allowed Uganda to weather fluctuations in coffee prices and aid inflows and retain international competitiveness. Most markets were liberalized, and the banking system and some state-owned enterprises were privatized. Poverty rates came down (the headcount ratio for poverty fell from 56 percent in 1992 to 34 percent in 2000), and social spending was increased.

More recently (2001-06), per capita growth and poverty reduction have lost momentum. Per capita GDP growth during 2001-06 averaged 2.2 percent per annum, compared to average growth rates of 3.3 percent during the 1990s. The headcount ratio for poverty rose to 38 percent of the population in 2003, but fell back to 31 percent in 2005/06 (Annex A and World Bank 2006). Apart from the moderation in economic growth, poverty trends were adversely affected by declining terms of trade and widening income inequalities. The fall in per capita growth could be explained by declining contribution from the positive post-conflict "catching-up" effect (that is, by using existing capacity), relatively low productivity growth, very high population growth (now over 3 percent, among the highest in the world), and persistent conflict in the northern part of the country that drained budget resources and limited agricultural production.

Political Environment. Since assuming power, President Yoweri Museveni and his government have promoted press freedom and initiated political reforms to complement their economic reform program. But they still have to deal with the Lord's Resistance Army (LRA), which has controlled parts of the north and east since 1986 and sought to overthrow the government.[3] LRA violence at one time displaced up to 1.7 million people, creating a humanitarian catastrophe, particularly when the displaced were forced into camps for protection. The Uganda Peoples Defense Force (UPDF) launched Operation Iron Fist against LRA rebels in northern Uganda in 2002 and conducted operations against LRA sanctuaries in southern Sudan with the permission of the Sudanese government. Recent peace talks have defused those threats, and Uganda appears focused on seeing the talks to conclusion.

In a 1986 measure designed to reduce sectarian violence, political parties were restricted in their activities. A constitutional referendum on July 28, 2005, voted to restore unrestricted multiparty politics. The referendum was followed by a presidential election in February 2006, which was won by Museveni's National Resistance Movement (NRM). Although the political environment is now characterized by greater representation and media freedom, observers continue to have concerns about Uganda's political process.

Conclusions from Previous Evaluations

The Independent Evaluation Group (IEG) has completed two evaluations on World Bank assistance to Uganda: a Country Assistance Evaluation (IEG-CAE) covering the period for fiscal years 1987-99, and a Country Assistance Strategy Completion Report (CASCR) Review for fiscal years 2001-05.

The Operations Evaluation Department (OPEV) of the African Development Bank (AfDB) completed three reviews during 2002-06: a Country Assistance Evaluation covering 1986-2001 (OPEV-CAE) in 2004; a review of AfDB Strategy in Uganda in 2004; and a review of AfDB's role in the Uganda Joint Assistance Strategy (UJAS) process in 2006. The recommendations of the previous evaluations (summarized in Box 1) highlight the main issues for World Bank and AfDB assistance for the period covered by the present evaluation.

Study Approach and Report Structure

Approach. This evaluation is a joint product of the IEG and OPEV. An IEG-OPEV team visited Uganda in January 2008 and subsequently prepared the report using terms of reference set out in an Approach Paper endorsed on a no-objection basis by the relevant committees of the two institutions' Board of Executive Directors. The decision to undertake a joint evaluation was motivated by the two institutions' shift to using a common strategic framework, the UJAS, to guide the formulation and delivery of their programs. The use of a common strategic framework means, at least in principle, that joint evaluation is more cost-effective (notably in terms of the transaction cost for the host country government) than the equivalent separate evaluations, since at least some aspects of the evaluation can be done together.

Box 1. Recommendations of Previous Country Assistance Evaluations

World Bank (IEG)

General:

- Help the government strengthen its aid management capacity.

IDA's efficiency:

- Handle procurement and disbursement more flexibly.
- Define IDA's role within a more comprehensive assistance strategy for rural development.

Institutional development:

- Encourage the government's coordination of major reforms.
- Take stock of technical assistance and training programs and their impact on capacity building.
- Take a stronger stance on governance.
- Promote monitoring and evaluation for transparency, accountability, and a culture of results.

Private sector development:

- Seek the help of partners in encouraging the government to move ahead with infrastructure investments, private sector participation and competition, and regulatory reform.

African Development Bank (OPEV)

- Deepen economic and sector work and make Country Strategy Papers (CSPs) more strategically oriented through the adoption and use of results-based Country Assistance Strategies.
- The government needs to address some of the systemic constraints facing the economy, including: its narrow export base, low tax revenue, weak institutional capacity, the poverty situation, low productivity in agriculture, private sector development, the HIV/AIDS pandemic, and the conflict in the north.

Sources: World Bank (2001) and AfDB (2004)
Notes: AfDB= African Development Bank; IDA= International Development Association; HIV/AIDS= human immunodeficiency/virus autoimmune deficiency syndrome; IEG= Independent Evaluation Group; OPEV= Operations Evaluation Department of AfDB.

This joint CAE is best seen as an exploratory move toward pooling certain aspects of evaluation. However, it was only toward the end of the period reviewed that the use of a joint strategic framework was activated among development partners. Moreover, the evaluation covers the programs of only 2 of the 12 partners of the UJAS.[4] The second, more significant, point is that despite their use of a joint strategic framework, the partners continue to deliver support to Uganda through separate instruments, rather than through joint instruments using comingled funds. Only when the latter case applies will joint evaluation of partners' support become truly meaningful—in fact, it becomes the only meaningful way to conduct evaluation, since attribution to individual partners' support becomes meaningless.

For these reasons, this evaluation is a hybrid between one joint and two separate evaluations. In fact, to some degree, several parts of the CAE are parallel but separate evaluations of the two programs. These parts of the CAE, which provide ratings of the outcome of each institution's program by strategic objective, have major limitations. Given the underlying concept of evaluation relative to objectives, the CAE rates the outcome of each institution's program against the objectives that the institution had set itself. This CAE makes no systematic attempt to judge the degree of ambition underlying the institutions' program goals. However, this should not be interpreted to mean that IEG and OPEV judge the two institutions to have had equal "stretch" goals relative to their respective, and very different, analytical and financial capacities. As a result, the program outcome ratings for the two institutions cannot be meaningfully compared with one another or used to imply that one institution did "better" than the other.

In addition to the assessment of the World Bank and AfDB support, IEG has also evaluated the outcomes of International Finance Corporation (IFC) investments and advisory services, which were covered by the same strategic documents as World Bank support.

Report Outline. Chapter 2 of the report provides a broad overview of World Bank and AfDB strategies during the review period. The subsequent three chapters cover the three main pillars of the banks' assistance programs: good governance (Chapter 3), growth (Chapter 4), and human development (Chapter 5). Chapter 6 assesses the IFC contribution to the development of Uganda's private sector. Chapter 7 reviews the role of the World Bank and AfDB (parallel and jointly) in aid harmonization and development partnership in Uganda. The final chapter summarizes the outcome of the assessments, identifies lessons that apply collectively and individually to the World Bank and AfDB, and provides recommendations for the two institutions.

Chapter 2
Strategy and Assistance Program

This chapter examines the objectives and programs of the World Bank and the AfDB in their assistance to Uganda during 2001-07. Because of differences in programming periods, the review period for World Bank assistance is fiscal years 2001-07, and 2002-07 for AfDB assistance.[1] The banks' assistance programs during these periods were guided by the respective country assistance strategies up to 2005, and then from 2006-07 by the Uganda Joint Assistance Strategy (UJAS).[2] The World Bank's Country Assistance Strategy (CAS) for fiscal years 2001-03 was *de facto* extended to fiscal year 2005. Similarly, the AfDB's Country Strategy Paper (CSP) for 2002-04 was *de facto* extended to 2005. The fiscal year 2001-03 World Bank CAS and the 2002-04 AfDB CSP are discussed separately, before moving on to the UJAS.

Objectives of the Assistance Program

The fiscal year 2001 World Bank Country Assistance Strategy. The overarching objective of the 2001 CAS was supporting Uganda's economic transformation and poverty reduction strategy articulated in the government's 2000 Poverty Eradication Action Plan (PEAP), its poverty reduction strategy paper.[3] The pillars in the CAS, which are aligned with the PEAP, support government actions to:

- Increase the ability of the poor to raise their income by focusing on agricultural performance, natural resource management, rural roads, rural energy, and reduced regional disparity in poverty.
- Improve the quality of life for the poor by strengthening health care services, primary education, and water supply and sanitation.
- Create a framework for structural transformation and economic growth.
- Ensure good governance and security by supporting decentralization and public expenditures that are transparent, efficient, and poverty-focused.

The 2002 AfDB Country Strategy Paper. The overall objective of the 2002 AfDB CSP was to promote economic growth and reduce poverty in line with the PEAP goals by focusing, like the World Bank, on four thematic areas:

- Agriculture and rural development, aimed at increasing the productivity of small farmers by supporting the government's Plan for the Modernization of Agriculture (PMA), which was designed to transform subsistence agriculture into commercial agriculture.

- Physical infrastructure development, aimed at facilitating growth by addressing infrastructure constraints in water supply and sanitation, transport networks, and the power sector.
- Human and institutional capacity, aimed at providing assistance to improve human capital and technological development, with an emphasis on increasing skills at the local government level in the context of decentralized responsibilities for service delivery.
- Private sector development, aimed at supporting the government's implementation of the Medium-Term Competitive Strategy, with the objective of enhancing the policy and regulatory environment. In addition, the AfDB Group's Private Sector Department aimed at supplementing the effort by helping improve access of small and medium enterprises (SMEs) to commercial bank credit.

The 2005 Uganda Joint Assistance Strategy (UJAS). Increased donor coordination, most notably in the alignment behind a common set of priorities, culminated in the UJAS, which was brought to the Boards of the two banks in December 2005. The UJAS aligns the partners' support with the government's 2004 PEAP, which argues for a shift from recovery to sustainable growth and structural transformation, and presents government policies to accelerate poverty reduction. It has five pillars: (i) economic management, with a focus on macroeconomic stability consistent with rapid private sector-led growth; (ii) enhancement of production, competitiveness, and incomes; (iii) security, conflict resolution, and disaster management; (iv) good governance; and (v) human development.

Within the context of the UJAS, the World Bank program[4] was based on the five pillars with the same results matrix, except for a handful of objectives and targets that are left out because they are not considered to be within the World Bank's mandate (for example, human rights).[5] The AfDB UJAS strategy is restricted to the first two years of the UJAS period (2005-07) and focuses on only two of the five UJAS pillars: enhancing production, competitiveness, and incomes (Pillar 2) and human development (Pillar 5). The selection of pillars was based on AfDB's perception of their importance for pro-poor growth and poverty reduction, and was guided by AfDB's assessment of its comparative advantage in Uganda. Annex C outlines the details of the three strategy documents for the two banks along with the associated targets proposed for monitoring progress in achieving program outcomes.

Translating Objectives into Programs

Planned Level and Composition of World Bank Commitment. Although the efficiency of World Bank support cannot be assessed with available data,[6] discussion of the lending program and portfolio management provides insights into the appropriateness of the use of resources. During the period reviewed (fiscal years 2001-07), the World Bank committed $2.1 billion in 23 operations, and $44.5 million in 3 supplemental operations. The 2001 CAS envisaged 15 operations for $1.1 billion, and delivered 14 operations worth $915.7 million. The two-year extension of the CAS resulted in 5 projects with a total commitment of $502.6 million. Under the UJAS the World Bank proposed 19 operations totaling $1 billion. For 2006-07, 11 operations worth $500 million were planned, with actual commitments of $660 million for 5 operations. Except for initial delays, the program was on target.

World Bank Commitment by Sector. The largest proportion of World Bank resources (about 27.3 percent) was allocated to public sector reform, specifically public administration, law, and justice. This includes resources channeled through the Poverty Reduction Strategy Credits (PRSCs) (an estimated 34.4 percent of PRSC resources supported public sector reforms, although PRSC resources are not earmarked).[7] The relatively large resource flow to support public sector reforms is consistent with the World Bank's strong focus on strengthening institutions and capacity building and the relative emphasis on governance. Energy and mining had the second largest allocation (19 percent), which was entirely channeled through investment projects. This supported the commitment of the CAS to help reduce constraints to growth. Finally, consistent with the human development focus of the World Bank strategy, health and other social services also received a substantial share of commitments (15 percent of total lending and 20.8 percent of the PRSC notional resources). A substantial part of the PRSC's notional resources (17.3 percent) supported education alone (table 1).

Table 1: World Bank Commitment by Sectors, Fiscal Years 2001–07 (in US$ million)

Sector	*All lending Fiscal Years 2001–07*	*All lending % of total*	*PRSC 1-6 Fiscal Years 2001–07*[a]	*PRSC 1-6 % of total*
Agriculture, fishing and forestry	146.8	7.0	75.0	8.7
Public administration, law, and justice	573.3	27.3	296.2	34.4
Information and communications	5.4	0.3	0.0	0.0
Education	220.1	10.5	149.0	17.3
Finance	15.3	0.7	0.0	0.0
Health and other social services	315.7	15.0	179.0	20.8
Industry and trade	35.1	1.7	0.0	0.0
Energy and mining	398.8	19.0	0.0	0.0
Transportation	202.2	9.6	12.0	1.4
Water, sanitation, and flood protection	189.9	9.0	149.0	17.3
Total commitments	2,102.8	100.0	860.0	100.0

a. These data are taken from sectoral allocations for each loan as provided by the World Bank internal database. Although no earmarking of funds takes place in PRSCs, task team leaders make notional allocations for up to five sectors. The allocation for PRSCs should therefore be seen as an approximation of the likely flow to sectors.

Notes: PRSC= Poverty Reduction Support Credit.

World Bank's Portfolio Performance. Another insight into the appropriate use of World Bank resources comes from how the portfolio performed during the implementation process. IEG ratings of Uganda's closed projects were better than the average for the Africa Region, but below the Bank-wide average. During fiscal years 2001-07, IEG reviewed 27 closed IDA-financed projects in Uganda, representing $1.66 billion in commitments (table 2). The outcome was rated satisfactory for 71.4 percent of the closed projects (by commitments), below the Bank-wide average of 81.7 percent and slightly above the 69.0 percent average of the Africa Region in the World Bank. Overall, the resources provided were directed to the intended uses, given that program implementation was reasonably on target, commitments reflected the objectives of the program, and portfolio performance was close to the World Bank average.

Table 2: World Bank Summary of Evaluation Findings

	Total evaluated ($M) [a]	*Total evaluated (No.)* [a]	*Outcome % satisfactory ($)* [b]	*Outcome % satisfactory (No.)* [b]
Uganda	1664	27	71.4	76.9
Africa Region	18380	450	69.0	66.1
World Bank-wide	127818	1881	81.7	77.1

Source: World Bank internal database.
Notes: a. For projects that exited in fiscal years 2001-07.
b. Ratings are weighted by commitments.

Nature of World Bank Nonlending Services. The nonlending services provided by the two banks include: technical assistance (not financed through loan or credit), economic and sector work, and policy dialogue (project supervision and diagnostic missions, consultative group meetings, conferences, and workshops). Together, they are referred to as analytic and advisory activities.

The bulk of the World Bank's economic and sector work, consistent with the Bank's emphasis on governance, focused on the strengthening of public expenditure and financial management systems, most notably through annual Public Expenditure Reviews (PERs). These reviews, carried out in the context of Uganda's Medium-Term Expenditure Framework (MTEF) exercise, complemented the PRSCs as they enhanced transparency, monitoring, and donor harmonization, and helped increase participation by the Ministry of Finance, Planning, and Economic Development and other stakeholders in the dialogue on public financial management. Another notable economic and sector work product was the 2004 Country Integrated Fiduciary Assessment that consisted of a consolidating report, a Public Expenditure Review, a Country Procurement Assessment Report, and a Local Government Integrated Fiduciary Assessment. A 2004 PRSC stocktaking study was undertaken with a view to drawing lessons from the first three PRSCs, and to help formulate the fourth PRSC.

Although adequate, the focus of the World Bank's analytic and advisory activities program could have benefited from some adjustment to enhance its timeliness. For instance, there were no free-standing economic and sector work studies on corruption—although there was partial treatment of the theme in the PERs and Country Procurement Assessment Report (and a number of related workshops). This deficiency became apparent when a decision to include prior actions on asset verification in the PRSCs subsequently proved difficult to verify as it was not adequately informed by targeted diagnostic work. Growth issues also needed timely analytic work. Following the 1996 Country Economic Memorandum, it took until 2007 before the World Bank delivered another Country Economic Memorandum with in-depth coverage of the growth theme. Although probably seminal, the 2007 Country Economic Memorandum may not be able to fully make up for the void in the dialogue on growth issues prior to the 2005 PEAP, on which the UJAS rests. Aside from the failure to make up the void, starting a major reform without proper analytical background is often costly to discontinue when found wanting.

Overall, the World Bank's analytic and advisory activities, especially the economic and sector work, was of good quality and was undertaken according to plan in the CAS—although there were some slippages toward the end of the evaluation period (see Annex A, table 6 for an overview of economic and sector work). This conclusion is also supported by a Bank study of the quality of analytic and advisory activities (seebox 2).

Box 2. A Bank Study of the 2005 Assessment of the Uganda Analytic and Advisory Activities

A Bank study reviewed eight analytic and advisory activities tasks completed during fiscal years 2001-04. It rated four highly satisfactory, two satisfactory, and two marginally satisfactory.

Overall, the study found the analytic and advisory activities satisfactory, based on highly satisfactory ratings for strategic relevance (reflecting the close linking of the CAS and analytic and advisory activities program with the PEAP) and coherence and integration (based on the integrating processes involving the government, World Bank Group, and other partners, and the link into the World Bank's resource transfers through the PRSCs and sectoral operations), and satisfactory ratings for the other dimensions.

The study noted that the substantive government involvement in formulating the conclusions and recommendations of the PERs posed a trade-off between ensuring implementation of recommendations, and having an arms-length World Bank view in what is also meant to serve as due-diligence/fiduciary economic and sector work. Finally, noting that a Country Economic Memorandum was underway, the study identified four areas of priority: resource mobilization and aid dependence, labor markets and employment, agriculture and rural development, and regional comparative experience.

Source: World Bank internal database.

Finally, the cost of analytic and advisory activities relative to the total World Bank commitment for Uganda compares favorably with that of other countries in the region (table 3). The ratio is also lower than those for supervision and lending activities. In addition, the average relative costs of the analytic and advisory activities program (and its components) for Uganda during fiscal years 2001-07 are below those of the whole World Bank and the Africa Region during the period reviewed. The reason for these lower relative cost figures is not clear, but two hypotheses could be advanced. First, Uganda could be benefiting from economies of scale of a larger commitment relative to the minimum needed to sustain an economic and sector work operation. Second, based on a Bank study (box 2), the partnership could be providing the World Bank with substantial savings in implementing its analytic and advisory activities program.

Table 3: World Bank –Costs of Operations and Analytic and Advisory activities, Fiscal years 2001–07 (as percentage of total commitment)

	Total Operations	*Supervision*	*Lending*	*Analytic and Advisory Activities (Total)*	*Analytic and Advisory Activities (Economic and Sector Work)*	*Analytic and Advisory Activities (Technical Assistance, Aid Coordination)*	*Other*
Uganda	2.22	0.92	0.68	0.47	0.41	0.06	0.15
Kenya	3.44	0.97	1.13	0.98	0.66	0.32	0.37
Ethiopia	1.62	0.62	0.51	0.37	0.34	0.03	0.12
Malawi	5.03	1.92	1.51	1.28	0.77	0.51	0.32
Tanzania	1.97	0.75	0.66	0.40	0.37	0.04	0.16
Burundi	3.42	1.05	1.14	0.99	0.58	0.41	0.24
Africa Region	5.01	1.20	1.38	1.59	0.70	0.89	0.84
Bank-wide	3.58	0.97	0.89	1.09	0.62	0.47	0.64

Source: World Bank internal database.
Note: Costs include both Bank budget and trust funds.

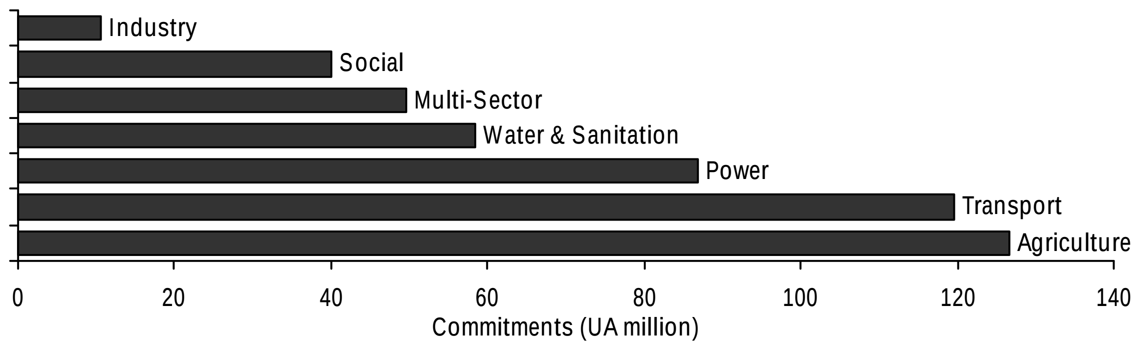
Planned Level and Composition of AfDB Commitment. The assessment of the use of AfDB resources in Uganda follows the same framework as that of the World Bank. However, it is limited by the lack of data on the cost of delivering the AfDB's assistance. Uganda is an African Development Fund (ADF)-eligible country in the AfDB. During the period reviewed (2002-07), the AfDB (including its multinational and private sector windows) committed UA492 million, $732 million equivalent, in 19 operations (Annex table 4a Part 1).

The CSP covering 2002-04 planned, under the base case, for UA118 million. This was increased to UA191.8 million—with the total amount committed to nine operations, including budget support. Three operations (two through the multinational window and one through the private sector window) for the amount of UA13.8 million were also committed.

For the period 2005-07 of the UJAS, seven projects, one earmarked for budget support for rural water supply and sanitation, and one for a general budget support operation were envisaged, totaling UA264.9 million (of which UA91.6 million were grants). Actual commitments for that period were UA220.2 million (UA62.3 million of which were grants) for seven projects, with the rest for infrastructure following its reallocation from the planned budget support operation. In addition, the AfDB's private sector facility approved the Bujagali Hydro Power Project (UA72.17 million). AfDB's total commitment during the period was satisfactory. However, it experienced considerable delays in project effectiveness, an issue that affected the timeliness and development impact of the AfDB's contribution.

During this period, the AfDB provided general budget support only once through the Poverty Reduction Support Loan (PRSL), which was delivered in two tranches. Apart from this support, AfDB assistance was exclusively through investment projects (figure 1). The agriculture and rural development sector accounted for the bulk of assistance (26.0 percent), followed by transport (24.3 percent), power (17.6 percent), water and sanitation (11.8 percent), multisector (9.9 percent), and social (education and health; 8.1 percent). Infrastructure (transport and power sectors) dominated AfDB's commitments and, along with heavy support for agriculture, emphasized the focus on growth and income generation. AfDB's concern in human development was mainly with service delivery, followed by a minimal role for governance issues (through reforms of public finance pursued through, for example, the Institutional Support Project for Good Governance).

Figure 1: AfDB Commitment by Sectors, 2002-07 (in UA million)



Source: AfDB project database.

AfDB's Portfolio Performance. Only two of the committed projects in the CSP 2002-04 were closed, only one of which has been rated. However, 11 of the delivered projects in 2002-07(valued at UA247 million), including those committed during the preceding period, have been rated. More than two-thirds of the rated projects (by commitment and number) had satisfactory outcomes (table 4). This project performance was relatively better than averages for the Eastern Region, ADF-wide, and AfDB-wide outcomes. Although the portfolio performance during the period was satisfactory on average, it does not reflect the combined long project effectiveness and gestation period, which reduces the timely outcome of project benefits. In addition, the program did not achieve the planned commitment anticipated in the strategy documents.

Table 4: AfDB—Summary of Evaluation Findings

	Total evaluated (UA Millions)[a]	*Total evaluated (No.)*[a]	*Outcome % Satisfactory (UA)*[b]	*Outcome % Satisfactory (No.)*[b]
Uganda	247.0	11	72	73
Eastern Region	732.6	33	55	61
ADF-wide	2366.3	136	49	50
AfDB-wide	4625.9	171	75	61

Notes:

a. For projects that exited in 2001-06.
b. Ratings are weighted by commitments.
Source: OPEV Database, May 2008.

Notes: AfDB=African Development Bank; OPEV= Operations Evaluation Department of the African Development Bank; UA= Unit of Account (for the African Development Fund).

Nature of AfDB Nonlending Services. Except for analytic work performed for project preparation and to evaluate the performance of past operations, the AfDB conducted very little economic and sector work in Uganda. Instead, AfDB relied mostly on analytical work provided by other development partners, especially the World Bank and the International Monetary

Fund (IMF). AfDB delivered a handful of economic and sector work products, including the 2005 Multi-Sector Country Gender Profile that reviews the status and challenges to mainstream gender issues in AfDB interventions at the country level, and a 2005 report with the International Labor Organization on Support for Growth-Oriented Women Entrepreneurs in Uganda. Looking forward, the AfDB-specific UJAS includes several economic and sector work proposals for fiscal year2005-07, including: a Country Governance Profile; a study on the prospects for diversification of the agricultural sector; and a study to provide directions for future projects on the basis of the 2005 gender profile.

Overall Assessment

During the period reviewed the two banks aligned their strategies to the PEAP and provided assistance under common pillars, thus complementing each other. Under UJAS, the selectivity of the banks reflected their ongoing interventions. Because of similarities in the strategies of the two banks during the period, the assessment of their contribution would be best summarized under the combined objectives of governance, growth, and human development. The evaluation distinguishes between the program outcomes in the pre-UJAS period (up to fiscal year 2006) and assessment of the startup and implementation issues of the UJAS period (fiscal year2006-07).

Finally, in assessing the use of resources by the banks, it may be concluded that with respect to the World Bank's program of intervention, it has not been possible to conduct a rate of return analysis on the complex set of interventions. Given that the program implementation was reasonably on target, commitments reflected the objectives of the program, the analytic and advisory activities were relatively cost effective and largely complemented the lending program, and portfolio performance was close to the World Bank average, it may be concluded that the resources were adequately directed to their intended use. With respect to the AfDB, concern with program effectiveness could be raised given the long project effectiveness and gestation periods, which could reduce the timely outcome of project benefits.

Chapter 3
Promoting Good Governance

Key Governance Challenges

Governance and security concerns have dominated much of Uganda's development efforts, hence it is a key theme in the PEAP. Three aspects of governance (political, economic, and corporate) can be highlighted. From the political governance perspective, Uganda has experienced conflicts within its borders and with all its neighbors at different times and for different reasons. The country has encountered major challenges in the management of such conflicts. In addition, upholding the separation of power of the state at the same time as promoting and protecting the rights of individuals (including women, children, vulnerable groups, and disabled persons) remains a challenge. In addition, acute and inadequate staffing and funding of key institutions has compromised the quality of services. Political governance therefore is very high on the development agenda.[1]

Similarly, the accountability, effectiveness, and efficiency of the public sector in Uganda were undermined by three decades of weak internal governance. Attracting and retaining staff is difficult and challenges abound in fighting corruption, including inadequate funding for anti-corruption institutions. Economic governance, requiring sound public financial management, transparent and predictable economic policies, and an effective regulatory framework for the promotion of economic activities, has thus been high on the government's agenda since the mid-1980s. The government's approach has also internalized concerns about corporate governance, which has become increasingly important given the ongoing effort to promote domestic and foreign private sector development.

Nonetheless, IEG's previous review of World Bank assistance to Uganda during fiscal years 1986–98 concluded that the World Bank's approach to governance has been narrow, primarily via its support to improve the transparency and accountability of budget processes and the capacity of the civil service, legal systems, and the planning and financial systems (World Bank-CAE 2001). Independently, a targeted approach to governance was undertaken by the World Bank Institute, which focused on the government's anti-corruption campaign through a number of workshops on national integrity. Despite this, the World Bank-CAE (2001) concluded that the World Bank had not yet identified effective instruments for intervention on governance prior to 2001.

Similarly, for the AfDB, there were no explicit references to governance in previous strategy documents for Uganda, except for the 2002 CSP (AfDB 2004). The CSP only identified governance as a key reform issue when it aligned its objectives with the government's 2002 PEAP. These concerns underpinned the nature of the World Bank and AfDB interventions on governance during the period reviewed.

World Bank and AfDB Governance Strategies

The 2001 **World Bank** CAS highlighted two main governance concerns in Uganda. First, it noted that corruption is systemic and negatively affects private sector development by raising the cost of doing business, consequently constraining growth. Second, it noted that security remained a serious developmental constraint, as demonstrated by the results of the participatory poverty assessment. Consequently, the fourth pillar of the fiscal year 2001 World Bank CAS—ensuring good governance and security—focused on improving public service delivery and decentralization, reducing corruption, ensuring law and order and security, and supporting disaster management.

The focus on governance in the 2002 AfDB CSP was through the capacity-building and private sector development pillar. Under this pillar, AfDB proposed to provide legal support for functional markets; improve the governance framework and the policy environment for enhancing the capacity to make decisions, allocate resources efficiently, and deliver public services effectively, particularly in the districts. The strategy developed by the AfDB is similar to that of the World Bank (though on a smaler scale) in that it focused on economic governance and sought to achieve fairness and equity in the access to public services through non-corrupt and transparent procurement and financial management reforms.

Relevance: The governance strategies of both banks during the review period remained narrow, within the mandates of the banks, and have not changed significantly from past policy stances. Both banks continue to support transparency and accountability through reforms of public financial management systems (though relatively different in scope). The difference this time is that support has been extended to local government entities through decentralization programs. However, though these strategies are relevant and aligned with the PEAP, they failed to define the causal links between the interventions and their expected outcomes. For example, the expected outcomes from World Bank and AfDB support for transparency and accountability reforms (especially as they pertain to public financial management) were indirect and distant in dealing with the problem of corruption.

In addition, the strategies could be deemed narrow in scope (especially with respect to the AfDB's interventions) because they only consider selected components (transparency of public financial management, corruption, and decentralization) of the broad range of economic governance issues, with a limited emphasis on issues related to political governance, which could have economic implications. Gender equity issues, for example, have substantial political governance characteristics that could restrict access to service delivery, undermining equity. The World Bank assisted in this area through its support for the National Gender Policy (2006), but it is too early to assess the likely impact on governance policy. Finally, because of their concern with restrictions posed by their mandates, the approaches to governance supported by the two banks remain largely technical. The reason for this is found in the absence of a conceptual underpinning for Uganda, which explains the role of World Bank and AfDB assistance relative to that of other development partners. Because governance issues are cross-cutting, developing a conceptual framework that explains the role of other development partners is necessary for an understanding of the likely impact of policy reforms and their development effectiveness.

Achievement of Objectives and Assessment of Outcomes

World Bank Interventions. The World Bank used two main instruments to support the government of Uganda in meeting its governance objectives. They were specialized sectoral investments, supplemented by the PRSCs and analytic and advisory activities (annex D). The PRSCs provided the framework for addressing cross-cutting public sector management reforms targeted at increasing accountability, reducing corruption, and thereby improving public service delivery. The effort focused on the reform of public procurement, public sector pay, personnel management and accountability, and improved monitoring and evaluation (M&E). The PRSCs complemented support for financial accountability provided in the previous period under the World Bank-supported Second Economic and Financial Management Project and the Local Government Development Project (LGDP). Table 5 outlines the achievement of objectives relative to expected outcomes.

Table 5: World Bank: Support for the Governance Agenda

CAS Pillar	*Expected Outcome*	*Actual Outcome*	*Contribution*
Effective decentralization	Increased number of districts eligible for District Development Grant under LGDP (see annex C)	Financial management and accountability reforms under local government yielded positive results in building institutions and supporting capacity to permit the achievement of LGDP grant targets.	World Bank lending operations (LG SIL, LGDP II, and PRSC 1-6) supported the process (see annex D).
Transparent, efficient, and poverty-focused public expenditure	Improved procurement system	There is scope for improvements in procurement reform.	IEG's country review and performance ratings of the Economic and Financial Management Project and PRSC 1-6 suggest moderately satisfactory World Bank contribution.
	Implementation of results-based management	Capacity limitations in ministries, department, and agencies constrained the institutionalization of the results-based approach to public service management.	
	Established sustainable pay reform program (see annex C)	Pay reform not fully achieved.	
Anti-corruption	Reduction in perceptions of corruption	Improved accountability has not significantly reduced the perception of corruption. Government effectiveness is perceived not to have improved.	Strategic approach by World Bank was not informed by sufficient analysis and unambiguous measurement of corruption. The direct links between World Bank support and outcomes were not clear.

Sources: Annexes C and D.

Notes: CAS=Country Assistance Strategy; IEG= Independent Evaluation Group; LGDP=Local Government Development Project; LG SIL= Local Government Specific Investment Loan; PRSC= Poverty Reduction Support Credit; World Bank.

The LGDP (fiscal years 1999–2004) contributed to improving the performance of local governments with respect to meeting their statutory service obligations through more effective, efficient, and participatory planning, budgeting, and resource allocation. Government reviews indicate that improved local government procurement capacity and ability to manage investments has led to greater impact and allocative efficiency. The proportion of local governments with functional Planning Committees and three-year development plans increased from 30 percent at the start of the project to 89 percent by 2004. The project established rotational Project Technical Committee meetings at which district teams evaluated each other's activities. This approach proved effective and has been adopted in a similar project in Tanzania. The project's outstanding M&E component enhanced its development impact. The results of this project were considered sufficiently positive by the World Bank that a follow-up, second Local Government Development Project (fiscal year 2003) was approved by the Board to sustain improvements in local government institutional performance and decentralized service delivery.

In the area of public financial management (PFM), World Bank support facilitated the government's effort to: (i) improve legislation (for example, the enactment of the budget code) and create a more coherent and strategic fiscal framework; (ii) create an enhanced Integrated Financial Management System; (iii) improve cash, commitment control, and accountability mechanisms; and (iv) upgrade the budget, accounting, and auditing skills of government staff. In terms of procurement reforms at the central government level, all of the ingredients for an efficient, transparent, and accountable system are now in place, though there are implementation bottlenecks.

A shortcoming of the PFM system is the persistence of budgetary arrears, elimination of which is one of the objectives of improved budget management. The use of a Poverty Action Fund (PAF), in principle, helped to protect poverty-reducing expenditures. However, the PAF is essentially a transitory instrument and protection of poverty-reducing expenditures needs to be a permanent aspect of the budgetary system. Overall, the existence of budgetary arrears implies that the oversight function of the budget needs more attention.

The Medium-Term Expenditure Framework (MTEF) has played a major role in budget allocation and is taken seriously by the government. The government has maintained a tight macroeconomic policy stance, driven in part by the central bank and guided by the MTEF. Adherence to the MTEF improved the efficiency of budgetary allocation, but the system is under pressure from many sources—for example, excess aid supply from development partners during implementation has implied occasional bypassing of the strict MTEF budget envelopes. These vertical funds introduce severe distortions in expenditure management—distortions with which the MTEF is not structured to deal. In addition, the emphasis on tracking budgetary flows (through the Public Expenditure Tracking Studies), which is good for transparency, is not the same as the tracking of development effectiveness, which is necessary for deciding on budget allocation. In any case, the Public Expenditure Tracking Studies should be part of an audit function and not an independent exercise.

Achievements under public sector reform occurred in two phases: the first in the decade before 2000, and the second during 2001–07. During the first phase, World Bank assistance helped redefine the role of government. Indeed, its scope, functions, and employment numbers were substantially reduced. In addition, the LGDPs (fiscal year 2000–2003) initiated the devolution of functions and improvements to the incentive framework at the local government level. World Bank assistance also supported the introduction of the results-oriented management approach in which the ministries, departments, and agencies, including the local councils, were required to plan, implement, monitor, and evaluate performance quarterly and annually. However, the implementation of the first phase was undermined by weak government commitment, low capacity, and an inadequate incentive system on the part of the ministries, departments, and agencies (especially with respect to low pay and shortfalls in disbursements against budgets) to the extent that it stalled the second phase of the program.

The World Bank also used analytic and advisory activities to advance its support, especially with respect to decentralization, promoting accountability, and helping to reduce corruption. The economic and sector work products focused on the performance of public sector service delivery systems to inform World Bank support for decentralization. This was supplemented by training programs on decentralization conducted by the World Bank in partnership with the Rockefeller Foundation and Makerere University to build capacity for public officers at the district level. Accountability and corruption issues were pursued through expansion of the Public Expenditure Tracking Studies and a conference on corruption in 2001.

AfDB Intervention: The support by the AfDB, especially through the Institutional Support Project for Good Governance and the Poverty Reduction Strategy Loan (PRSL), yielded substantial outputs with respect to mechanisms for reducing corruption and improving public financial management (table 6). Programs for reducing corruption included completion of draft statutes for: (i) the enactment of a Leadership Code and establishment of Government Inspectorate; (ii) the development of a anti-corruption and whistleblower protection legislation; (iii) the promotion and dissemination of integrity surveys; and (iv) improved access to government information through assistance for the adoption of principles governing access by ordinary citizens. The whistleblower protection legislation has yet to be enacted.

Table 6: AfDB Support for the Governance Agenda

Country Strategy Paper Pillar	*Expected Outcome*	*Actual Outcome*	*Contribution*
Decentralization: Strengthen local government institutions and human capacity	Improved access to and quality of basic services	Financial management and accountability reforms under local governments yielded positive results in building institutions and helping improve access to basic services.	The PRSL and the Institutional Support Project for Good Governance supported this objective. OPEV review rated as satisfactory the PRSL's outcome and Institutional Support Project for Good Governance's progress.
Public sector management reforms: Improve public procurement and financial management system	Improved procurement system Improved financial management to achieve poverty spending targets	Reform programs on procurement yielded modest results. Improved financial management has helped the government to achieve expenditure targets with respect to poverty spending.	The PRSL and the Institutional Support Project for Good Governance supported this process.
Combating corruption: Strengthen capacity of anti-corruption institutions	Reduced perception of corruption through improved accountability and better audit systems	Support for accountability and training as instruments to facilitate reduction in corruption has not helped to significantly reduce the perception of corruption. Government effectiveness is perceived not to have improved through the assistance provided for improving audit systems.	The PRSL and the Institutional Support Project for Good Governance constituted the key support.

Sources: Annexes C and D.

Notes: AfDB= African Development Bank; OPEV= Operations Evaluation Department of the African Development Bank; PRSL= Poverty Reduction Support Loan.

The PRSL also complemented the effort of other development partners, especially the World Bank and the Department for International Development (UK) in the area of public financial management with outputs including: (i) support for the adoption of a Public Finance Bill to improve the legislative and regulatory environment; (ii) the implementation of an Integrated Financial Management System , which has resulted in the production of more timely and reliable central government public accounts on budget implementation; (iii) capacity building through the provision of accounting staff to the 10 weakest districts; (iv) the conducting of tracking surveys in the service sectors by the Ministry of Finance, Planning and Economic Development and the sectoral ministries; (v) improved audits in the priority ministries, including education, health, and water and sanitation; and (vi) the development of a legislation to transform the Office of the Auditor General.

Other public sector management reform results associated with AfDB support include the implementation of salary adjustments during fiscal year 2001-02, the decentralization of teachers' payroll, and the reform of public procurement, especially with respect to the Central Tender Board and the decentralization of the procurement system.[2]

Assessment of Outcomes. The World Bank and AfDB support for governance improvement was aligned with the objectives of the PEAP. The interventions, executed in parallel, focused on financial management and accountability reforms, decentralization and local government development, and public sector reform. However, the strategic relevance of the support was weakened by the absence of a clear conceptual and analytic underpinning. The assessment of IEG and OPEV is that, over the period reviewed, the contributions by the two banks for the first two reforms (financial management and accountability reforms and decentralization and local government development programs), have yielded *satisfactory* outcomes. Despite the differences in the scope of interventions, the contributions of the banks have been substantial in the building of institutions and in providing the intellectual backstopping through capacity building and reform implementation.

The outcome of the banks' support to other areas of public sector reform, especially improved efficiency and reduced perception of corruption, is rated *moderately satisfactory*. During the period reviewed, the combination of low capacity and weak incentive system in the ministries, departments, and agencies (especially in the failure to sufficiently reform the pay and incentive system) have severely constrained progress in institutionalizing a results-based approach to public service management. Furthermore, the absence of demonstrable results in budget execution (especially in dealing with the divergence between budget agreement and actual allocation) undermined commitment and support for the public sector reforms by both political and technical leaders across government. This could explain the government's request for additional development partner support to revamp its Public Sector Reform program. World Bank assistance is currently being provided under the Public Service Performance Enhancement Project, approved by the Board in fiscal year 2006. The UJAS also notes the nature of unfinished reform in this area and highlights the need for comprehensive public service reforms.

These conclusions are reflected in public opinion surveys, which note that overall government performance with respect to governance reform has not been as impressive as in other areas of reform. For example, according to the World Bank worldwide governance indicators, government effectiveness has failed to improve since the beginning of the decade (annex A, table 1).[3] Although changes in the worldwide governance indicators are subject to caveats common to perception indices, they suggest that between 1998 and 2006, out of six of the indicators, Uganda improved its standing in voice and accountability, political stability, rule of law, and control of corruption, but with no improvement in government effectiveness and regulatory quality.[4] The indicators suggest that governance concerns, especially with respect to public sector management, remain paramount.

Conclusion

The contributions of the World Bank and the AfDB, although different in scope and magnitude, were substantial in helping to build institutions and capacity in government in the three strategic areas of focus on governance and are thus rated *moderately satisfactory* overall for both banks (see annex D for details on the ratings). The impact of the assistance was lower than expected for two reasons. First, there was no clear analytic or conceptual governance framework to guide the strategic effort and the choice of interventions undertaken by the two banks. There were multiple policy frameworks and matrices that failed to define the causal links between proposed policy reforms and anticipated outcomes.

Second, the absence of a clear governance framework hampered efforts to measure and monitor progress. For example, there was no adequate diagnosis of corruption in Uganda to permit clear benchmarking. Under such circumstances, the perception that corruption is increasing, although possibly correct, was not grounded. In addition, despite substantial effort by the World Bank and the AfDB to support M&E processes for governance purposes, the system continues to be characterized by isolated approaches to the measurement of aspects of governance (such as national integrity surveys, inter-agency forum and review mechanisms, and newspaper opinion surveys). Thus, although the Office of the Prime Minister is charged with coordinating M&E (with finance and technical support from Department for International Development (UK)), further support to help the government to formulate a measurable framework for dealing with governance issues would be desirable.

Chapter 4
The Growth Agenda

Key Challenges

At the beginning of the year 2000, the government was faced with the need to sustain improvements in poverty reduction over the previous 15 years. The proportion of the population below the poverty line had declined from 56 percent in 1992 to 33.8 percent in 2000, only to rise to 37.7 percent in 2003 before declining again to 31 percent in 2005. Sustaining improvements in poverty reduction depended on resolving three challenges identified in the 2001 World Bank CAS: maintaining the high pace of economic growth experienced in the 1990s, spreading the benefits of the growth nationwide, and dealing with high population growth.

Growth in the 1990s relied on the use of existing capacity.[1] The CAS deemed the pattern of growth unstable due mostly to changing weather patterns and price shifts in agricultural production, which grew, on average, at a pace lower than the rest of the economy and just about at the rate of population growth. It was clear that Uganda's reliance on unused capacity was not sustainable—the low investment-to-GDP ratio (around 12 percent of GDP in 2000) was an important concern. Increasing investment to sustain a high rate of economic growth was therefore a priority. To achieve this objective, the PEAP noted that Uganda needed to: (i) maintain a macroeconomic framework supportive of economic growth; (ii) remove barriers to the creation and operation of private business; and (iii) address constraints, such as the low availability of electricity, high cost of finance, and poor transport connection with regional and global markets.

The creation of conditions for sharing the benefits of growth nationwide required focusing attention on agriculture, which is the source of income for the majority of the population. Achieving this objective was demanding because past growth in agriculture was driven by expansion in land use, and because of the extensive employment of traditional technology associated with very low productivity. Production was also largely undertaken to meet subsistence needs as farmers' access to markets was limited by poor transport and marketing services. The role of weather in production (yields) and marketing (transport) remains unclear, as a recent study by the Ministry of Agriculture, Animal Industry and Fisheries (Uganda Bureau of Statistics, 2006) found no significant relationship between rainfall and agriculture GDP. In addition, the rural economy other than agriculture was quite undeveloped except for cash crops (coffee, tea, and cotton). Finally, the high rate of population growth posed a challenge. The high dependency ratios burdened household incomes and public service delivery. A rapidly growing labor force, yet to reach its peak, called for rapidly expanding income-generating opportunities. The 2000 PEAP clearly identified these challenges and the 2005 PEAP reiterated them.

World Bank and AfDB Strategies

The 2001 World Bank CAS and the 2002 AfDB CSP aligned their growth strategies with the growth and structural reform pillars of the 2000 PEAP. The growth pillar focused on "creating a framework for economic growth and structural transformation." Under this pillar, both banks subscribed to policies to promote growth and achieve macroeconomic stabilization, facilitate competitiveness, and support agriculture and environmental sustainability. The second pillar provided assistance to the government's effort to increase the ability of the poor to raise their income. Under this pillar, both banks focused on support for the government's Plan for the Modernization of Agriculture (PMA), environment, improved rural roads, and the provision of energy for the rural sector. In addition, the World Bank sought to provide assistance to help reduce the regional disparity of poverty.

The UJAS built upon the 2005 PEAP (with the introduction of a results framework) thus enabled the two banks (and the UJAS partners) to monitor the performance of their assistance programs. The UJAS did not entail a significant change in the thrust of the assistance of either the AfDB or the World Bank, as the pillars on the growth agenda are similar to those of the 2002 CSP and the 2001 CAS.

Relevance of the Strategies. In aligning their assistance to corresponding government strategies, the two banks responded to the need to meet ownership concerns. The emphasis on agriculture and rural incomes was appropriate, as was the emphasis on improving basic services such as energy and transport. Both banks relied for the design of their strategies on previous or concurrent evaluations. For example, the World Bank's strategy reflected the recommendations of the 2001 CAE, which pointed to the challenges of sustaining economic growth—infrastructure, macroeconomic environment, finance, and so on. The 2001 CAS also emphasized improving governance, which was seen in the 2001 CAE not only as a necessity for growth, but also for the sustainability of Uganda's recovery efforts.

The strategies also were informed by the available analytical work. However, some important pieces of analysis of the challenges and constraints to growth were not provided in time, particularly in agriculture. Hence, development partners in strategic initiatives, such as the PMA, lacked a clear sense of priority and guidance in selecting the most critical interventions for poverty reduction. AfDB's analytical work on agriculture in 2004 (under the Farm Income Enhancement Project) and 2005 (Agriculture and Rural Sector Review), on the other hand, helped to refocus its agenda. However, despite the negative stocktaking of the CAS Completion Report (CASCR) in 2005, particularly on growth, the strategy of World Bank support (2005 UJAS) remained roughly unaltered on growth, with the emphasis on developing a joint framework for donor alignment (along the lines of the Paris Declaration). The CASCR does not raise the lack of analytical work, but the UJAS did call for economic and sector work, and the analytical deficit has since been addressed.

Achievement of Objectives and Assessment of Outcomes

The evaluation is based on the pillars defined in the strategies of the World Bank and the AfDB. These are summarized under three themes: growth and structural transformation, enhancing competitiveness, and modernizing traditional agriculture and preserving the environment (annex C). In the absence of result matrices for the 2001 CAS and the 2002 CSP, except for few defined targets in the strategy documents of the two banks, the benchmarks contained in the UJAS are used to guide the evaluation process.

Growth and Macroeconomic Stability. The World Bank and AfDB had similar growth and stabilization agendas, which were developed in consultation with the IMF. As indicated in table 8 (for World Bank) and Table 9 (for AfDB), the expected outcomes are similar and reflect the PEAP goals. Most of the targets established under the PEAP, and therefore for the CAS and CSP, were met. On the basis of the old National Accounts series, economic growth from 2000 to 2007 is estimated at 5.8 percent per annum, marginally slower than in the 1990s and below the CAS/CSP target of 7 percent per annum. Adverse terms of trade (mostly on coffee) in the early 2000s contributed to slower growth than expected. On the basis of the revised series of National Accounts, however, growth during fiscal years 2001-07 (Uganda's fiscal year, not calendar year) averaged 7.5 percent (in excess of the target established in the PEAP). Since the PEAP targets were based on the old National Accounts series, the discussion in this CAE is based on the old series (annex table 2). Macroeconomic stability was largely attained through an effort to maintain low inflation (at 5 percent per annum), a stable and nonappreciating exchange rate, improved fiscal management with an emphasis on revenue mobilization, and expenditure management.

Table 7: Poverty and Income Inequality Trends, 1999/2000—2005/2006

	1999/2000	*2002/2003*	*2005/2006*
Poverty[a]			
National	34	38	31
Rural	37	42	34
Urban	10	12	14
Central	20	22	16
Eastern	35	46	35
Northern	64	63	61
Western	26	31	21
Inequality[b]			
National	0.395	0.428	0.408
Rural	0.332	0.363	0.363
Urban	0.426	0.477	0.432

Sources: PEAP (2004) and World Bank (2007c).
a. Proportion of the population living below the national poverty line (excluding Kitgum, Gulu, Bundibugyo, Kasese, and Pader).
b. Income inequality as measured by the Gini coefficient.

The proportion of the population living below the national poverty line rose from 34 percent in 1999/2000 to 38.8 percent in 2002/03, and declined to 31 percent in 2005/06 (table 7). The deterioration in poverty during the period 1999/2000—2002/03 was due to a rise in income poverty in rural areas, where the proportion of people living below the poverty line rose from 37 percent in 1999/2000 to 42 percent in 2002/03. Poverty was often transitory for those with incomes outside of crop agriculture, but it tended to be chronic for those who relied primarily on crop agriculture for their livelihood. Income inequality (as defined by the Gini coefficient) followed the poverty trends during the period by worsening during 1999/2000—2002/03, and improving by 2005/06. The conflict-affected north remained the poorest region (with 60 percent of the population living in poverty in 2005/06). Overall, the medium-term trends show signs of improvement in poverty.

The World Bank supported growth and stability through PRSCs and analytical work, as well as coordinating with other development partners, notably the IMF and the AfDB. Government officials noted that although the World Bank was very active in providing macroeconomic advice during the 1990s, it was less so in the 2000s when the analytic support diminished. The two banks benefited from the IMF's leadership in macroeconomic stabilization and foreign exchange issues that sought to minimize the onset of "Dutch disease." The World Bank complemented the IMF with the necessary institutional assurances of the PRSC series. The 2005 PRSC and the UJAS brought the link between macroeconomic policies and growth to the forefront, and the World Bank played a vigorous leading role.

Table 8: World Bank Support for Growth and Macroeconomic Stability

Country Assistance Strategy Pillar	*Expected Outcome*	*Actual Outcome*	*Contribution*
Economic growth	High real GDP growth (7 percent) Reduce regional disparities in poverty	Perception of slowing growth and stalled poverty reduction was not dealt with before the completion of the 2004 PEAP mainly due to delayed analytic support. Effort made to deal with regional disparity in poverty was substantial.	The PRSC 1-6, the Oil Shock Supplemental (fiscal year 2001), supplemented by the Poverty Assessment report and the fiscal year 2006 Country Economic Memorandum supported the dialogue along with other development partners. The Northern Uganda Review (fiscal year 2007) provided a framework for support in reducing regional disparity in poverty.
Macroeconomic stability	Inflation of 5 percent Nonappreciating exchange rate 5 months import coverage on balance of payments Increased revenue/GDP ratio Reduced fuel levies Increased PAF share of total expenditures	Fiscal prudence was maintained; although arrears remain due to implementation weaknesses with MTEF. Revenue mobilization remains weak and the government's aid dependence remains high.	Same as above. AfDB, UK Department for International Development, and the IMF complemented the World Bank's effort.

Sources: Annexes C and D.

Note: African Development Bank; GDP=gross domestic product; IMF= International Monetary Fund; MTEF= Medium-Term Expenditure Framework; PAF= Poverty Action Fund; PEAP=Poverty Eradication Action Plan; PRSC= Poverty Reduction Support Credit.

The AfDB supported the government's macroeconomic policy implementation mainly with the Institutional Support Project for Good Governance (table 9), which emphasized institutional and capacity building for public financial management. Jointly with the IMF and the World Bank, the AfDB supported Uganda's participation in the Heavily Indebted Poor

Countries (HIPC) process, beginning in 1998 and culminating in 2006 with the Multidonor Debt Relief Initiative (MDRI).

Resources from MDRI (including future interest) delivered in 2005/06 and 2006/07 amounted to $3.6 billion. As a result, Uganda's external debt dropped to 13 percent of GDP at the end of 2006/07, compared to 47 percent a year earlier. The HIPC dialogue contributed important byproducts such as pro-poor budgeting and the capacity to track these expenditures. The resulting PAF has grown to 65 percent of the budget and execution of the expenditures included in the PAF has been on track. On the other hand, AfDB support has not been able to help improve internal revenue mobilization (taxation), which has increased marginally from 10.3 percent of GDP in 2001 to 12.6 percent of GDP in 2007. Flows of donor assistance have remained relatively stable at around 9 percent of GDP. AfDB also provided assistance for export diversification through its support for agricultural modernization, the outcome of which was substantial.

Table 9: AfDB Support for Growth and Macroeconomic Stability

Country StrategyPaper Pillar	*Expected Outcome*	*Actual Outcome*	*Contribution*
Promote fiscal sustainability Improve tax administration Public expenditure reform	Real GDP growth of 7 percent Inflation contained to 5 percent Stable and nonappreciating exchange rate Increase tax revenue/GDP ratio PAF share of total expenditure increases to at least 25 percent from current base	Despite its narrow and focused support, AfDB's contribution was substantial in achieving the poverty-reducing expenditure targets. Fiscal prudence was maintained, though arrears remain. Revenue mobilization remains weak.	Program of support was driven by the Institutional Support Project for Good Governance (2004) and complemented by a part of the PRSL that supported financial management reforms.
Diversify exports	Foreign reserves at 5 months of imports	Progress on export diversification occurred, which cushioned the wide fluctuations in export prices and unfavorable terms of trade. International reserves increased to 6.5 months of imports cover by fiscal year 2007.	The area-based Agricultural Modernization Program (2000) and other support for diversification accounted for progress.

Sources: Annexes C and D
Notes: AfDB=African Development Bank; GDP=gross domestic product; PAF= Poverty Action Fund; PRSL=Poverty Reduction Support Loan.

In general, the use of budget support (World Bank PRSCs and the AfDB's PRSL) failed as an instrument to coordinate assistance on growth. Perception of slowing growth and stalled poverty reduction informed the preparation of the 2005 PEAP, and its call for the government to refocus its efforts on faster growth. The World Bank analytical work on growth was delivered too late to be of use; the Country Economic Memorandum was only initiated in 2005 and not published until 2007.[2] This explains the failure of the 2005 PEAP and the UJAS to make a major drive in support of growth.

Despite the relatively weak focus on growth, substantial progress was made on macroeconomic stabilization and fiscal prudence, and IEG rates the outcome of World Bank support in this area as ***satisfactory***. Even with its narrowed and focused interventions, AfDB's contribution substantially helped the government to meet its poverty-reducing expenditure targets. Overall, the contribution of the AfDB is also rated ***satisfactory***.

Enhancing Competitiveness. The World Bank and AfDB support to promote the economy's competitiveness was built on three infrastructure components required to support private sector development: (i) financial sector development and privatization, (ii) reform of the energy sector, and (iii) support for transport, especially road construction. The two banks collaborated in these areas and were complemented by the IFC (on finance, privatization, and the power sector) and the IMF (on finance).

An evaluation of the program for the IFC during 1999-2008 is contained in Chapter 6. The outcome of World Bank support is summarized in table 10, and the outcome of AfDB support in table 11. A review of country outcomes provides the backdrop for assessing the contributions of the two banks.

Table 10: World Bank Support for Enhancing the Economy's Competitiveness

Country Assistance Strategy Pillar	*Expected Outcome*	*Actual Outcome*	*Contribution*
Private sector development	No defined benchmarks and targets	Administrative constraints to private sector development have improved, but not significantly. Key market ratings showed marginal improvement. World Bank support for industrial zone and land cadastre experienced delays.	Private sector competitiveness project, supplemented by a number of economic and sector work products on private sector development, including investment climate assessment.
Financial sector development	Sustained supervision of commercial banks Increased financial sector competition Efficient handling of cases	Although intermediation and interest rates remain high, credit grew fast, leading to substantial financial intermediation. World Bank support in areas such as pension reform is behind schedule.	Country Financial Accountability Assessment, Counrty Procurement Assessment Report, and Financial Sector Assessment underpinned the Regional Trade Facilitation and Financial Market assistance project.
Energy development	Increased rural access to electricity Separate UEB activities Increased private investment in power generation	Timing of successful unbundling of Uganda Electricity Board (UEB), coupled with supply crisis as a result of delayed completion of the Bujagali hydroelectric power plant and water shortage in Lake Victoria constituted a strategic failure in risk assessment. Increases in rural access and private investment in power were limited.	Wide-ranging power sector projects, including Privatization and Utility Sector Reform Project (fiscal year 2001), provided World Bank leadership in the sector, complimented by IFC, and by AfDB.
Transport & logistics	Improved rural roads through repair and maintenance	Substantial improvements in road network. But high institutional orientation of infrastructure support has yet to yield results. High cost of transportation	Road sector adjustable program loans (APLs) were central to reform support by

	District roads fully repaired by 2016	continues to be major constraint to business profitability.	World Bank in the sector. Other development partners included AfDB and the European Commission.

Sources: annexes C and D.
Notes: AfDB=African Development Bank; APL=adjustable program loan; IFC=International Finance Corporation; UEB=Uganda Electricity Board.

A 2003 World Bank-IMF Financial Sector Assessment Program, a follow-up report in 2005, supplemented by the 2007 Country Economic Memorandum, noted progress in creating a sturdy **financial sector** and identified a reform agenda. However, the follow-up had mixed implementation outcomes, for instance, pension reform stalled. The intent to assist in the privatization of the Uganda Commercial Bank through a free-standing operation did not happen, as the Parliament did not approve it, though the privatization process went ahead.[3] With respect to microfinance, the World Bank, working with German Technical Cooperation (GTZ), Swedish International Development Cooperation Agency (SIDA), and the UK Department for International Development, assisted in the design of a regulatory structure consistent with the macroeconomic framework. In terms of outcomes, although intermediation and interest rates remained high, credit grew fast, leading to a substantial financial deepening. Sustained efforts at reform during the 1990s had produced a fairly robust financial sector by the early 2000s, basically by clearing bad debts. The bulk of the banking sector became private with the privatization of the largest bank—the Uganda Commercial Bank. Access to finance is not a major problem for large firms, but it is for small and medium enterprises.

The nonbanking financial sector remains in its infancy and the availability of long-term financing is limited, although efforts are now underway to develop housing finance (mortgages) and leasing. Since much of the gains made in the financial sector cannot be directly attributed to any operation supported by the AfDB, its contribution is not rated. On the other hand, World Bank assistance in the form of investment operations and analytic and advisory activities, supplemented by the IMF, could be rated satisfactory (table 10).

The World Bank and AfDB, through independent vehicles, also facilitated improvement in the enabling environment for private sector development. They supported the government's privatization program, helped to deal with administrative constraints to business, and enhanced assistance to SMEs. The policy of **privatization and private sector development** implemented by the government in the 1990s was continued in the 2000s, with the liberalization of telecommunications and the participation of foreign private firms in railways, telecommunications, and energy. The program of privatization, along with the broader reform of improving the business environment, yielded modest results. The ratio of private investment to GDP increased from 13.7 percent in 2002 to 19.1 percent in 2007; public investment showed a slight decline of about 1 percent of GDP between the beginning and the end of the period. On the other hand, the ratio of foreign direct investment (FDI) to GDP has remained stable at 3 percent of GDP, and only increased recently.

Table 11: AfDB Support for Enhancing the Economy's Competitiveness			
Country Strategy Paper Pillar	*Expected Outcomes*	*Actual Outcomes*	*Contribution*
Strengthen institutional capacity of regulatory agencies Increase investment in power generation capacity Commercial generation and distribution of energy in rural areas	UEB separated into entities responsible for generation, transmission, and distribution Generation capacity expands Increased access of rural populations to power	Economy's competitiveness was not significantly enhanced because of failure to resolve the power issue, although support was provided for alternative sources of energy.	Support was provided through the Alternative Energy Resources Access and Utilization Study (2000), which followed the Urban Power Rehabilitation Project.
Rehabilitation and upgrading of national roads Rehabilitation and maintenance of district roads	Inventory of main roads network classified as satisfactory increases Increased accessibility in rural areas	Road sector support has not resulted in substantial cost reduction, but support for communal roads is helping open up the rural area. Neither AfDB nor the World Bank has supported direct investment in new district roads.	Support came from the Road Maintenance and Upgrading Project (2000) followed by the Transport Development (2003) and the Road sector Support Projects (2005/06).
Provide enabling environment for private sector development Improve access of SMEs to commercial banks	Competition in financial sector increases Legal framework improves Availability of lines of credit for on-lending to SMEs	Focus on rural finance has helped improve availability of lines of credit for on-lending to SMEs.	The Rural Microfinance Support Project (1999) and the Sustainable Management of Mineral Resources were critical support programs.

Source: Annexes C and D.
Note; AfDB= African Development Bank; SMEs= small and medium enterprises; UEB=Uganda Electricity Board.

Overall, Uganda has not made any major gains in improving the business environment since 2000. The World Bank's control of corruption indicator still has Uganda ranked at 147 out of 201 countries in 2006. The Institutional Investor country credit rating shows a marginal improvement. However, the Index of Economic Freedom moves in the opposite direction. No major changes have taken place in the Political Risk Rating, and the Doing Business Ranking places Uganda at 118 out of 178 countries surveyed, two places down from 2006.

Uganda's ranking in the various components of Doing Business varies widely. The worst rankings are on registering property (163) and getting credit (158)—suggesting that access to finance may be the most critical problem that businesses face. Uganda also ranks poorly in trading across borders (141)—although there was a major improvement from 2006 when the ranking was (162), which tended to be the case for landlocked countries. Protecting investors (122) and starting a business (114) ranks around the average. The country ranks well in labor market flexibility.

Based on country performance, assistance for the regulatory environment has not led to substantial reductions in the cost of doing business in Uganda. World Bank assistance, which provided grants for enterprise modernization, a popular program for Ugandan businesses, aimed at substantive improvement in the business environment, which has not happened. Attempts to create a Venture Capital Fund came to naught. A follow-up private sector development (PSD) operation continued support for improving the business environment and enterprise upgrading, as well as development of a land registry and the creation of an industrial park. In interviews, private sector representatives expressed regret that no major progress has been made on the latter. The support for improving the quality of the business environment produced mediocre results. On this basis, the outcome of World Bank support is rated ***moderately unsatisfactory.***

The AfDB's involvement in PSD was highly limited relative to expectations. The AfDB CSP included a separate pillar on PSD, but the program of assistance was limited to SME development and discrete private sector investment (table 11). The AfDB was the official chair of the PSD working group, but it was one of the least active. Despite the absence of structured AfDB support for the private sector, the Bank's assistance for improving access to credit for SMEs yielded substantial results. On this basis, the assistance provided by the AfDB for promoting privatization and private sector development is rated ***moderately satisfactory***.

The World Bank led in assisting with the institutional transformation of the **power sector,** but in this area the two institutions worked closely together. Apart from differences in the magnitude of financial and staff support, separate attribution would be difficult. The World Bank had provided technical assistance for the design of the institutional overhaul of the electricity system at the end of the 1990s that led to the Electricity Act. The 2001 CAE noted widespread frustration with the delays in refurbishing and increasing power capacity under the Uganda Electricity Board (UEB). After 2000, the World Bank focused its assistance on the implementation of the Electricity Act with the Privatization and Utility Sector Reform Project (fiscal year 2001), complemented by the Power Sector Investment Loan (fiscal year 2002). The World Bank and AfDB continued supporting the upgrading of electricity infrastructure. The World Bank, with other donors, supported the completion of the expansion of the Owen Falls hydroelectric power plant through the Power Sector III and Power Sector IV projects, with the latter still under implementation.

The AfDB supported the UEB through the Urban Power Rehabilitation Project (1996) to improve the transmission network and to reduce losses, and unbundle its operation into separate entities. Beyond this action, both the World Bank and the AfDB supported the government in its efforts to get the Bujagali hydroelectric power plant project underway, following the failure of initial efforts to get private sector participation. The power crisis of 2005 led the World Bank and the AfDB to revamp their support for Bujagali hydroelectric power plant. With the crisis came an added awareness and prompt support of the government's efforts to add to capacity on an emergency basis and to carry out a long-term strategy of capacity expansion.[4]

Box 3. Power Sector Reforms

Uganda undertook transformation of its power sector institutions as part of its effort to increase supply and eliminate the need for public funds by involving the private sector. The transformation sought to address the economic and financial difficulties besetting the public monopoly (UEB) by putting into practice ideas from the 1980s and 1990s to improve the performance of the power sector. Unbundling the monopoly, promoting private sector participation, and establishing the regulatory framework were important to the new paradigm. In this context, since 2000, Uganda: (i) unbundled the UEB into generation, transmission, and distribution companies; (ii) created a power regulator; (iii) created a Rural Electrification Agency after realizing that the new operators were not going to extend power to rural areas without heavy subsidies; (iv) placed the distribution and generating companies in private hands; and (v) sought to engage the private sector in the generation of additional capacity, although some of the foreign firms currently involved are not private but quasi-governmental organizations.

Severe risks that materialized during the period handicapped the capacity to deliver on the intended objectives of the original strategy: the Bujagali hydroelectric power plant, downstream from Owen Falls hydroelectric power plant, did not come on line by 2005 as originally planned—consequently, the 200 MW did not come into operation. The first attempt failed due to: (a) the withdrawal of the operator that was selected from the agreement; (b) civil society's concerns about potential ecological consequences; and (c) delays on funding, tariff, and power purchase agreements.

The water level in Lake Victoria began dropping in 2001, and a drought in 2004 further reduced the capacity to generate electricity from Owen Falls and its extension. The expansion of Owen Falls during the late 1990s and early 2000 was undertaken as a stopgap until the Bujagali hydroelectric power plant could be brought on line. The expected generating capacity of the old dam and the extensions were estimated at up to 300 MW. The works were completed, but the effective capacity has been halved because of the low water level.

Source: IEG interviews.

Despite their efforts, the resulting institutional arrangements in the power sector promoted by the World Bank and the AfDB differed substantially from the original intentions. The objective of minimizing government participation in the sector was not met. First, the government continues to provide transfers to the distribution company as part of the agreement to raise tariffs to levels that make the operation profitable. Second, the budget continues to support transfers for the construction of the thermal plants. Third, to engage the private sector in generation, the transmission company (still owned by the government) has had to engage in power purchase agreements to ensure that all energy produced by the generators is purchased at the agreed price. A guarantee was extended to the distributor to ensure that tariffs meet costs and generate a profit. In addition, subsidies are to be extended to potential investors to reduce capital costs.

The assessment of the risks to the strategy was weak. The risks of increasing energy shortfalls at the beginning of 2000 were high, and the postponement of the Bujagali hydroelectric power plant added to the risks. Even at normal water levels, this risk could have materialized due to the growing demand for energy in the country. In addition, no account was taken of the risks implicit in the institutional design, most importantly the readiness of reputable private operators to engage, without excessive caveats, given the institutional situation in the country. Still, the contract with the distributor sets targets for increased connection and these targets have been met. Efforts to increase access in the rural areas have also had limited achievements.[5]

Because the two banks worked closely in the energy sector (especially on power), the weaknesses in performance were equally reflected. For the World Bank, the timing of the successful unbundling of UEB, coupled with the supply crisis as a result of the delayed completion of the Bujagali hydroelectric power plant and water shortage in Lake Victoria, constituted a strategic failure in risk assessment. Limited progress was also made on increasing rural access to power and promoting private sector participation in the sector. On this basis, the outcome of the World Bank support on energy is rated ***moderately unsatisfactory.***

The limitations identified for the World Bank in the power sector also applied to the AfDB. However, AfDB support extended beyond institutional reform and the focus on the hydroelectric power plant into other renewable energy sources, where substantial results were derived. Thus, the overall outcome of its support for the energy development is rated ***moderately satisfactory***.

As in the power sector, the World Bank and AfDB have been major partners in consistently supporting the government's rehabilitation of the national **roads network**. World Bank support consisted of the Roads Development Adjustable Program Loan (APL) (fiscal year 1999), with a follow-up in fiscal year 2005. AfDB's support was broad-based and comprised a Road Maintenance and Upgrading Project (2000), a Transport Sector Development Program (2003), and a Road Sector Support Project (2005). The main focus of these operations was the rehabilitation of selected roads within the national road network. The consultation with government and members of the sector working group has led to a clear strategy on the process for selecting roads to rehabilitate, with emphasis on major routes like the northern corridors linking Kampala to Mombasa, and the establishment of strategic linkages with the Democratic Republic of Congo, Rwanda, Sudan, and Tanzania. Limited support was provided to other components of the road network. Neither the AfDB nor the World Bank supported direct investment in district roads with new operations during the review period. However, the World Bank is exploring areas of potential intervention in district roads covering over 1,000 kilometers. Similarly, the AfDB, based on the preparatory work done by the World Bank, is likely to return to financing district roads.

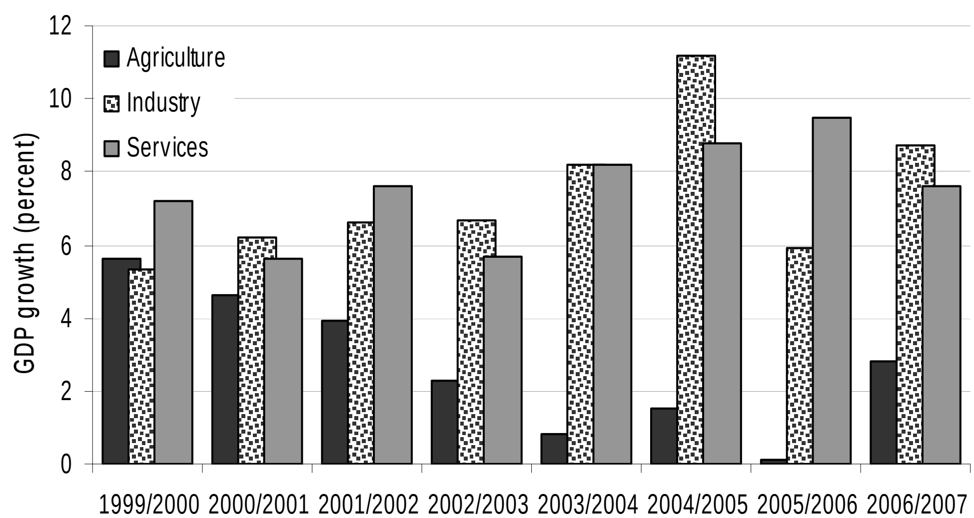
Notwithstanding the absence of quantifiable outcome targets, the support by both the World Bank and the AfDB has helped to rehabilitate and build the road infrastructure as well as establish the relevant institutional and regulatory framework as defined in the 2001 CAS and the 2002 CSP. Despite these improvements, Ugandan entrepreneurs rank transportation as the greatest impediment to doing business. The cost of transporting goods from Kampala to Mombasa (the main seaport) — by road or rail—remains high. A limitation of World Bank and AfDB assistance has been an over-emphasis at the project level on meeting notional quantitative output targets rather than focusing on likely economic impact of network development. As a result, travel times and costs were not reduced as much as they could have been.

The strategy for transport should have given equal emphasis to increasing effective access to regional and global markets for Uganda. In addition, better monitoring and evaluation would have been desirable. Detailed statistics to track progress on costs and travel times are lacking. Thus, although adequate progress was made on the partnership forum and in establishing the institutional arrangements to make it possible to focus on economic impact as a key driver for investment and regulatory simplification, overall the support to transportation and logistics is rated ***moderately satisfactory*** for both institutions based on the modest economic outcomes.

Improving Income of the Poor. The support of both the World Bank and the AfDB for the development of agriculture was channeled through the PMA. Implementation of the PMA was partial, focusing mostly on the first two pillars, which covered developing and transferring technology to the poor. The National Agriculture Research Organization was transformed into an apex institution to oversee a network of research centers and provide financing through grants. The approach was intended to respond to demand and bring competition into research. In addition, the government used the National Agricultural Advisory Services to put into place a nationwide system to transfer technology to farmers at all levels. The World Bank support focused largely on institutional development, which helped generate a wide range of new technologies in crops, livestock, and fisheries. The AfDB adopted a more integrated framework with a wide range of operations covering smallholder agriculture (1999), agriculture modernization (2000), fisheries and livestock development (2002), and community infrastructure (2007). Building on analytical work done in 2005, the AfDB shifted to an integrated approach to rural development emphasizing marketing and infrastructure, including irrigation and communal roads. This is a welcome development that seeks to redress the unbalanced implementation of the PMA, but it is too early to assess results.

Agricultural growth continues to lag with respect to the overall growth of the economy, as it did in the 1990s (figure 2). The sector is subject to price and weather shocks, and fluctuations in agriculture induce similar fluctuations in the overall economy. Much of the agriculture continues to be for subsistence, with limited market surpluses. There is a small pure cash economy around coffee, cotton, and tea, which accounts for around 9 percent of the value added in agriculture.[6] Given the rapid growth of incomes in the urban economy, the

Figure 2: Comparative Sectoral Growth of Real GDP



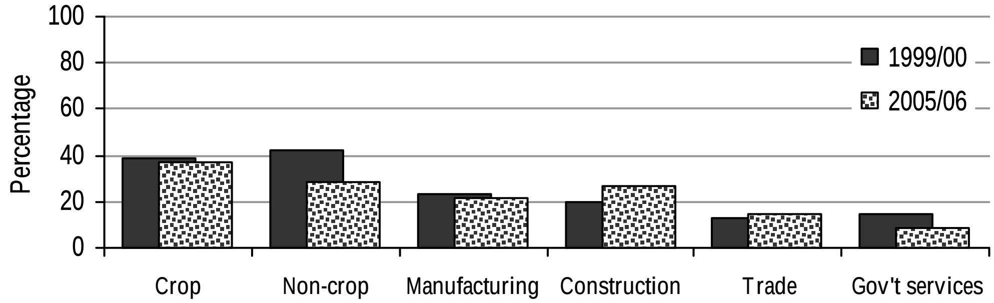
Source: Uganda Bureau of Statistics.

growing markets of neighboring countries (Uganda is a net exporter of border trade to neighbor countries), and the improving terms of trade for important cash crops such as coffee, a secular stagnation of agriculture is unlikely. Therefore, it is reasonable to assume that traditional agriculture has grown with internal demand, which should be between 2.5 and 3 percent per annum, close to the level projected in the PEAP. Many reports point to the failure of excess production to reach markets in Uganda or in neighboring countries. Indications are that the farm-to-market linkage needs substantial improvement to realize the effectiveness of the strategy of raising the income of the poor.

A weakness of the support by both the World Bank and the AfDB is the failure to complement the assistance with timely economic and sector work. Until a 2007 review of the sector, the last major formal review by the World Bank took place in 1993. The lack of good analytical work may have accounted for the limitations in the prioritization of the PMA and its unbalanced implementation. As reflected in the modest performance of the agriculture sector since 2000, the impact of the PMA has been uncertain. Progress was made in the areas that received assistance from development partners, namely, capacity building for the National Agriculture Research Organization and the expansion of the National Agricultural Advisory Services nationwide. However, their impact on the transformation of traditional agriculture, including productivity increases, remains undefined. Support for improving communal roads and rural infrastructure, especially by the AfDB, made substantial progress. In general, the World Bank and the AfDB have yet to develop a more integrated approach to supporting agriculture and rural development.

The overall poverty impact of the assistance provided by the two institutions under this agenda is also not clear. Although the national level of poverty has fallen since 1999/2000, the decline in the percentage of households below the poverty line has varied across different occupation types (figure 3). Other than manufacturing (and construction and trade, in which the percentage of households below the poverty line actually increased), the decline in the percentage of households below the poverty line was lowest (2.2) among those engaged in crop farming. The decline in the percentage of households below the poverty line was highest for those engaged in non-crop agriculture (livestock, fishery, forestry, and so on). Since the majority of Ugandan smallholders are engaged in crop farming, the limited decline in the percentage of households below the poverty line in the crop subsector may reflect the perceived slow rate of growth of the agriculture sector.

Figure 3: Percentage of Households below the Poverty Line



Note: By occupational groups: Crop=Crop farmers; Non-crop=Non-crop farmers; Govt Serv=Government Services
Source: Ministry of Finance, Planning and Economic Development (2006).

The outcome of the World Bank support for improving the income of the poor through agriculture productivity remains unclear. Support by the World Bank for agriculture, although well focused, was too heavily based on institution building and yielded limited evidence on the realization of its poverty-reducing objectives. The analytic underpinning was also not timely. On this basis, the contribution of the World Bank to improving the income of the poor through agriculture is rated ***moderately unsatisfactory***.

The AfDB had a largely rural focus to its support for improving the income of the poor through increased agriculture productivity, but the diversification program yielded mixed results. The expectation of a sustained growth of 3 percent per annum for agriculture was not achieved, but the integrated approach supported by AfDB is helping to reduce soil degradation, commercialize small-scale agriculture, and develop fish and livestock. Therefore, the contribution of AfDB is rated ***moderately satisfactory***.

Support for the preservation of the natural environment: The World Bank's main assistance was in the form of institution building for the National Environmental Management Agency (NEMA), which oversees a well-articulated network of environment institutions in the country. NEMA plays an important role in assessing the environmental impact of investment projects. It has carried out this responsibility judiciously despite occasional concern about objectivity. Support was also provided by the World Bank for establishing environmental benchmarks for Lake Victoria. However, the authorities expressed concern that excessive emphasis was placed on undertaking studies to construct benchmarks, rather than focusing on improvement in the livelihood of the communities that live around the lake. The outcome of World Bank support is rated ***moderately satisfactory***.

In the absence of specific AfDB operations to support the environment, its contribution to the integration of environmental concerns in development programs and to strengthen NEMA is not rated (non-evaluable) as these are embodied in projects that were supported.

Conclusion

The overall rating for the outcome of support for the growth agenda is ***moderately satisfactory*** for both institutions, although there are nuances between the two. In agriculture, both institutions provided the right support but failed to significantly modernize the traditional agriculture. AfDB, building on its dialogue, emphasized support for rural infrastructure—communal roads, marketing, and irrigation—that has come to be seen as the basis for an effective modernization of agriculture. Similarly, despite the efforts of the two institutions to help improve the coverage and availability of power and to reduce its cost, the current status is about a decade behind expectations. In terms of improving the environment for PSD, some progress was made in the environment for doing business, in linking Uganda to the rest of the world. Advances in road reform and other transport systems are underway. Yet, as costs remain high, entrepreneurs continue to rank transport services a major barrier to business.

Chapter 5
The Challenge of Human Development

Context. The policy environment for human development was defined by the PEAP (2000, 2005). The national health policy was developed in the Health Sector Strategic Plan (HSSP-I) launched in 2000, which was followed by the HSSP-II in 2005. With the facilitation of the World Health Organization and the leadership of the Ministry of Health, a health sector-wide approach (SWAp) among development partners was launched in 1999. In education, two major policy events were critical to shaping the direction of the sector. A massive push was made toward the achievement of universal primary education following the President's announcement of free primary education during an election campaign in 1996. Under the initiative, all school fees were waived for up to four children in a family, two of which should be girls.[1] At the same time the government, introduced a SWAp that helped to sharply increase public spending on primary education.[2] The impact of the universal primary education initiative on demand for education was unparalleled. Within a year the number of children enrolled in primary school increased by almost 70 percent to a total of 5.2 million by 1998.

Gender stereotypes are still deeply ingrained in Ugandan society. Among the measures put in place to address gender issues and improve women's lives and position relative to that of men are the initiatives embodied in universal primary education—accompanied by a media campaign to promote education for girls and delayed marriage, which greatly benefited girls' schooling—and the abolition of user fees for health services, which has been particularly beneficial for women's health care needs. Provisions have also been made for affirmative action with regard to girls' admission to higher education and quotas have been set for female political representation on the national and subnational levels. Gender considerations received a major boost during the 2005 PEAP revision, which introduced enhancement of gender equality as a key measure for economic growth.

World Bank and AfDB Strategies

Assessment of the Relevance of World Bank Strategy. The human development strategy of the World Bank, as defined in the 2001 CAS, was aligned with the fourth PEAP pillar (directly increasing the quality of life of the poor). It focused mainly on access in the health and water sectors, and on access and quality in education. The main vehicle of support was a series of six Poverty Reduction Support Credits (PRSCs), which emphasized service delivery. It included defined targets for immunization and trained staff in health, pupil resource ratios in education, and benchmarks for water supply (annex C). The PRSCs were supported by investment operations in the context of the HIV/AIDS and capacity building interventions. World Bank assistance for human development was also undertaken within the ongoing effort to strengthen local government capacity through decentralization. Strengthening donor coordination at the sector level was also seen as a key component.

The UJAS framework for human development builds on the PEAP and introduces additional focus on the quality of health and education and identifies high population growth as a risk to implementation, a risk that strategy partners are called to mitigate by encouraging the government to address political sensitivities around family planning. The results framework for UJAS is defined in a matrix largely taken from the PEAP, with well-defined targets (annex C). The World Bank's specific support is focused on increasing primary net enrollment and completion rates, water supply and sanitation, the reduction of infant and maternal mortality rates, and the incidence of HIV/AIDS, malaria, and tuberculosis.

The World Bank's strategy for human development is substantially relevant for meeting Uganda's development challenges and is closely aligned to government strategy as laid out in successive PEAPs and sector strategies. The strategy documents displayed selectivity within the relevant PEAP pillar by concentrating on primary health care and HIV/AIDS prevention and on primary and secondary education, leaving the lead in other areas to other development partners. The 2001 CAS results framework, which predated the results-based CAS requirement (in 2005), was adequate for monitoring country performance and was complemented by relevant expenditure tracking surveys.

Although population growth was part of the PRSC discussions, some government officials felt that the approach adopted by the World Bank was not forceful enough. The 2001 Uganda CAE had highlighted the urgency for dealing with the issue in the previous CAS period: "The neglect of population and reproductive health issues in a country with a poor record of girls' education and high rates of population growth, fertility, and maternal mortality is a striking gap." Five years later, the UJAS notes that population growth constitutes a "risk to strategy implementation" and "poses a long-term challenge to growth and poverty reduction." The World Bank's approach during the period reviewed was understandably cautious because of the general lack of consensus among development partners on the issue.

Assessment of the Relevance of AfDB's Assistance Strategy. The human development strategy of the AfDB, like that of the World Bank, was formulated within the framework of the PEAP. The 2002 CSP shifted the AfDB's focus from the provision of health and education infrastructure to improving the quality of health and education services. This shift, promoted through reforms agreed in the PRSL, was considered important given the lack of progress on some of the social indicators. These reforms were also enacted to facilitate the implementation of: the health and education investment operations of the preceding CSP (1999–2001) (ii) support the government's first Support for the Health Sector Strategic Plan (SHSSP), and; (iii) support the Education Sector Investment Plan (Education II). In the water sector, the 2002 CSP set as an objective the improvement of access and equity in the provision of safe water and sanitation. Under the UJAS, AfDB assistance envisaged devoting close to half of its planned commitment to the human resource development pillar of the PEAP. This AfDB support was to enhance access to primary healthcare, quality post-primary education, and to safe water and sanitation. It was to be delivered through health and education investment projects and earmarked budget support for rural water supply and sanitation.

As in the case of the World Bank, AfDB's strategy for human development is highly relevant to Uganda's development challenges and is aligned to its strategic programs. A new health project was deliberately postponed in 2001 to make sure it met the government's strategic objectives for the sector. In education, the committed projects (investment and policy-based lending) were satisfactorily designed and aligned with the government's strategies for the sector. The CSP (2002-04) largely depended on the PEAP outcome targets and did not establish independent baseline and intermediate levels indicators. The AfDB's aid delivery instruments were similar to those used by other development partners in the water sector, but in supporting human development initiatives it demurred on the use of the SWAp and general budget support (GBS), which were the preferred instruments of the other development partners. Another weakness of the AfDB's strategy was that it focused mainly on rehabilitation of infrastructure and access issues in earlier years, although strategic emphasis evolved toward quality issues.

Achievement of Objectives

During fiscal years 2001-07, the World Bank committed an estimated $725 million (35 percent of total commitments) in investment operations and budget support (PRSCs) to augment the government's human development efforts. The AfDB committed an estimated UA98.4 million (excluding commitment for multisector operation, estimated at UA49.6 million) during fiscal years 2002-07. This constituted about 20 percent of total commitments during the period by the AfDB (or about 30 percent if all multisector operations are considered human development assistance). AfDB's commitments amounted to about 20-30 percent of World Bank support to the sector. The relative contribution of the two banks to the expected outcomes on the human development agenda should be seen in this light.

The World Bank's Assistance Program. IEG reviews of the first four PRSCs rated the outcomes of World Bank assistance satisfactory. The reviews also rated the outcomes moderately satisfactory for the first three PRSCs and moderately unsatisfactory for the fourth. In addition, several more comprehensive assessments and evaluations that looked at the achievements and limitations of budget support to Uganda in general and the PRSC instrument in particular also provided contrasting assessments.[3] This review concurs with the findings of the earlier evaluations with respect to the role played by the PRSCs in World Bank support for human development.

The evidence shows that general budget support operations (including PRSCs) contributed to a major expansion of basic service delivery at the subnational level in education, health, and water and sanitation. The expansion was largely pro-poor and equitable, but was offset by weak service quality and very limited impact on important outcome indicators. However, the PRSC had proven particularly beneficial for cross-cutting issues, one of the reasons for the considerable expansion of the PRSC's policy action agenda. One oft-cited example from the education sector described how teacher recruitment and deployment, classroom construction and textbook publishing— all important elements of the education reforms led by the Ministry of Education and Sport— fall under the responsibility of three other ministries, making a PRSC policy action an important incentive for cooperation between the ministries involved.

Although the use of the PRSC dominated the World Bank's assistance for human development during the evaluation period, four investment projects in health and two in education were also instrumental. The District Health Services Project was by far the most important source of external financing for district health services in the country. Despite design flaws and failure to achieve many of its objectives, it contributed to more effective decentralization of the health sector and helped pave the way for a viable SWAp through strengthening policy formulation and strategic sector management, as well as by successfully coordinating development partners. The Nutrition and Early Childhood Development Project yielded modest improvements in nutritional status and cognitive development in children, but had unclear outcomes for health status. The Sexually Transmitted Infections Project was the first free-standing HIV/AIDS project in Uganda. The project helped successfully decentralize the fight against HIV/AIDS, establish multisectoral interventions and civil society partnerships, and build capacity in several relevant disciplines. It was followed by the Multi-Country HIV/AIDS Program.[4] The outcome of the project was rated moderately unsatisfactory mainly because prevention objectives were not met (table 12). However, the project contributed to strengthening Uganda's capacity to respond to the HIV/AIDS challenge at multiple levels.

Table 12: World Bank Project-Based Support for Human Development

Project name	*Outcome*	*Institutional Development Impact*	*Sustainability*	*Relevance*	*Bank Performance*	*Rating Source*
District Health Services	Moderately unsatisfactory	Substantial	Likely	Substantial	Unsatisfactory	PPAR
Nutrition and Early Childhood Development	Moderately unsatisfactory	Substantial	Unlikely	Substantial	Unsatisfactory	IEG review
Sexually Transmitted Infections	Moderately unsatisfactory	Substantial	Likely	High	Satisfactory	PPAR
Multi-Country HIV/AIDS Program Uganda	Moderately unsatisfactory	No rating; ID objective substantially achieved	Risk to development outcome rated significant	Substantial	Moderately satisfactory	IEG review
Education Sector Adjustment Credit	Satisfactory	Substantial	Likely	No separate rating; favorable review	Satisfactory	PPAR
Primary Education and Teacher Development	Moderately satisfactory	Substantial	Likely	No separate rating; favorable review	Satisfactory	PPAR
Makerere University Training Pilot	Satisfactory	No rating; favorable review of ID aspects	Risk to development outcome rated moderate	No separate rating; favorable review	Satisfactory	IEG review

Source: Various World Bank: Implementation Completion Reports, IEG reviews, and PPARs.

Notes: IEG= Independent Evaluation Group (World Bank); Multi-Country HIV/AIDS Program=African Multi-Country AIDS Program; PPAR=Project Performance Assessment Report.

With respect to education, two projects that closed in fiscal year 2001 (Primary Education and Teacher Development and the Education Sector Adjustment Credit), were relevant as they paved the way for the PRSCs. The education project portfolio also included two interventions with a focus on tertiary education. The Makerere University Training Pilot Project was a Learning and Innovation Loan, and its objective was to strengthen public service delivery at local government levels by improving and restructuring relevant education and training services of higher education institutions. Despite some flaws in project design and weaknesses regarding timely evaluation of innovative mechanisms created under the project, this Learning and Innovation Loan was very successful in demonstrating the benefits of involving higher education institutions in creating knowledge on decentralization, and in providing civil servants with the necessary skills to improve local service delivery in a decentralized environment.

AfDB's Assistance Program. The AfDB's support for human development also comprised four areas: health, education, water and sanitation, and gender. In this context, it paralleled the operations of the World Bank. The support for health was provided through the Support to the Health Sector Strategic Plan (SHSSP, 2000). An AfDB internal evaluation (the

Project Completion Report, or PCR) rated the project outcome satisfactory, although this could refer only to the achievements of physical and training targets and their intermediate effects. The scarce outcome data presented in the PCR pointed to health outcome improvements (for example, fatality rates among children under five from anemia and malaria declined in the project district visited by the PCR team, and infant immunization coverage increased). This was limited by inadequate supply of staff and mental health drugs (especially for poor patients) and the late delivery of some equipment and furniture. Nonetheless, access to services for mental and primary health patients significantly increased. Also, utilization of the facilities provided under the project was strong and stakeholders in the Ministry of Health expressed satisfaction with the project to the CAE team. The successor and ongoing project, SHSSP II (fiscal year 2006) continued support to expand access of the population to mental health services. It also aimed to improve reproductive health service delivery in order to reduce maternal mortality.

AfDB support for education through the Strategic Investment Plan, Education II Project (2000) focused on improving access to quality primary education and reducing gender inequality in secondary science education in rural communities. This project supported at the primary level, classroom construction, teacher and curriculum development, and textbook procurement, as well as the delivery of functional science laboratories and libraries to rural girls' secondary schools.[5] In addition, the PRSL (2001), which aimed at improving basic public services, supported education mainly through enhancement of capacity for primary education teaching, district management, and better distribution and utilization of textbooks. The follow-up and ongoing support to the Education Strategic Investment Plan, Education III (2005), aimed at reducing imbalances in regional educational attainments by improving access to quality secondary education in remote communities. It also sought to contribute to enhancing access to relevant and effective business, technical, and vocational training and skills acquisition.

The AfDB also provided support to advance gender equity and improve access to water and sanitation. The Rural Microfinance Support Project (1999) was the vehicle for this, followed bythe Poverty Alleviation Project (which closed in 1998 and successfully introduced rural banking services). The Rural Towns and Water Supply and Sanitation Study (2000) provided the analytic basis for the Small Towns Water and Sanitation Projects of 2004 and 2005. Both projects are credited with helping exceed the CSP performance targets for protected springs, boreholes drilled, and new wells constructed.

Overall, the performance of the AfDB's project assistance was satisfactory—the project ratings reveal satisfactory outcome with substantial institutional development impact and likely sustainability (table 13). However, the performance for Education I and SHSSP I can only be considered as likely sustainable, as most of their outputs have yet to produce any substantial effects. The overall performance of the education support from the PRSL was also rated satisfactory. A key success factor was the high commitment of the government to improving the policy environment and to ensuring the delivery of the funded outputs, as well as the high participation of the direct recipients of the project outputs. However, the effectiveness of the AfDB project assistance, as expressed in supervision mission reports between October 2000 and June 2007, suffered from delivery delays, inadequate counterpart funding, monitoring and reporting, and limited use of some of the deliveries.

Table 13: Ratings of AfDB-Supported Projects on Human Development

Project name	*Project outcome*	*Institutional development impact*	*Sustainability*	*Relevance*	*Bank performance*	*Rating source*
Support to the Health Sector Strategic Plan	Satisfactory	Substantial	Likely	Relevant	Satisfactory	PCR Review
Health Services Rehabilitation Project	Satisfactory	Substantial	Likely	Relevant	Satisfactory	PCR Review
Strengthening of Scientific and Technical Teacher Education	Satisfactory	Substantial	Likely	Relevant	Unsatisfactory	PCR Review
Education II	Satisfactory	Substantial	Likely	Relevant	Satisfactory	Sector Review

Source: OPEV PCR Review Note and Sector Review

Notes: AfDB=African Development Bank; OPEV=Operations Evaluation Department of the African Development Bank; PCR=Project Completion Report.

Assessment of Country Outcomes

Assessment of Country Outcomes. Because the CAS and CSP were aligned to the PEAP, an assessment of overall country outcomes against the PEAP targets is necessary to understand the achievement of the subset of outcome targets supported by the World Bank and the AfDB. In general, during the period reviewed, access to basic services improved—more children are now going to school, more patients use health care centers, and more people use safe water sources and proper sanitation. This development is corroborated both by indicators as well as beneficiary surveys. In health, more staff are assigned to health facilities, and vaccination rates have increased considerably, thereby meeting the 2001 CAS/2002 CSP targets by 2003 (table 14). The increase in safe water and sanitation facilities, which is likely to lessen the burden of water-borne illnesses and diarrhea, is also important for health outcomes. In education (table 15), input-related indicators have improved and have largely met targets. In addition, learning outcomes show positive trends, indicating that the inputs are paying off.

However, overall results in the health sector are disappointing. Drug shortages continue to be the norm, and staffing of health centers has stagnated at an insufficient level. More worrisome still is the obvious lack of impact of health service expansion on key outcome indicators, in particular maternal mortality and associated factors, such as the total fertility rate and family planning uptake.[6] The health system, in fact, seems only moderately improved over its status at the beginning of the evaluation period, with decreasing shares of the government's budget, increasing demand for medical services corresponding to increasing incidences of malaria, and signs that HIV infections may be on the rise again. Yet, findings from the most recent National Strategy for the Development of Statistics indicate increasing beneficiary satisfaction with health services, including quality. About two-thirds of the households surveyed reported that health services, particularly for immunization, had improved compared to 2000. However, lack of drugs in public health facilities is a common complaint. The beneficiary survey data on quality are somewhat contradictory, but overall there is a sense of appreciation among beneficiaries for services provided that should not be underestimated.

Table 14: Health Performance Indicators 2001-07

PEAP/UJAS/PRSC indicators	*Fiscal year 2001*	*Fiscal year 2002*	*Fiscal year 2003*	*Fiscal year 2004*	*Fiscal year 2005*	*Fiscal year 2006*	*Fiscal year 2007*
Infant mortality rate	88					76	
Maternal mortality rate	505					435	
Outpatient department utilization rate (new attendance)	0.43	0.6	0.72	0.79	0.9	0.9	0.9
HIV prevalence rate (%)	6.1	6.5	6.2			6.4	
Health facilities without stock-outs of tracer medicines/supplies (%)	40	42	53		35	27	35
Approved posts filled with trained health workers (%)	40	42	66	66	68	68	38*
Deliveries in health units (%)	23	19	20	24	25	29	32
Couple years of protection (‘000)			211	212	234	310	357
DPT3/ pentavalent vaccine coverage, children <12 months (%)	48	63	84	83	89	89	90
Population with access to safe water (%)	55			60			
Urban	85			87			
Rural	51			56			
Latrine coverage (%)		51	56	57	57	58	59

* Not comparable to previous figures, different methodology.
Source: Ministry of Health, Uganda.

Notes: DPT=diphtheria, pertussis, and tetanus vaccine; HIV=human immunodeficiency virus; PEAP= Poverty Eradication Action Plan; PRSC= Poverty Reduction Support Credit; UJAS=Uganda Joint Assistance Strategy.

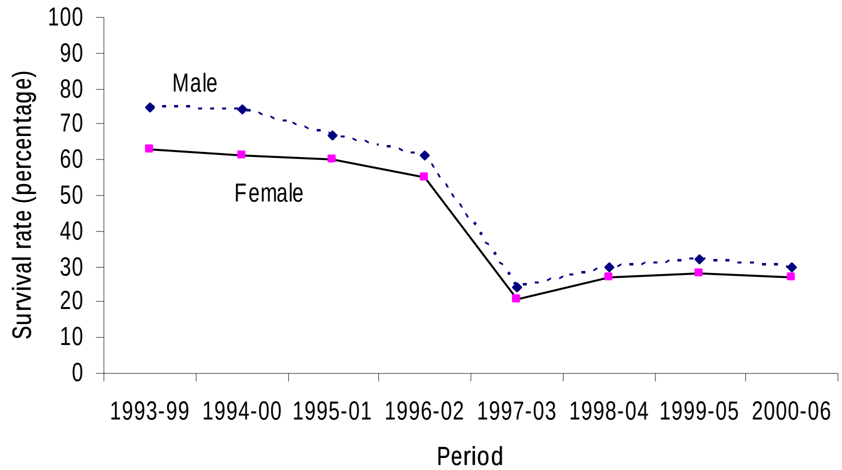
The results for education are mixed for both the World Bank and the AfDB with respect to the targets established in the CAS/CSP, but seem to point to the right direction. Learning outcomes are getting better and the sector is starting to implement a more comprehensive response to the quality challenge (table 15). Drop-out and repetition rates are high and completion rates decreasing. However, this may be an effect of the enormous wave of students who entered the system with the first few universal primary education cohorts (figure 4), especially after 1998. At the national level, the education sector seems to be capable of taking on the efficiency problems that are being identified in increasing detail. Beneficiaries feel empowered by universal primary education and value the education services that are increasingly provided. Quality reasons are rarely cited for dropping out of school—much more common are socioeconomic reasons, mainly the costs associated with going to school.

Table 15: Education Performance Indicators Fiscal Years: 2001–07

	2001	*2002*	*2003*	*2004*	*2005*	*2006*	*2007*
PEAP/UJAS Indicators							
Primary net enrollment rate	87	85	87	89	93	92	92
Male	87	83	87	89	94	94	94
Female	86		86	89	92	90	90
Primary completion rate (%)	63	49	56	62	51	48	50
Male	71	59	66	72	54	55	
Female	55	41	47	54	47	42	
Secondary gross enrollment rate	13	20	20	17	19	34	
Male	15	21	21	19	20	38	
Female	12	18	18	15	17	30	
Secondary completion rate to S4 (%)	21	22	18	25			
Male	23	25	20	28			
Female	19	19	17	22			
Tertiary gross enrollment rate	2.7	3.0	3.0	3.4			
Male	3.6	3.9	3.9	4.2			
Female	1.9	2.1	2.1	2.6			
PRSC Indicators							
Primary pupil/teacher ratio	58	56	56	54	52	48	52
Primary pupil/textbook ratio	2.5		3.0	1.6	1.8	1.8	
Primary pupil/classroom ratio	98	94	94	85	79	77	72
Proficient in literacy P3 (%)			34		39	46	46
Male			33		37	44	44
Female			36		40	47	47
Proficient in literacy P6 (%)			21		30	34	50
Male			20		32	33	48
Female			20		28	34	51
Proficient in numeracy P3 (%)			43		45	43	45
Male			44		46	45	46
Female			42		44	40	43
Proficient in numeracy P6 (%)			21		33	31	41
Male			26		39	34	46
Female			15		27	27	37

Source: Ministry of Education, Uganda
Note: PEAP= Poverty Eradication Action Plan; PRSC= Poverty Reduction Support Credit; UJAS= Uganda Joint Assistance Strategy.
Note: P= primary school level; S= secondary school level.

Figure 4: Survival Rates for All Primary Schools (percentage)



Source: Ministry of Education, Uganda.
Note: Survival rate is an educational concept referring to the percentage of students at the beginning of the grade who reach the final grade.

With respect to water and sanitation, the World Bank CASCR concluded that, with support from the Small Towns Water project of the AfDB and the PRSCs, all CAS performance targets (protected springs, boreholes drilled, and new wells constructed) were exceeded. Both rural and urban access to safe water showed major improvement, on track to exceed the corresponding Millennium Development Goal (MDG) target. On the other hand, the CASCR noted that a lack of progress in sanitation provision and hygiene mitigation had important negative effects on achievement of the MDGs in the area of infant, child, and maternal mortality.

World Bank's Contribution. The World Bank's contribution to the achievements in the social sectors was substantial (Table 16). The World Bank was the largest donor to Uganda over the evaluation period and had substantial staff capacity on the ground. Its PRSC instrument was at the center of budget support operations, defining the framework for all budget support donors. With government budget allocations to the main social sectors relatively stable, World Bank aid helped pay for the considerable expansion of pro-poor service delivery and thus directly contributed to increased access to basic services as well as to observed improvements in some aspects of service quality in health, education, and water supply and sanitation. The link is particularly strong in education for two reasons. First, funding came largely out of the government's budget, with very little project-based aid. Second, education was the largest recipient of the government's budget over much of the period under review. In addition, the World Bank was important in influencing education policy via analytical and advisory services.

Table 16: World Bank Support to the Human Development Agenda

Country Assistance Strategy Pillar	*Expected Outcome*	*Actual Outcome*	*Contribution*
Improved health care services	Immunization ratios (DPT3) to increase to 80% by 2002/03 Increased percentage of health centers with trained staff to 65% by 2002/03	Despite improved access and citizens' satisfaction with public health service delivery, outcomes remain unsatisfactory for family planning and reproductive health, The effectiveness of PRSC as instrument for dealing with specific health sector issues is declining.	Support was provided through the HIV/AIDS SIL, the PRSC 1-6 and economic and sector work such as the Health Expenditure tracking (fiscal year 2002), Health Sector Performance (fiscal year 2004), and Health System Support (fiscal year 2007).
Primary education	Pupil/teacher ratio of 47 by 2002/03 Pupil/class ratio of 87 by 2002/03 Pupil/book ratio of 3 by 2002/03	Support has yielded: equitable coverage, especially for girls; provided institutional strengthening by meeting output targets established in the PEAP; and (through PRSCs) sustained resource flow to sector. Support was unable to deal with inefficiency issues and concerns with Uganda's attainment of MDG2.	The PRSC 1-6 led the way, supplemented by the Makerere Decentralization Service Project (fiscal year 2002), and economic and sector work on Post-Primary (fiscal year 2003) and Tertiary (fiscal year 2004) Education.
Water and sanitation	Boreholes drilled: 1,500 by 2002/03 Protected springs: 700 by 2002/03 Protected wells: 1,700 by 2002/03	Support through the PRSCs to local governments helped exceed all CAS performance targets (protected springs, boreholes drilled, and new wells constructed). Both rural and urban access to safe water showed major improvement, on track to exceed the corresponding MDG target. There was limited progress in sanitation provision and hygiene mitigation, with potential negative effects on the achievement of MDGs for infant, child, and maternal mortality.	The PRSC 1-6 and the Uganda Social Action Fund support investment in this sector supplemented economic and sector work on Urban Water (fiscal year 2001) and Water Supply Delivery Impact Assessment (fiscal year 2005).

Sources: Annexes C and D.

Notes: CAS=Country Assistance Strategy; DPT=diphtheria, pertussis, and tetanus vaccine; HIV/AIDs=human immunodeficiency virus/acquired immune deficiency syndrome; MDG= Millennium Development Goal; PRSC=Poverty Reduction Support Credit.

World Bank funding was also crucial in advancing effective decentralization of the sectors. Conditional grants for the service delivery sectors out of the government's budget financed much of the sector strategy implementation on the subnational level and the World Bank's unconditional grants under the LGDP II constituted the only sizeable funding many districts received for discretionary spending. Some World Bank contributions to observed outcomes predate the interventions of recent years. Without the PEAP process and resulting sector strategies and SWAps, it was unlikely that service expansion of the magnitude observed in Uganda could have been possible. The World Bank's role in developing this framework was considerable and institutional strengthening, mainly by working with and through local systems, continues to be one of the stronger points of World Bank assistance.

However, there is a caveat that tends to come up in assessments of the impact of general budget support, which probes the counterfactual for the social sectors: Would the expansion in the social sectors *not* have happened without the support of the World Bank and other donors? It appears that generous donor fund support has: (i) made it possible for the government to delay reforms of domestic revenue mobilization; (ii) worked as a disincentive to increasing efficiency in service delivery; and (iii) enabled the government to afford costly policy measures introduced before adequate analytic work has been undertaken. Conversely, this would imply that less donor funding need not necessarily have meant less progress on sector strategy implementation. The conclusion is not clear.

Based on this, the outcome of World Bank assistance for education is rated ***moderately satisfactory***. Attention to gender aspects is satisfactory overall. The rating for education is mainly determined on the positive side by: (i) the further expansion of the education system that brought children from poor backgrounds and girls into school who would otherwise not have had a chance to get any education at all; (ii) the observed strengthening of the quality aspects of education, and recent acceleration that has led to emerging positive trends in some outcome indicators; (iii) the fact that expectations of quality in education have to factor in systemic performance issues associated with schooling large numbers of underprivileged and undernourished children; (iv) the institutional strengthening that has enabled the sector to further streamline its processes and increase its ability to analyze and respond to major challenges; and (v) Ugandan's expressed satisfaction with universal primary education despite system shortcomings. On the negative side the rating is affected by flattening or even decreasing net enrollment rates in primary education over the past few years; and persistence of inefficiency issues and concerns with the attainment of MDG.

Although it is still involved in sector dialogue and planning processes, the World Bank is not among the most active players in health. Within the Ministry of Health, the World Bank is most appreciated for financing consultants for brief assignments and on short notice. This concurs with development partners' recent impression that the World Bank has been less active in the sector working groups[7] and should have led a more committed and regular technical dialogue with the health sector, and with analytical work, which has been limited.

The World Bank presence and advocacy in the HIV/AIDS segment is said to have waned once it was no longer linked to a project. Given the World Bank's long-standing prevention-focused support—a sharp contrast with the treatment-centered agenda of the global health institutions and the US government initiative, President's Emergency Plan for AIDS Relief's ideology-driven neglect of condoms as a major element of prevention strategies—its perceived retreat from the dialogue is seen as detrimental to achieving a sensible balance of investments in the segment. On the positive side, the World Bank continues to strengthen its domestic HIV/AIDS initiative. Through the World Bank-associated Aids Strategy and Action Plan, it supported the peer reviewing process for the National Strategic Plan on HIV/AIDS and funded consultants to help the Uganda AIDS Commission develop an annual action plan for strategy implementation.

The outcome of World Bank assistance to the health sector is rated ***moderately unsatisfactory*** because of: (i) unsatisfactory outcomes on family planning and reproductive health issues as well as the health MDGs and corresponding PEAP indicators; and (ii) the presence of major inefficiencies in health service delivery and decreasing scope for effectiveness of the budget support instrument in the sector. On the positive side, there has been increased access and utilization, and citizen satisfaction with public health service delivery has increased.

AfDB's Contribution. AfDB's contribution to Uganda's health sector was modest due largely to the modest scale of assistance and its narrow focus on project activities (table 17). Apart from the support provided through the PRSL, the AfDB's interventions were limited to mental and maternal healthcare in a few districts. AfDB project-generated data on outcomes were patchy, and there were no national-level indicators that measure the outcome of mental health services provision, one of the main areas of focus of the SHSSP. According to the most recent Annual Health Sector Performance Reports, most regional referral hospitals are still only partially functional in mental health services, with no psychiatrist on staff. At the lower levels, psychiatric nurses remain in short supply, too. The drug situation is particularly critical—demand for a mental health service is increasing but drug shortages in this segment were the norm. The trends seem to be moderately positive both with regard to recruitment of mental health staff and drug availability, but the segment repeatedly missed annual targets and the 2006/07 Annual Health Sector Performance Report lists gross underfunding of mental health medicines as a major challenge. In conclusion, AfDB project activities have contributed to increasing health service infrastructure and access to services in mental health, but the realization of the full potential contribution of AfDB's mental healthcare interventions remained limited.

Table 17: AfDB Support to the Human Development Agenda

Country Strategy Paper Pillar	*Expected Outcome*	*Actual Outcome*	*Contribution*
Health: Improve efficiency and effectiveness of existing health care delivery systems	54% of children less than 1 year old have received DPT3 vaccination Outpatient department utilization per capita of 0.47 HIV prevalence reduced to 5.4%	Access to mental health and maternal health services increased, but access to mental health services continued to be severely limited by shortages of staff and drugs.	The Support to Health Sec Strategic Plan (2000) was t main vehicle for support. It was followed by the ongoin Support for Health Sector Strategic Plan (2006). The PRSL also supported the health sector.
Education: Improve access to quality primary education; improve access for girls into secondary science education in rural areas	Pupil-teacher ratio 45:1 Pupil-textbook ratio 3:1 Pupil-classroom ratio 89:1 P7 net enrollment 20%	Gender inequality in accessing science education in rural communities decreased. Improvements in the quality of education were limited by the slow pace of delivery of support and high demand for education. The education sector continued to be characterized by high drop-out rates and low transition rate from primary to post-secondary education	Education II (2000) was the main vehicle of assistance; PRSL provided complementary support.
Water and sanitation: Increase access to water and sanitation in small towns	Increased access to safe WSS from 52% to 60% 80% WSS systems functioning Increased access to safe urban WSS from 50% to 65%.	Support from the Small Towns Water project helped exceed all CSP performance targets (protected springs, boreholes drilled, and new wells constructed). Both rural and urban access to safe water showed major improvement, on track to exceed the corresponding MDG target. Relative neglect of sanitation provision and hygiene mitigation could have potential negative effects on achievement of MDGs for infant, child, and maternal mortality.	The Rural Towns Water Supply and Sanitation Stud (2000) underpinned the two Small Towns Water and Sanitatio projects (2004 and 2005) t served as main vehicles complementing similar sup by the World Bank and oth bilateral agencies in the loc government areas.

Source: Annexes C and D.

Notes: AfDB=African Development Bank; DPT=diphtheria, pertussis, and tetanus vaccine; HIV=human immunodeficiency virus; MDG=Millennium Development Goal; PRSL=Poverty Reduction Support Loan; WSS=water supply and sanitation.

Note: P= primary school level.

The AfDB's assistance made substantial contributions to the education outcomes during the review period, although it is largely oriented toward infrastructure and capacity building. AfDB assistance accounted for more than 5 percent of the external funding of the education sector and covered all districts in the country. Of the 8,887 new primary schools built nationwide between 2004 and 2007, the AfDB's assistance accounted for 18.3 percent (1,629 schools), which created classroom space for 117,288 primary pupils. The assistance also created in secondary schools 6,480 student laboratory spaces and 1,621 student library spaces for girls. It also assisted in enhancing school productivity by supporting capacity building and school curriculum development and diversification. It trained teachers and equipped schools with appropriate equipment and materials. In addition, it introduced and facilitated agricultural education and skills development in the school curriculum.

The AfDB's interventions in water and sanitation have permitted the rehabilitation and construction of water supply and sanitation systems in small towns and rural areas. Although performance was generally satisfactory, the results have revealed a need to pay more attention to disadvantaged beneficiaries, especially the rural poor and women. Part of AfDB's assistance was channelled to the Integrated Agriculture and Water Shed Management Program, which supported the PMA. Its components included: the development of cost-effective and market-driven, small-scale irrigation and water harvesting schemes; soil management; arid lands development; marketing and agro-processing and complementary infrastructure such as rural electrification and farm access roads; and institutional and capacity building at the farmer, district, and central government levels.

The AfDB's country office in Uganda has played a supporting role in country dialogue, but the absence of social sector specialists was a major limitation. Meetings relevant to the health sector were attended by a macroeconomist who covers several other sectors as well, and was not likely to be able to add much in terms of technical expertise or strategic advice to the sector dialogue. The AfDB was not represented in the sector's thematic working groups. Health reviews were only occasionally attended by a specialist from Tunis, which again limited AfDB's scope for adding value to the review process.

The review concludes that the outcome of AfDB's assistance in education and health is ***moderately satisfactory,*** and the outcome for water and sanitation is ***satisfactory.*** The low outcome rating for education and health is attributed to the failure of the support to effectively address the quality constraint and delivery inefficiencies. The assistance to both sectors was largely oriented toward infrastructure and capacity building, with only a partial focus on quality issues. The education system in Uganda still has high drop-out rates and a low transition rate from primary to post-secondary education. This will threaten the relevance of education for the next few decades in an environment where the greatest shortage is in skilled labor at all levels. The AfDB's focus in health was narrow, limited to a few districts, essentially contributing to increase access to mental and maternal health service, which was limited by shortages of staffing and drugs. Although of increasing importance, mental health was still considered relatively less critical in allocating scarce national budgetary resources. Also, the delivery of the AfDB's assistance to health and education was subjected to delays in project execution. With respect to water and sanitation, AfDB's interventions facilitated the rehabilitation and construction of water supply and sanitation systems in small towns and rural areas with generally satisfactory outcomes.

Conclusion

The outcome of World Bank and AfDB assistance for human development is ***moderately satisfactory*** overall for both institutions. The support each bank provided contributed to the improved access and equitable coverage in health, education, and water supply and sanitation. Regarding the World Bank, the key concerns were the quality of service and the weak role played by the PRSCs as the instrument for delivery. Similarly, the effectiveness of the AfDB's assistance, largely oriented toward infrastructure and capacity building, was limited by delivery deficiencies and the partial focus on quality issues.

For both institutions, the failure to advance the dialogue on the crucial issue of population was a major omission. Driven by a total fertility rate of about 6.7 births per woman, among the highest in the world and well above the sub-Saharan African average of 5.5 (UNDP

2007/08),[8] Uganda's population growth poses one of the highest constraints to its poverty reduction efforts. The country's annual population growth stood at 3.6 percent in 2006 according to World Bank data, up from 3.1 percent in 2000. Even assuming a significant decline in total fertility rate over time, Uganda's population would roughly double in size every 20 years. Since 2000, the population has grown by more than 5 million. There is considerable risk that population pressures will prevent further improvements in development indicators, undercut achievement of most of the MDGs, and jeopardize present levels of service provision. Population pressures may also inhibit growth, increase inequality, and foster social instability and conflict (World Bank 2006). The World Bank's Strategic Gender Assessment identifies persistent gender inequalities in education, employment, earnings, and bargaining power at the household level as factors closely linked to the exceptionally high fertility.

Chapter 6
Evaluation of IFC Activities

Background

Uganda has a variety of attributes that offer good economic growth potential for private sector development: favorable conditions for a broad range of agricultural production, attractive tourist destinations, valuable mineral deposits, hydropower potential, untapped oil and gas reserves, and an educated labor force. Uganda is also close to rapidly growing East African markets, has favorable access to European and U.S. markets, and is a member of the Common Market of Eastern and African States, a market comprising 380 million people. Recent reforms have been consolidated, and the country's reform program has advanced over the past decade, during which time it has seen sustained private sector-led growth**.** Uganda is currently ranked the third freest economy in sub-Saharan Africa after Botswana and Mauritius by the Heritage Index of Economic Freedom.

However, several obstacles, particularly the lack of infrastructure, continue to constrain private sector activity**.** Inadequate transport and energy infrastructure, in particular, remain a major obstacle to doing business and add significant costs. In transport, for example, the main route from Uganda to a port is through Kenya to Mombasa. However, though it costs $600 to transport a 40-foot container by rail from Nairobi to Mombasa, it costs $3,900 to transport one from Kampala to Mombasa. Road transport linking Uganda's rural areas and centers of tourism with Kampala is also limited. In energy, commercial tariffs are among the highest in the world and nearly double those in Kenya. Electricity distribution infrastructure outside Kampala is minimal and only 5 percent of the population has access to electricity. In the banking sector, high collateral requirements, short lending terms, and limited reach in rural areas inhibit access to finance. Complex land ownership laws and an inadequate land registration system undermine property development and access to credit, particularly for women entrepreneurs.

IFC Objectives

The IFC's objectives in Uganda between fiscal years 1999–2008 (as reflected in the 1997 joint World Bank-IFC Country Assistance Strategy (CAS), the fiscal year 2001 joint World Bank-IFC CAS, IFC's fiscal year 2003 Strategic Initiative for Africa, and the fiscal year 2005 UJAS) were:

- **Infrastructure Development:** Making a major contribution in enabling and financing private sector infrastructure, including power generation, telecommunications, and rural electrification; and supporting privatization.

- **Financial Sector Development:** Stimulating diversified and strong financial sector development.
- **SME Growth:** Supporting SMEs through additional financial support and through SME capacity building and technical support.
- **Agribusiness:** Supporting commercial agriculture and agribusiness.
- **Social Sectors:** Supporting private provision of education and health services.
- **Business Regulatory Environment:** Reducing investment-related bureaucracy and improving investment regulations and promotion.

Relevance of Objectives. The IFC's objectives were appropriate to country conditions, although more detailed strategies should have been developed in some sectors. The objectives were appropriate for three reasons. First, by 2000, Uganda had made significant progress in establishing a positive environment for private investment and a range of new opportunities were opening up. Second, the government had displayed strong commitment to privatization and attraction of private investors, including in major infrastructure sectors. Third, despite sound progress, Uganda remained a high-risk, frontier country, with broad development needs.

The emphasis on infrastructure was particularly relevant. Although reforms implemented over the past decade have addressed a range of constraints to doing business, poor infrastructure remains a major impediment to private sector activity. Throughout the period, IFC's areas of focus were fully aligned with government priorities and with the assistance strategies of the World Bank and other development partners. However, the IFC would have benefited from much more considered strategies as to how it proposed to support some of these areas. For example, although supporting agribusiness was identified as an objective, none of IFC's strategic documents provided any insight as to how the IFC proposed to achieve this objective. Given the importance of better engaging the large proportion of the population engaged in agriculture in the growth process, vulnerability of the sector to weather and disease risks, market access constraints, and the predominance of small enterprises in the sector, a much more detailed and thought-out strategy to support agribusiness was warranted.

Achievement of IFC's Objectives and Assessment of Outcomes

Investment Operations. Between fiscal years 1999–2008, the IFC invested $178 million in 10 projects mostly in infrastructure (86 percent) and the financial sector (12 percent; see annex table 12-1). The investment program was dominated by the $130 million loan to support construction of the 250 MW Bujagali hydropower project. Development of the project commenced in the mid-1990s, but was dropped in 2003 when the first major sponsor withdrew from the project. The second development phase was successfully concluded in 2006, and construction of the project began in 2007. The project is one of the largest private sector financings in sub-Saharan Africa and involved the support of numerous financial institutions, including the World Bank.

The IFC also made two loans to Celtel Uganda, the second-largest mobile operator in the country, to help expand its network. In the financial sector, four loans were made: two to the Development Finance Company of Uganda Limited (DFCU) to support leasing, mortgage, SME development, and women entrepreneurs; a trade finance guarantee of $2.4 million to Orient Bank; and a $1 million guarantee to support local currency borrowing by a microfinance institution. In addition, three small investments were made in SMEs through the Africa Enterprise Fund (AEF; see figure 5). Two of the investments were in agribusiness, supporting cotton and fish processing plants, and one was in the education sector, supporting a private primary school. The IFC also invested in three regional initiatives: an investment with the concession operator of the Uganda-Kenya railroad, a corporate loan to Celtel under which Celtel Uganda received a $20 million A-loan and a $11.5 million syndicated loan, and a $10 million equity to Coca Cola Sabco (Pty) Limited to expand and modernize operations in four African countries, including Uganda.

Figure 5: Investments by Sector, Fiscal Years1999–2008

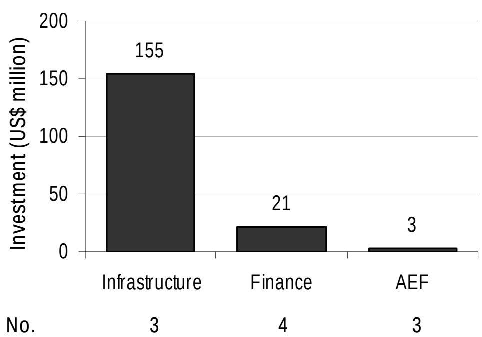
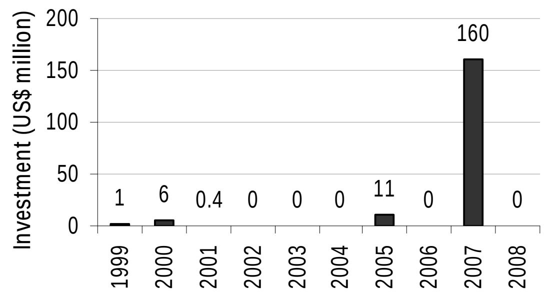


Figure 6: Investments by Year, Fiscal Years 1999–2008



Source: IFC Records.
Notes: AEF= Africa Enterprise Fund.

IFC's new investments in Uganda were lower than in comparable countries: $6.7 per capita during the review period, compared with $7.5 per capita average in sub-Saharan Africa, and $8.6 per capita in Kenya $, and $11.0 per capita Ghana $. However, if the large Bujagali project is excluded, IFC's investment in Uganda drops to just $1.7 per capita. In proportion to GDP in the region, IFC's investments in Uganda were high. Although Uganda's GDP represents 1.6 percent of sub-Saharan Africa's GDP, IFC investments in Uganda comprised 3.9 percent of its sub-Saharan African investments. Investments in Uganda have been volatile, with, for example, IFC investment being realized in just two of the last seven years (figure 6). During the 10-year evaluation period, the IFC shifted to larger investment projects: the average project size increased from $2.2 million in fiscal years 1988-98 to $17 million in fiscal years 1999-2008 (or $4.8 million, excluding the Bujagali project).

Table 18: New Investments in Uganda Benchmarked against Comparator Countries, Fiscal Years 1999–2008

Fiscal Years 1999–2008	*Share of IFC investments/FDI (%)*	*IFC investments ($ per capita)*	*Advisory Services ($ per capita)*
Ghana	13	11.0	0.60
Kenya	63	8.6	0.77
Tanzania	2	2.5	0.19
Uganda	8	6.7	0.21
Sub-Saharan Africa (excluding Uganda)	4	7.5	na

Note: Sub-Saharan Africa includes 28 countries with available data.

Note: FDI= foreign direct investment; IFC=International Finance Corporation.

IFC held the second-largest share among six development finance institutions in Uganda's private sector. The IFC's market share is approximately 24 percent, only below the European Investment Bank (EIB) with 33 percent (figure 7). During the 10-year evaluation period these institutions invested a total of $783 million, and concentrated in infrastructure and finance. Investments in infrastructure were mainly focused on energy, mobile telecommunications, and railways; investments in the financial sector were concentrated on loans to commercial banks and microfinance institutions (figure 8).

Figure 7: Development Finance Institutions' by Market Share

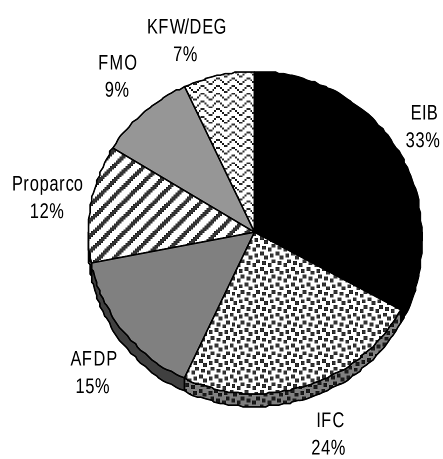
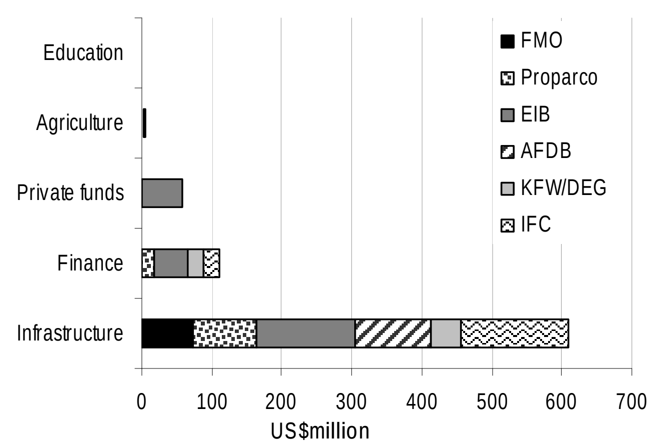


Figure 8: Development Finance Institutions' by Sector



Notes: AfDB= African Development Bank; DFI=development finance institutions; EIB= European Investment Bank; FMO= Development Finance Company of the Netherlands; IEG= Independent Evaluation Group; IFC=International Finance Corporation; KfW/DEG= German Reconstruction Credit Institute/German Investment Corporation; Proparco= French Investment and Promotion Company for Economic Cooperation.
Source: IEG-IFC.

IFC's active portfolio of investments over the past decade became more concentrated in loans rather than equity, and in large infrastructure and financial sector projects. In addition to the 10 new investments, 19 other investments were under supervision during the evaluation period, representing commitments of $49.6 million. These projects were concentrated in extractive industries (39 percent) and agribusiness (25 percent). Over the past decade, IFC's portfolio in Uganda grew from its eighth largest exposure in sub-Saharan Africa in 1999 to its fifth largest in 2008. During the evaluation period, the IFC exited from five equity investments and did not make any new ones. As a result, of its total active portfolio of $228 million at the end of fiscal year 2008, only 3 percent comprised equity investments, compared to 14 percent in Tanzania and 8 percent in Kenya. In sector terms, the IFC moved from a fairly diversified portfolio comprising oil, gas and mining, food and beverages, agriculture, and manufacturing to a more concentrated portfolio in utilities and finance.

Advisory Services Operations. The IFC advisory services focused on infrastructure and access to finance. Between fiscal years 1999–2008, the IFC approved 16 Adivsory Services operations in Uganda for a total donor funding cost of $6.4 million (annex table 12-4). In terms of business line, activities were predominantly in infrastructure (52 percent) and access to finance (33 percent), with advisory services in business-enabling environment and value addition to firms accounting for 4 percent of approvals. The IFC's volume of advisory services operations in Uganda was relatively lower than other countries in the region: between fiscal years 2005–008, total IFC advisory services funding in Uganda was $0.2 per capita compared to $0.8 in Kenya and $0.6 in Ghana.

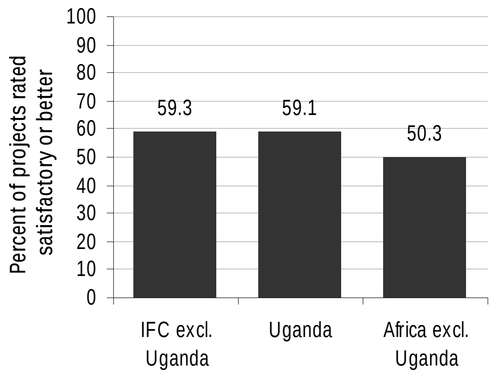
Advisory services in infrastructure supported privatization, large infrastructure investment projects, and rural access to electricity and communications. The IFC undertook substantial Advisory Services in the power sector, including advising the government on sector reform and supporting the technical, economic, environmental, and social appraisal of both phases of the Bujagali project. The IFC also cofinanced an assessment of the feasibility of attracting private capital flows into the rural electricity sector in fiscal year 2001 that contributed to policy reforms and to various initiatives to attract private investment in the sector. An initiative to advise the Rural Electrification Agency on piloting public-private partnerships in rural electrification was also recently approved. A further advisory service project helped adapt and replicate the Bangladesh Village Phone Program in Uganda to increase rural access to telephone services. With regard to support of the private concession of the Kenya-Uganda railroad, a program was developed to motivate retrenched workers to use their compensation for new business opportunities, create income-generating opportunities along the railway track, promote small and medium-scale enterprise linkages, develop HIV-AIDS programs, and promote gender opportunities. However, this initiative has been put on hold due to uncertainties with the future of the concession.

In the financial sector, IFC advisory services supported SME growth, access to finance for women entrepreneurs, and mortgage finance. The IFC initiated several programs aimed at increasing access to finance for local SMEs: training for mobile phone dealers to help them reorganize their businesses from a cash to a credit basis (that has provided training for 97 SMEs and financial support for 17 SMEs); a program to provide training and financing for potential SME bidders in private water operations; and an SME growth initiative under which 25 SMEs received training and two received financing (however, the performance of the SME beneficiaries have performed below expectations). In fiscal year 2007, the IFC supported an initiative to promote access to finance for woman entrepreneurs. To date, over 50 woman entrepreneurs have received loans and training in bookkeeping and marketing and several firms are performing exceptionally well. However, inadequate monitoring and evaluation of the program inhibits an assessment of its impact and attribution of success of the firms to the IFC-financed initiative. Also in fiscal year 2007, a primary mortgage market initiative was established to help address policy and regulatory constraints to mortgage lending as well as to strengthen institutional processes and procedures in mortgage lending in local banks. The program is linked to a partial credit guarantee provided by the IFC for these banks to access lines of credit from the National Social Security Fund. As discussed below, however, the partial credit guarantee has not yet been used by any of the participating banks, and only one bank has received training.

Several initiatives were undertaken to improve the business enabling environment. The Foreign Investment Advisory Service completed an administrative barriers study in fiscal year 2004 and a gender and growth assessment in fiscal year 2005. The gender and growth assessment study found that although women in Uganda contribute 50 percent of GDP and represent 39 percent of businesses with registered premises, they receive only 9 percent of credit. The report suggested that Uganda could gain as much as 2 percentage points of GDP growth a year by eliminating gender inequality. The study led to the Gender Entrepreneurship Initiative. In fiscal year 2007, the IFC supported the launch of the Uganda Investment Authority's Investor Outreach Program that encourages foreign direct investment to support expansion of exports to regional and broader global markets. To date, the program has led to the elimination/ streamlining of five foreign investment procedures, although it has suffered from a range of managerial and organizational issues that have undermined effectiveness.

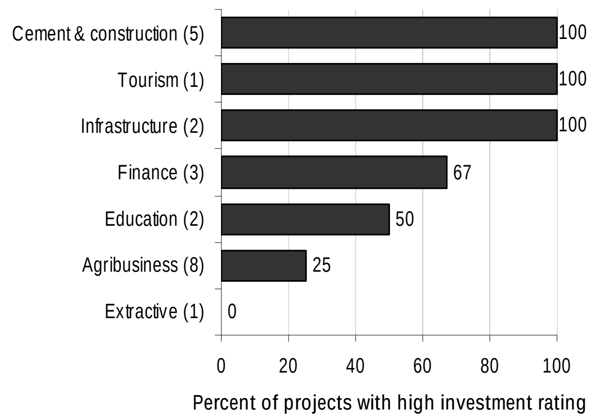
Investment Outcomes. Investment outcomes of the IFC's portfolio in Uganda were on par with IFC-wide results, although profitability was lower. Fifty-nine percent of the 22 mature projects had satisfactory or better investment outcomes, compared to 60 percent IFC-wide and 58.8 percent in sub-Saharan Africa excluding Uganda (figure 9). However, profitability in Uganda was lower than in the rest of sub-Saharan Africa and IFC-wide: projects registered a year averaged a profitability rate of 5.1 percent, well below the 9.6 percent in sub-Saharan Africa, and 6.9 percent of IFC overall. The lower profitability in Uganda is mostly due to the failure of one large equity investment. The IFC's 22 mature investments during the period reviewed registered an estimated gross profit contribution before corporate overhead of about $9.3 million and net result of approximately $3.5 million after overheads.

Figure 9: Investment Success Results Comparison



Note: Based on 668 matured investment operations active over 1999-2008.
Source: IEG-IFC.

Figure 10: Investment Success Results by Sector



Note: Based on 29 matured investment operations active over 1999-2008.
Source: IEG-IFC.

Positive investment outcomes were seen in infrastructure and finance, although less success was seen in agribusiness. The two evaluated investments in telecommunications performed satisfactorily. Following early operational difficulties, one telecommunications operator embarked on a turnaround program, upgraded its network, and revitalized its brand name. As a result, its market share increased significantly. The IFC's investments in the sector exceeded financial benchmarks of performance.

Projects in the financial sector were generally successful. The IFC made an investment in Uganda's first leasing company, which was subsequently acquired by a local bank. The project taught numerous lessons, including the importance of having committed technical partners (foreign and local) in underdeveloped markets to bring both funding and expertise. All five projects in cement and construction, mainly in the hotel business and commercial office buildings, performed satisfactorily. Good sponsor and management expertise were the main drivers of positive results. However, six out of eight agribusiness-related projects performed unsatisfactorily. These weak outcomes were attributable to poor sponsor quality and corporate governance in addition to a range of sector-related constraints.

The IFC's Contribution to Private Sector Development

Privatization and Private Investment Infrastructure. The IFC helped realize significant regulatory and institutional reforms in the power sector. The IFC was engaged in the power sector throughout the period reviewed through: (i) efforts to develop both phases of the Bujagali private power generation project as well as smaller hydropower projects; (ii) advice on regulatory and institutional reform in the power sector and privatization of the electricity distribution system; and (iii) efforts to expand rural access to electricity. Since 1999, significant changes have been made in Uganda's power sector, with most of the institutional and regulatory reforms recommended by the IFC and the World Bank fully implemented. The 1999 Electricity Act established the basis for an enabling environment for private providers in the sector, including rural electrification. In 2000, an independent Electricity Regulatory

Authority was created and the state-owned power company was subsequently unbundled into separate transmission, distribution, and generation companies. In 2003, a private power operator won a concession for the main public power generation plants, and in 2005, a commercial operator was awarded a concession to operate the main electricity distribution network.

Despite these efforts, the desired results in the energy sector have yet to be seen: for example, just 5 percent of the population has access to electricity; losses through the distribution system remain high at over 35 percent; the cost of electricity in Uganda is significantly higher than other countries in the region; and the government continues to make substantial subsidies of some $50 million a year to the energy sector. The lack of increased access to affordable electricity and reduction of system losses can be partly attributed to inadequate levels of power supply in Uganda. Total installed capacity is 360 MW (50 MW thermal and 310 MW hydropower) and the 2005/06 drought reduced hydropower generation to about 265 MW. Meanwhile, peak demand is estimated around 380 MW, resulting in a shortfall of up to 145 MW. To compensate for this, the government installed high-cost emergency thermal power capacity that significantly raised the retail tariffs from less than 10 U.S. cents per kilowatt hour in 2004 to over 20 U.S. cents per kilowatt hour in 2008. The higher consumer prices that resulted raised the level of illegal consumption and system losses reverted back to levels that existed before the distribution concession. The output from Bujagali, when available in 2011, is likely to significantly reduce the demand-supply gap in the country. The IFC has also advised the government informally on the privatization of the electricity distribution system, which made Uganda the first African country with a private unbundled distribution company. There is some concern that the concession agreement between the government and the operator of the distribution company, which resulted in a private monopoly, could have better incorporated incentives to reduce system losses and expand access to the main grid.

Efforts to mobilize private investments for rural electrification have seen limited success due in part to lack of public investment in distribution infrastructure outside the major urban areas. To address the lack of access to electricity, in 2002, the government established the Energy for Rural Transformation program, supported by both the World Bank and the IFC. The program sought to attract private investors to develop small hydroelectric power plants to supply power to either independent distribution networks or to the main grid. To date, despite the range of initiatives and sector reforms, private sector presence in rural electrification is minimal. Lack of public investment in distribution infrastructure outside the major urban area has been a constraint. One off-grid, public-private partnership project, that generates about 3.5 MW of power, has been implemented in the West Nile region.

The IFC's investments and advisory services helped restructure the telecommunications sector and expand access to mobile communications. In 1994, the IFC invested in the first private company licensed to provide mobile telecommunications in Uganda. At the time, the telecommunications system in Uganda comprised some 23,000 fixed lines provided by the state telephone company. The IFC helped the sponsor structure the project and finance the initial build-up and subsequent expansion of the mobile network. Over the years, the company faced challenges, including an effective mass-market strategy from a new competitor in 1998 that sharply reduced its market share, as well as managerial difficulties, and significant investment costs. The company eventually emerged as a well-managed and profitable operation, and has been a key player in expanding access to phone services in Uganda. Its subscriber base increased from 34,000 in 2001 to 1. 4 million in 2007 and it currently has about 35 percent of the mobile market.

The IFC also played a significant advisory role in restructuring the sector. It was the lead advisor to the government on two transactions: Uganda Telecom Privatization and the sale of a Second National Operator's license. The advisory contract was signed in 1995 and the financial closing of the sale of the Uganda Telecom Privatization took place exactly five years later in 2000. Both transactions incurred significant IFC staff resources at a high cost. However, the work paid off given that, in the end, this sector has become the most promising in Uganda.

In rural areas, the IFC helped adapt and replicate Bangladesh's successful Village Phone Operators program that helped increased access to phone services in isolated communities by training and providing mobile telephone equipment to local retailers. Overall, Uganda's mobile penetration has increased from 0.25 percent in 1999 to 9 percent in 2007. Although this is a significant improvement, the penetration remains relatively low compared to an average penetration rate of 28 percent in Africa, 10 percent in Kenya, and 16 percent in Tanzania. The lower penetration rate in Uganda in part reflects its low per capita income as well as a relatively high 30 percent government tax on mobile phone services. The award of two additional private mobile operator licenses in 2007 is making the market more competitive and is expected to help increase penetration.

Although the IFC helped achieve the private concession of the Kenya-Uganda railway, its contribution to private sector development has been below expectations. The IFC was engaged in this transaction since 1994 when the governments of Uganda and Kenya decided to have a joint concession. Since then, the IFC (the lead advisor to the Government of Kenya) and CANARAIL (Canadian railway engineering consulting company), the lead advisor to the Government of Uganda, worked jointly on the competitive bidding process for the concession of the Kenya-Uganda railroad. In 2005, two similar concessions were tendered in Kenya and Uganda and the winning bidder for both was Rift Valleys Railways, a South African-led consortium. Shortly after the concession was awarded, two partners of the consortium withdrew and, with some time pressure from the both governments to conclude the transaction, it was determined to proceed with the contract despite the changes in the sponsoring consortium.

In the two years since the concession was awarded, the objective to reverse the significant deterioration in the operation has not been achieved and evidence suggests that the performance of the railway has further deteriorated. Contributing factors include: (i) railway equipment was found to be worse than expected; (ii) financial difficulties of the sponsor; and (iii) damages to the line by protesters during the Kenyan elections. Since the first quarter of 2008, no concession fees due to the government have been paid. In an effort to support the turnaround of the operation, the IFC has encouraged the shareholders to bring in other partners with more capital and managerial resources. In August 2008, the shareholders appointed a new Chief Executive Officer and Chairman of the Board to lead the turnaround of the company. With increasing public pressure, both governments have expressed serious concerns about the future of the concession.

Financial Sector Development. The IFC played a useful institution-building role and helped introduce new products in the financial sector. The IFC has been engaged in the financial sector in Uganda since 1984 through a series of investments in a privatized development finance corporation. Although DFCU has declined from being the largest financial institution in Uganda to the fourth largest, it has transformed from an unviable development finance company into a diversified and profitable commercial bank and the leading provider of long-term finance. Through several investments, representation on the board of directors, and technical assistance, the IFC supported this transformation, emphasizing prudential financial management, expanding outreach to SMEs, developing staff skills, and introducing new financial products.

The IFC contributions in the financial sector through the local bank include the: (i) pioneering of the leasing industry in Uganda, which, although still in its infancy, has grown more than tenfold since 2001 and now accounts for 5 percent of credit to the private sector; (ii) introduction of a mortgage program; (iii) introduction of a trade finance program; and (iv) establishment of a pilot program targeting women's access to finance that has catalyzed similar programs in several other Ugandan banks.

The IFC's advisory services contributed to development of Uganda's leasing legislation, which improved the leasing business climate. Overall, the financial sector has seen significant improvements over the past decade. Credit to the private sector has expanded from 5.6 percent of GDP in 1998 to 9.2 percent in 2007; the banking sector is well capitalized; and the proportion of nonperforming loans has been reduced from 10 percent in 2000 to 2 percent in 2006. However, the financial sector has yet to improve access by SMEs, and financial intermediation ratios remain low relative to Sub-Saharan Africa.

Limited success was seen in increasing term lending for SMEs and in developing housing finance. Despite progress in the banking sector, access to long-term lending remains a constraint to doing business. Even among the leading providers of long-term finance in Uganda, the term financing portfolio (of over 5 year loans) is limited to about 3-5 percent of total assets. To some extent, a potential mismatch between term assets and liabilities (6 percent of total liabilities are over 5 years) inhibits term lending. Longer term loans also represent a risk that is unwarranted from the bank's perspective. High-yielding risk-free treasury bills remain an attractive use of funds and account for a significant portion of the total assets of leading financial institutions.

Financial services are concentrated in the capital city. DFCU, for example, has only limited reach outside Kampala, with just 10 branches (out of 187 bank branches in the country). Reform in the pension sector enabling the National Social Security Fund to invest locally is an important step in the direction of increasing bank access to long-term funding. However, the National Society Security Fund continues to finance mostly government projects. Following sustained efforts since 2002, the IFC developed a project in the mortgage sector in 2007. The partial credit guarantee provided support for loans of up to 12 years from the National Social Security Fund to three participating banks engaged in mortgage lending, but it has not been used by any of the banks. One bank has a significant low-cost deposit base and finds no reason to access the National Social Security Fund funds. The other two banks have found that interest on the National Social Security Fund loan plus the partial credit guarantee fee raises the costs of funds to levels that are uncompetitive in the current market. Overall, there continues to be very limited availability of housing finance. The stock of housing finance in

Uganda is no more than 1 percent of GDP compared to 18 percent in Namibia and 20 percent in South Africa. The government estimates a total housing shortfall of some 1.9 million housing units.

Support for SMEs and Agribusiness. Although a range of direct small investments helped meet the demand for long-term finance among SMEs in the late 1990s, the IFC's engagement in agribusiness after 2001 was minimal. During the decade, the IFC's only active projects in agribusiness and manufacturing were investments made through the AEF. The AEF was established in 1988 to make direct investments in SMEs due to the failure of local financial markets in providing long-term funding for SME projects. Investments were made in agribusiness, construction, tourism, and education that averaged $0.8 million. Of the 15 investments made, only 3 were approved during the evaluation period.

The failure rate of these projects was relatively high, although several succeeded and continue to be viable businesses. For example, a fisheries company financed by AEF, had grown into a profitable operation producing 5,000 tons of export fish a year, employing 300 workers, and realizing an annual turnover of $11 million. A 2001 IEG evaluation of the AEF found that although half of the AEF-evaluated projects failed, 90 percent had positive development outcomes in terms of job creation, forward and backward linkages, skills transfer, and demonstration effects. Since the lapse in the use of the AEF, however, the IFC has been unable to make small investments that reach the manufacturing and service sectors.

Within the World Bank Group approach to agriculture, the IFC's intervention focused on supporting longer-term lending in the formal banking sector. As discussed above, however, progress in this area has been limited and the risk associated with long-term lending has inhibited expansion of the banking sector into these areas. Overall, growth in agro-processing has been lacking and remains an important missing link between small farmers and markets. To a large extent, therefore, the market failure that existed in 1988 and spurred the creation of the AEF continues to exist. The existence of this gap should not be an argument for resuscitating AEF, but rather for the continued need for the IFC to experiment with different methods for reaching small enterprises given the long time needed to change banking practices.

Support for Private Provision of Education and Health Services. The IFC made an important early contribution to Uganda's private education sector, which expanded rapidly in the 2000s and has attracted students from across the region. Although World Bank support was oriented toward institutional strengthening, the IFC's focus was on the provision of infrastructure in primary and secondary education. During this period, the IFC made two investments in private primary and secondary education through the AEF in 1997 and 2001. Similar to other AEF investments, these projects experienced some difficulties. However, following restructuring and changes in ownership, both schools emerged as well managed and respected private secondary schools in the 2000s. Rainbow International School, for example, is currently one of the largest international schools in Uganda, with 700 students from all over the region. The IFC's role in appraising and financing the projects helped reduce perceptions of the private education sector as high risk, and had a demonstration effect that supported expansion of the sector. Overall the private primary and secondary sector has developed significantly and Uganda has established itself as a regional hub for secondary education. As of

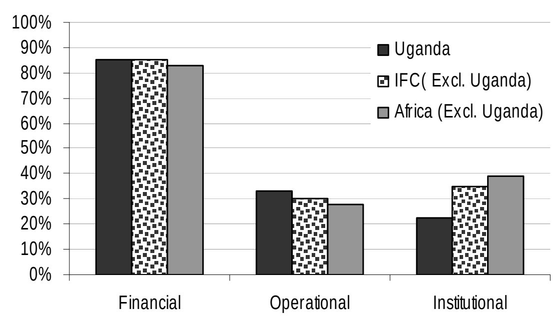
2006, the private sector owned about 47 percent of the 2,286 schools registered by the Ministry of Education. The number of secondary schools has increased from about 50 in 1999 to 250 in 2008, and student enrollment in private schools accounts for half of total school enrollment.

IFC Additionality in Uganda

The IFC's identified additionality in Uganda has been mostly financial in nature. Financial additionality was identified in 85 percent of the projects (figure 11), which was comparable to IFC-wide (85 percent), and other Sub-Saharan Africa countries (83 percent). Within this type of additionality, better financial terms (79 percent) were the most frequently achieved, followed by enhancing investor confidence (57 percent; see figure 12). The provision of long-term finance was particularly critical to mitigate the risk in small projects with little or no private sector presence.

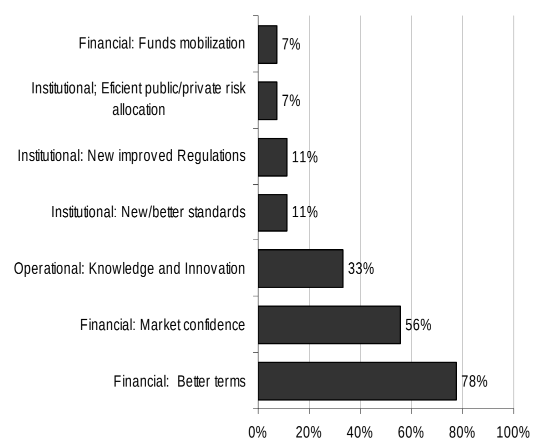
By contrast, instances of operational and institutional additionality were identified in approximately a third of the projects (33 percent operational and 30 percent institutional). The IFC provided operational additionality mostly through specialist assistance in new business development where it has expertise and competitive advantage over local sponsors (that is, trade finance, mortgage, leasing, and gender growth). Instances of institutional additionality were focused on assisting companies to improve environmental and social standards, and assisting governments in improving laws and regulations in the insurance, leasing, mortgage, and telecom sectors. However, the insurance leasing and mortgage sectors remain at incipient stages.

Figure 11: Additionality in Uganda compared with Africa and IFC -Wide



Source: IEG-IFC.
Note: Based on 668 mature investment operations active over 1999-08.

Figure 12: Types of Additionality in Uganda



Source: IEG-IFC.
Note: Based on 29 matured investment operations active over 1999-08.

Box 4. Examples of Additionality Identified in Uganda's Operations

Financial Additionality

- The IFC's involvement allowed small, high-risk AEF-funded projects in agribusiness, construction, and education sectors to obtain long-term foreign currency financing at reasonable rates at a time when it was almost impossible to obtain financing in these sectors.
- The IFC's first private sector investment in the flower industry and education sector helped bring confidence to the market and encouraged other private sector institutions that would not have otherwise invested.

Financial and Nonfinancial Additionalities

- The IFC provided long-term and equity financing to mobile telecommunications services at a time when it was almost impossible to obtain financing. The IFC was also the first to renew financing under a new and untested telecommunications regulatory environment, providing comfort to the market. Within this new regulatory environment, the IFC used its leverage to improve the regulation of mobile licensing agreements.
- The IFC's advisory role, its relationship with the government, knowledge of the power sector in Uganda, and capacity for substantial investment placed it in a position to help structure the project; comfort investors; enhance economic, social, and environmental standards; and act as an honest broker between the government and the project sponsors.

Assessment of IFC Performance

The IFC had a positive overall experience in Uganda over the past decade, although efforts in some sectors were more modest than expected. As expressed in the IFC's strategy in documents during the decade, the IFC played a substantial role in infrastructure development through advisory services and investments in the telecommunications, power, and transport sectors. Significant institutional and regulatory reforms took place in each of these sectors and, although results in some areas have yet to be seen, the prospects of attaining development objectives are significantly improved. In the financial sector, even though the IFC invested mainly in one long-standing client, it promoted largely underdeveloped areas that were critical to improving access to finance, such as leasing, mortgage finance, women's access to finance, and SME growth. The IFC's investments and advisory services in agribusiness and education, although small and intermittent, have helped to create viable businesses and catalyze export-oriented activities.

The IFC's positive experience in Uganda can be traced to several success factors. Among these are: strong government commitment to policy and institutional reform and to creating an environment conducive to private sector activity; sustained involvement in priority sectors such as energy, telecommunications, and financial services; close and well-established country relations (in part because some of the same staff have continued to work on Uganda for substantial periods).

The IFC did well to persist with the complex Bujagali hydropower project. In retrospect, eventual financing of the project was critical to consolidating progress in the power sector. The IFC remained engaged and helped realize the project's eventual financing, despite its complexity, risk, and withdrawal of the initial project sponsor. The absence of the second phase of the Bujagali project would have meant increasing pressure to reverse institutional and regulatory reforms and a negative message of the effectiveness of power sector reforms across the region. However, given the early stage of the project, it remains unclear when the government's subsidy of expensive thermal power generation will end.

Although partnering with the IFC is seen to bring broad benefits, there is a good degree of frustration with slow and cumbersome procedures associated with the IFC. IEG interviews indicate that the IFC is perceived as providing high-quality advice. It is an enabler for difficult transactions, and association with the IFC's name can provide significant advantages. However, there is frustration among both client and government counterparts with the slow pace of project development, cumbersome procedures, and extensive documentation. In mortgage finance, for example, although initial discussions were begun in 2004, it was not until 2007 that a program was developed, in part due to reasons internal to IFC workings. Staff turnover has also caused gaps and delays in the development of projects, for example, as occurred with the IFC's efforts to support rural electrification and develop mini-hydropower projects. A $1 million IFC partial credit guarantee to support a microfinance institution's access to local currency finance took two years to prepare and the cost of the guarantee fee plus the loan spread made the funds very expensive for the sponsor and the facility has hardly been used. The sponsor, however, bore these costs in order to gain from the perceived benefits of being associated with the IFC. In another case, a client reported that the IFC's processing requirements delayed the company's expansion plans by 6 months. In the case of the IFC's partial credit guarantee to the National Society Security Fund for on-lending to three banks, concerns were raised about the need for a guarantee document more than 150 pages long as well as lengthy legal reviews and processes.

Lack of a local country manager since 2002 seems to have reduced the IFC's effectiveness. In 2000, the IFC installed a country manager in Uganda mainly to develop AEF business. However, when the AEF was closed down, a strategic decision was made to move staff into the regional offices and the country manager was sent to Nairobi. At present, the IFC directs its business development and portfolio operations from Nairobi and its advisory services operations from Johannesburg, with some advisory services portfolio staff located in Nairobi. Other programs, such as gender initiatives and infrastructure investments, are managed from the IFC office in Washington.

The IFC has been able to establish and maintain good relations with both clients and government counterparts. According to staff, government, and client interviews, an IFC presence on the ground had clear advantages. A Kampala-based country manager facilitated delivery of consistent messages, enabled the IFC to take the lead in several sectors, provided a convenient interface for clients, and enabled more timely IFC responses. Absence of a central country coordinator has also led to some confusion between linked investment and advisory services, such as with the mortgage finance initiative where multiple responsible staff from different parts of the IFC were at times unsure about the activities of the others. In one instance, teams from advisory and investment services working in the same sector unknowingly fielded missions at the same time, causing some confusion for clients. In other cases, observers point to missed opportunities due to a lack of a local presence. For example, although there was some interest in engaging the IFC in an airport rehabilitation project, lack of a timely response may have precluded IFC involvement.

Lessons

- Reaching small businesses in frontier markets, such as Uganda, which has an incipient private sector and an underdeveloped financial system, remains a challenge. Financial intermediaries in Uganda are not effectively providing long-term lending to SMEs. Since the AEF program was scaled down, the IFC has been unsuccessful in reaching smaller, riskier projects. IEG's 2001 evaluation of the AEF concluded that although the IFC should phase out its direct financing of SMEs in more developed markets, it should maintain its reach in less-developed frontier markets, such as Uganda. For the IFC, exploring new ways of reaching SMEs seems appropriate, particularly when changes in the IFC's business model, such as substantially higher funding for advisory services programs, decentralization, and higher local presence, are likely to enhance the prospects of developing new and more successful approaches to small investments.
- Remaining engaged as an advisor in privatization transactions for a period after completion of the initial transaction may reduce the risks of bad outcomes. Privatization in and of itself does not always ensure success, notably in those cases where privatization results in a private monopoly. The quality of the concession agreement between the government and the private entity in particular is critical to ensuring adequate results. In such transactions, remaining engaged as an impartial advisor for a period after the initial transaction is completed in order to help adjust contractual agreements is likely to ensure optimal outcomes.
- Consideration should be given to establishing a field presence in smaller, high-risk countries that have undertaken significant reforms and established favorable business environments. Uganda has undertaken a broad range of reforms that have significantly increased opportunities for the private sector. The IFC established a country manager in Uganda in 2000-02. This provided clear advantages, such as delivering consistent messages, facilitating a lead IFC role in several sectors, and providing a convenient interface for clients. Furthermore, absence of a local country manager will tend to undermine coordination of various IFC activities, resulting in missed opportunities. Establishing a field presence in some small, well-performing countries such as Uganda where reforms have substantially increased, could expand the opportunities for IFC engagement.
- Increasing south-south investment flows present new opportunities for the IFC. There is evidence of significant growth in FDI from investors in developing countries such as China, India, as well as countries from the Middle East. This enhances the IFC's opportunities to support such investments, direct investment to sectors with high development impact, and strengthen social and environmental aspects of investments. To seize these opportunities, the IFC will require coordinated business development efforts with other regional departments in the IFC as well as a strong local presence in both origination and destination markets.

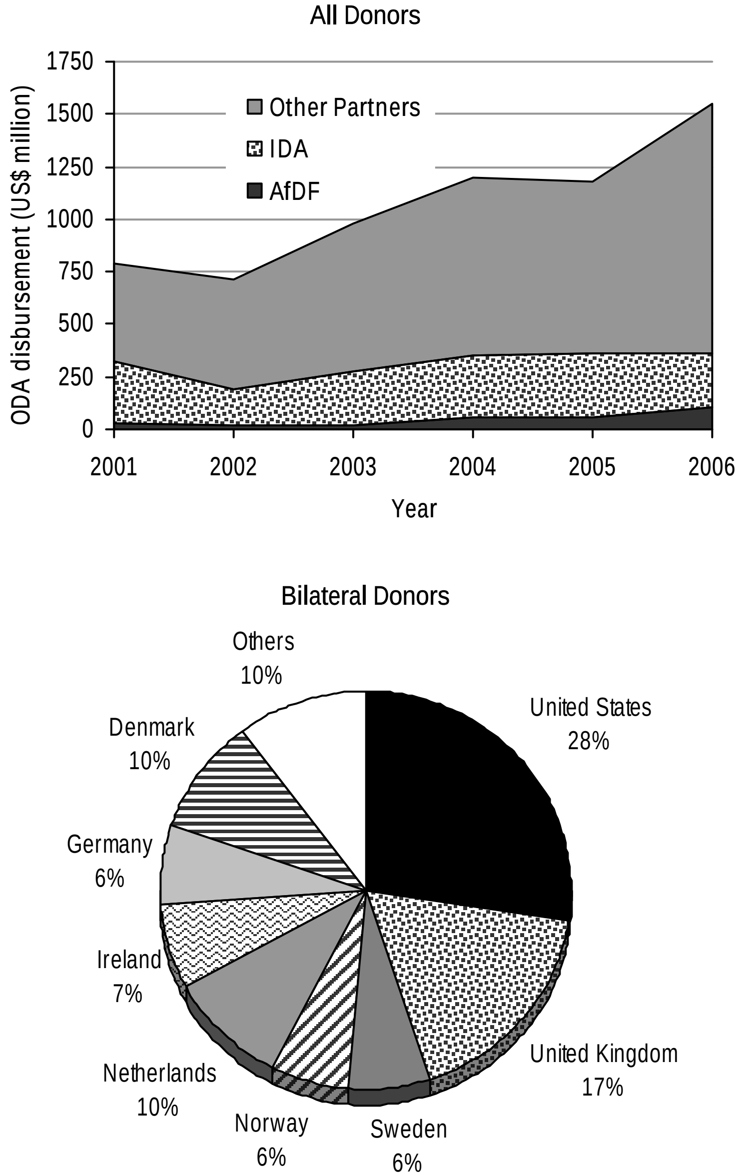
Chapter 7
Harmonization and Partnership

Background

Uganda is a leader in promoting the principles of the 2005 Paris Declaration of Donor Harmonization and Aid Effectiveness. This has been a prominent factor in its success for mobilizing substantial development aid flows. President Museveni's government established generally good relations with the development community and helped to pioneer a number of development initiatives, including the Poverty Reduction Strategy Paper (PRSP), HIPC, and donor alignment and harmonization.

Uganda has also become a highly aid-dependent country and has numerous development partners. According to data from the Organization for Economic Cooperation and Development- Development Assistance Committee (OECD-DAC), net official development assistance (ODA) disbursements for Uganda increased from $790 million in 2001 to $1.551 billion in 2006, resulting in an average ODA-to-gross national income (GNI) ratio of about 15 percent per year (figure 14and annex A, table 3).[1] Over 42 development partners are providing assistance in diverse sectors; including 26 bilateral and 16 multilateral donors (annex A, table 10). IDA is the single largest development partner, providing about 25 percent of the total ODA disbursements in 2001-06. During the same period, the AfDB accounted for about 4.4 percent of the ODA disbursements. About 60 percent is provided by bilateral development partners, of which the United States, the United Kingdom, the Netherlands, Denmark, Ireland, Sweden, and Norway are the leaders. The World Bank and the AfDB together account for about 70 percent of total multilateral flows.

Figure 13: Sources of External Development Assistance



Source: OECD-DAC (Annex table 3).
Note: AfDF=African Development Fund; IDA= International Development Association; ODA= official development assistance.

Although not explicitly stated in their strategy documents, donor harmonization and alignment were important drivers of World Bank and AfDB support to Uganda. Harmonization and alignment are needed because of the mix of aid delivery mechanisms and variety of approaches among development partners. Some, such as Ireland and the United Kingdom, have moved predominantly toward budget support, whereas others, such as Germany, provide only a small portion of their ODA as budget support. The World Bank has shifted emphasis toward budget support, but still provides almost half of its support through projects. The AfDB provided one round of budget support during the period reviewed through the

PRSL (in 2002). However, because of restrictions on procurement of items from non-AfDB member countries, the AfDB was unable to participate in SWAps and continued to provide almost all of its support through projects. The different resource endowments of the World Bank and the AfDB also influenced the relative roles in the donor harmonization and partnership process.

Harmonization Mechanism in Uganda

The aid harmonization mechanism in Uganda—specifically, the development and use of common procurement, financial management, and other fiduciary procedures among development partners—was driven by the government's realization that development assistance needed to be oriented toward implementation of the first PEAP in 1997. The second half of the 1990s and early 2000s saw substantial success in the management of the harmonization process, such as the introduction of general budget support (GBS), SWAps, the PAF, and the development of the Partnership Principles in the context of the PEAP (figure 14):

- Uganda was a pioneer in GBS,[2] which currently accounts for half of its ODA and involves a wide range of donors and a large number of instruments. The move toward GBS was initiated in the late 1990s with the structural adjustment loans (SALs) and debt relief form of programmed assistance. Following reforms to strengthen the planning and budget system, which underpinned the move to sectorwide planning and coordination in key sectors (SWAps) and the development of the PEAP, the need for budget support became imperative. The process was further strengthened by the link between HIPC debt relief and the creation of the PAF, which tracked resources targeted at poverty reduction programs.[3]
- The SWAps were used to match donor and budget resources with sector strategies. The MTEF and the sector working group were used to facilitate the process. The process also promoted alignment, which involved development partners subscribing to or adopting the country's own strategy or framework (to be discussed below).
- The PAF emerged following the HIPC debt relief in 1998 to demonstrate to international and domestic stakeholders that savings from debt relief were being channeled as additional resources to priority PEAP sectors.

The Partnership Principles were introduced in 2001 with the second iteration of the PEAP. They clearly specified the sequence of the government's preferred form of aid assistance, that is: GBS that is not earmarked, followed by budget support earmarked to the PAF, then sector budget support, and finally project support. Development partners undertook to work toward full harmonization.[4]

Figure 14: Key Stages of Aid Harmonization in Uganda

	1997	1999	2000	2001	2002	2003	2004	2005	2006
GOVERNMENT	First PEAP		Second PEAP	PEAP Progress Report	PEAP Progress Report	PEAP Progress Report Development partners sign off to PEAP Partnership Principles	March: PEAP draft November: Final PEAP		Initiation of National Develop-ment Plan
DEVELOPMENT PARTNERS	SAL/SWAp	Education SWAp Donor coor-dination around local government development	Health SWAp Enhanced HIPC debt relief ear-marked sup-port through the Poverty Action Fund	PRSC-1	PRSC-2	PRSC-3	PRSC-4 Joint country integrated fidu-ciary assess-ment (7 devel-opment partners) July: UJAS part-ner workshop November: UJAS draft	PRSC-5 Final UJAS	PRSC-6

Source: Derived from World Bank (2005a).
Notes: HIPC= Highly-Indebted Poor Country; PEAP=Poverty Eradication Action Plan; PRSC=Poverty Reduction Support Credit; SAL=Structural Adjustment Loan; SWAp=sectorwide approach; UJAS= Uganda Joint Assistance Strategy.

In supporting the government's aid harmonization process, donors (including the World Bank and the AfDB) adopted the GBS as part of their aid delivery instruments, and participated in the donor alignment process, including Local Development Partners' Group Meetings, the UJAS, and the Division of Labor exercise. The World Bank and the AfDB played leading roles through bilateral collaboration and the use of PRSC/PRSL.

World Bank and AfDB Support for Harmonization

World Bank-AfDB Collaboration: The participation of the AfDB and the World Bank in the harmonization process had its foundation in their partnership framework, which derived from efforts in the late 1990s to enhance collaboration in individual countries.[5] The two banks cooperated through the joint sector working groups and participated in program identification as well as in enabling the government to monitor the PEAP's implementation and public expenditures, especially those for reducing poverty. Most of their programs were parallel, especially with respect to education, agriculture, power, and water and sanitation, but with well-defined lines of influence, such as concentration of activities in different districts. The banks participated in the PAF, which was instrumental in improving budget management, accountability of public expenditures, and in the decision of development partners to adopt the GBS.

But the impact of the collaboration has had modest results, mainly because of challenges well known to the two banks. First, the agreed areas of cooperation are too broad relative to the resources available between the two banks. The World Bank is larger, has greater financial leverage, is more decentralized and therefore could vest decision-making at lower levels. Second, the effort to reduce mission overload (by promoting joint missions) required increased transaction costs, especially for planning, simplifying reporting, and harmonizing procurement practices. Third, staff incentives for effective partnership needed improvement, especially for the AfDB, which is at a relatively early stage of decentralization. Fourth, the partnership has been overtaken by the UJAS—the collaboration between the two banks is now part of a broader effort to align development partners behind country strategies and to harmonize approaches within country systems.

PRSC/PRSL and the GBS Mechanism. During the review period, GBS was used to deliver an important share of the commitments of both banks; a substantial share of the World Bank through six PRSCs, and a moderate share for the AfDB through the PRSL and earmarked sector budget support. The PRSCs/PRSL facilitated joint discussions between the World Bank, the AfDB, and other development partners with the government and made it possible for development partners collectively to link their disbursements to the fulfillment of prior actions that were agreed in the PEAP results matrix. However, under the PRSCs and AfDB's single PRSL, the conditions and benchmarks pertained only to the banks individually. This implied that other development partners did not commit to set additional conditions for their assistance.

The PRSCs/PRSL (and GBS in general) raise issues with respect to their design, limitations, and expected impacts. The PRSC/PRSL was designed to replace the SWAp but not to substitute for investment lending. However, no specific attempt is made to complement the PRSCs with parallel sector investment programs. Dialogue and conditionality (usually referred to as triggers in World Bank operations) represented key inputs in design. A special feature is the use of performance criteria to monitor policy reform effort.

However, the instrument has a number of design limitations:

- In the case of the PRSC/PRSL, no direct technical assistance and capacity-building programs were developed parallel to them. Ongoing investment operations and analytic activities provided opportunities for such support.
- No clear guideline or justification for determining the size of the PRSC/PRSL was provided. It is also not clear what criteria were used for choosing single rather than multiple-tranche disbursements and their associated timing, although the current trend is a move to single-tranche disbursement.
- Fiduciary compliance is built into the budget system and PRSC/PRSL does not provide any additional improved mechanism for accountability or budget discipline. Hence, issues of budget discipline continue to plague the Ugandan authorities.
- The use of the results matrix as a performance framework has tended to create contradictory incentives. The government sought to establish modest performance tar-

gets (especially with respect to governance), whereas the World Bank and the AfDB pushed for more ambitious targets, thus leading to contentious dialogue that has given much attention to the details of assessment process, often at the expense of open discussion of strategic problems and their potential solutions.

Overall, the PRSCs (and to a limited extent, the PRSL) had an impact in three areas. First, the PRSC/PRSL facilitated policy dialogue by promoting country ownership and responsibility for the policy formulation and implementation process, as well as in the quality of prioritization, target setting, and monitoring. Second, although there is no single area where the PRSC or the PRSL could be said to have been a decisive influence, they nevertheless played a facilitating role in resolving broad-based development initiatives in governance, expansion in poverty-reducing expenditures, and service delivery, which could not have happened through another mode of support. Other modalities cannot provide resources in such fungible form and allow policy dialogue that covers important cross-cutting issues as well as sectoral questions.

Thus, compared to other modes of external flow to Uganda, the PRSC/PRSL constituted a lower level of transactions costs. Finally, the contribution of the PRSC/PRSL (and GBS in general) toward the harmonization and alignment of the aid process has only been modest, mainly because of the different approaches by development partners in negotiating and assessing policy compliance, especially with respect to governance issues. The joint budget support mechanism has not yet been put in place.

Collaboration with the IMF: Both banks collaborated with the IMF, the World Bank somewhat more so. The collaboration between the World Bank and the IMF was within the mandate of the two institutions and involved support for the government's effort to implement its PEAP. The IMF provided its support through the Poverty Reduction and Growth Facility (PRGF)[6] and concentrated on macroeconomic and financial sector issues, focusing on short- and medium-term macroeconomic stability, which fall under the PEAP's growth pillar. The structural program of the IMF addressed the areas of tax administration, budget management, monitoring of local government finances, financial sector regulations, and improvements to national accounts and statistics.

The collaboration between the World Bank and the IMF was effective in five areas. It assisted the government in the revision and implementation of its poverty reduction strategy through the preparation of a joint assessment of the PRSP and an annual PRSP progress report. It provided support on HIPC-related issues (including MDRI) through joint preparation and update of debt sustainability analysis for Uganda during 2002 and 2007. Along with the AfDB and other development partners, the collaboration worked closely to provide the government with the support needed for institutional and policy reform in public expenditure management. The IMF led the dialogue on macroeconomic policy (including monetary and fiscal issues), and the World Bank focused on strategic expenditure allocation and efficiency of public expenditures through the work on PERs and PRSCs and the joint preparation an annual report on HIPC tracking of poverty-reducing spending. A joint World Bank-IMF financial sector assessment was conducted in early 2000. Its conclusions led to support for the strengthening of the insurance sector, reform of the pension system, and development of the legal and regulatory framework for microfinance (supported by the

PRGF and the PRSC series of both institutions). Finally, the World Bank and the IMF provided technical support on trade reforms in the context of the East African Community at the regional level.

Donor Alignment and the UJAS

Alignment behind a common set of priorities was facilitated by the government's first PEAP in 1997, which encouraged the development of SWAp arrangements and the introduction of GBS. Further progress in aligning development partners' support around a common framework took place when a group of seven development partners, including the World Bank and the AfDB, completed the UJAS in 2005. The UJAS constituted the response from the development partners to the government's revised PEAP in 2004 by advancing the principles of the 2005 Paris Declaration on Aid Effectiveness. The strategy was prepared in 2005 by the World Bank and the AfDB and a group of five development partners, including: the United Kingdom's Department of International Development (Department for International Development, Germany, the Netherlands, Norway, and Sweden.[7] It constituted the core strategy for the group for the period 2005-09, and was approved by the authorities of member partners.

The UJAS was approved by the board of the World Bank in January 2006 and of the AfDB on December 19, 2005. The UJAS proposed a: (a) common strategic direction for the support of the group for the implementation of Uganda's PEAP; (b)harmonized assessment framework for determining levels of finance in an effort to improve the predictability of aid; and (c) support for monitoring and evaluation in line with the implementation of the PEAP.

Relevance. The UJAS has three main advantages. First, key government officials note that it has helped reduce transactions cost on the government by limiting the number of direct interactions between the government and individual agencies on issues common to the UJAS membership. But it has limited effect on the time spent by the government in hosting and supervising missions for each project, which often do not suit the government's timetable. Although the common approach to dialogue between the government and its partners has saved time, some government officials have pointed out that the process has nevertheless been overwhelming for government officials who have to deal with the combined and aggressive questioning by development partners. It has similarly constituted a heavy transactions cost on UJAS partners as the path to consensus was complex, and producing a joint strategy took much more time than preparing a single agency assistance strategy.[8] Ongoing efforts by UJAS members to put in place a set of Partnership Principles will likely help to resolve their policy differences.

Second, the UJAS partnership is aimed at eliminating the parallel program implementing systems that are currently in operation by adopting the country's own systems, thereby helping build government capacity and promoting harmonization. Unfortunately, there has been only modest progress so far as country capacity for dealing with fiduciary issues remains a major concern for the UJAS partners. The use of country systems poses a considerable dilemma for many partners and is an issue that needs to be dealt with as urgently as possible. For example, the AfDB was unable to participate in the resource pooling in SWAp arrangements with other partners mainly because of the requirement to restrict procurement to only its member countries. This procurement constraint is being addressed.[9] Several AfDB sector team members expressed a preference for basket lending, but stated that the sectors were not ready for the use of the instrument because internal control systems were still weak. The adoption of country systems would help eliminate the multitude of procedures and requirements from development partners that put a strain on government staff.

Finally, alignment under the UJAS is more likely to help improve program selectivity and reduce the incidence of crowding out. The establishment of joint sector working groups, the development of SWAps and pooled funding mechanisms, joint missions, and joint analytic and advisory activities by development partners has had a substantial impact on aid effectiveness. However, there are limitations. Some development partners have complained about the limited presence of the AfDB in Kampala, which inhibited its ability to fully participate in partnership meetings. For example, the AfDB was the notional leader for the Private Sector Development Working Group, but it was unable to effectively discharge this function because of lack of appropriate expertise at the country office. Similarly, although the World Bank emphasized direct budget support by financing the PEAP through annual PRSCs, progress toward a joint budget support mechanism has been slow. The World Bank has acknowledged the need to review its guidelines to accommodate the concerns of UJAS partners needing to pool resources in the context of joint budget support. The UJAS members' Partnership Principles, under preparation, will also facilitate and define precise guidelines for disbursement under joint budget support.

Assessment of Quality at Entry. Overall, the UJAS has had a slow start on the three main elements of the partnership (strategic direction, predictability of resource flow, and M&E requirements). It has been able to adopt a common strategy aligned to the PEAP. Each member partner is attempting to carve out a niche (table 19), which could reflect its interest, and most likely would inform the ongoing government effort to forge a division of labor among partners based on the dictates of comparative advantage.[10] As it stands, most development partners provide support in almost all key policy areas, thereby creating a substantial crowding-out effect. The Division of Labor Exercise also faces a challenge with respect to how to deal with sectoral allocation as each partner's comparative advantage shifts over time. The UJAS partnership also currently lacks a well-defined leadership framework, a role which by default had been handled by the World Bank. The UJAS partners are cognizant of this situation and are discussing the issue.

Progress in dealing with the predictability of resource flow is much farther behind, in part because of the partners' differing perspectives on governance issues (particularly on corruption and political transition). Dealing with political governance, especially the electoral system that is the centerpiece of the bilateral partners, would be most taxing as the partners move to agree on the principles that would guide the joint budget support. Different assessment of the risks to development effectiveness posed by the political transition could create tensions among UJAS partners, as occurred during the 2006 parliamentary/presidential elections.

Table 19: Overview of Development Partners' Current Engagement

(Based on 2004 PEAP)

	World Bank	AfDB	European Commission	IMF	Austria	Belgium	Denmark	France	Germany	Ireland	Italy	Japan	Netherlands	Norway	Sweden	United Kingdom	United States	UN Agencies
I. Governance Agenda																		
Economic management	x	x	x	x		x	x		x	x		x	x		x	x	x	
Security, conflict	x	x	x		x	x	x	x	x	x	x	x	x	x	x	x	x	x
Good governance	x	x	x	x	x	x	x		x	x	x	x	x	x	x	x	x	x
II. Growth Agenda: Enhance Production																		
Private sector	x	x	x	x	x	x	x						x	x	x	x	x	x
Agriculture	x	x	x			x	x	x	x	x	x	x	x	x	x	x	x	x
Fisheries	x	x	x									x					x	x
Forestry		x	x											x				x
Non-agriculture	x	x	x				x		x					x	x	x	x	x
Infrastructure	x	x	x				x	x	x			x	x	x	x	x	x	x
Environment	x		x			x						x	x	x		x	x	x
Microfinance	x	x	x		x		x		x		x			x	x	x	x	x
III. Human Development																		
Education	x	x	x		x	x	x	x	x	x	x	x	x	x	x	x	x	x
Health	x	x	x			x	x	x	x	x	x	x	x	x	x	x	x	x
Water & sanitation	x	x	x		x	x	x	x	x		x	x		x	x	x	x	x
Inclusiveness	x		x					x		x			x	x	x	x	x	x

Source: Adapted from Overseas Development Institute (2007), Table 31.

Notes: AfDB=African Development Bank; IMF=International Monetary Fund; PEAP= Poverty Eradication Action Plan; UN Agencies= United Nations.

Finally, much more work is required on M&E. The UJAS partners rely on the government's own assessment of the results of the PEAP in judging the development effectiveness of the UJAS through the Results Framework (matrix) devised by the partnership.[11] The government has established the annual PEAP review mechanism, which draws on the existing reporting and review arrangements for sector-specific support, for the PEAP as a whole, and the for the budget process. Although the M&E coordinating function resides in the Office of the Prime Minister, there is no perceptible framework around which monitoring and evaluation takes place. The M&E Unit of the Office of the Prime Minister is currently undertaking a review of the M&E system. Recognizing that developing a harmonized approach to development partnership takes time (with such investment high up front), this assessment concludes that the role of the World Bank and the AfDB in the UJAS partnership has had a modest impact. The quality at entry is rated ***moderately satisfactory.***

Assessment of Relationship Management

This section outlines the relevant findings regarding World Bank/AfDB's relations with the government, development partners, and civil society (including the private sector). It draws on evaluation team interviews with country team members (of both the World Bank and the AfDB), development partners resident in Uganda, and government officials. The conclusions with respect to the World Bank are similar to the findings of the World Bank's Uganda Client Survey conducted in 2003 (box 5).

Box 5. Findings of the World Bank's Client Survey

The conclusions by the evaluation mission are similar to the findings of the most recent World Bank Client Survey for Uganda, which was conducted in 2003 (World Bank 2004).* There is no comparable survey for the AfDB. Despite the survey's limited sample coverage and low response rate, the findings are indicative of the overall positive attitude toward the World Bank in Uganda, especially with respect to its financial services, policy advice, knowledge programs, and collaboration and partnership. The key findings were:

- The World Bank's greatest value is (in the order of importance) in the financial service it provides, followed by policy advice and knowledge programs.
- The World Bank's involvement is greatest when: (i) helping to strengthen infrastructure development; (ii) helping to reduce external debt; and (iii) contributing to Uganda's Poverty Eradication Action Plan objectives.
- World Bank effectiveness rated highest when helping to strengthen infrastructure development (a rank of 4 out of 5), macroeconomic and trade policies (3.9 out of 5), and donor coordination and resource mobilization (3.8 out of 5).
- With respect to the World Bank's program in Uganda, a rating of 7.9 (out of 10) to the effect that the World Bank plays a relevant role in the development of Uganda, a rating of 6.1 (out of 10) that World Bank recommendations are realistic and sustainable.

Note: Similar Client Surveys were conducted by the World Bank in 1995 and 1999. The 2003 Client Survey targeted a sample of 238 respondents comprising: senior government officials, staff of government ministries, employees of implementing agencies, local government officials, bilateral/multilateral institutions, private sector, nongovernmental organizations and the media. The response rate was 22 percent.
Source: World Bank 2004.

Relations with Government. The evaluation team met with a cross-section of government officials (annex I). Issues that warrant highlighting include:

- ***The importance attached to the relationship between the World Bank/AfDB and the government.*** One government official noted that the depth of AfDB local knowledge facilitated dialogue with the local authorities. The World Bank/AfDB was also helpful in supporting the authorities' pursuit of policy reform because of their "independent and non-ideological" status.
- ***The World Bank's dominating role in policy dialogue.*** Some officials in sector ministries noted that this was in part because the World Bank teams tend to be technically

competent and well prepared in the subject areas of dialogue. Other officials complained about the World Bank's occasional lack of flexibility, especially in private sector development. Complaints about the AfDB were largely about their lack of a presence in Kampala, especially with respect to project supervision. Government officials voiced a need for the AfDB to develop a substantial capacity in the Country Office by dealing with the skills mix of their staff. The government officers interviewed did not express any problems with the current arrangements with respect to the Country Office of the World Bank.

- ***Interest in receiving more substantive and more timely analytic reports.*** Some officials encouraged the AfDB to undertake more economic and sector work and recommended that the World Bank pursue more analytic work in partnership with government counterparts.

The general feedback pointed to increasing openness, flexibility, and tolerance for the accommodation of government policy reform positions by World Bank and AfDB missions and programs. However, a number of issues were raised. The World Bank, unlike the AfDB, demanded too much in policy reforms in a short time and tended to impose its views. Others noted the problem of high staff turnover and failure by the World Bank to adequately brief new staff replacements, such that it occasionally triggered the need for wholesale revisions of ongoing programs.[12]

Relations with Development Partners. The development partners found the leadership provided by the World Bank very helpful in coordinating donor positions on economic issues, especially when backed by adequate economic and sector work. They found the World Bank Country Office played a very constructive role and felt that the AfDB needed to expand its Country Office, especially in light of its expanding role in Uganda. They expressed the need for the AfDB to be more proactive in engaging with development partners, both on a one-to-one basis, and in formal and informal meetings (largely because they tended to see it happening less frequently than they would like).

Not all donors found the role of World Bank and AfDB faultless within the partnership framework in Uganda. Some donors complained that with the World Bank's Country Director in another country, it was not clear who was actually in charge in Kampala. Some development partners found information-sharing insufficiently regular with respect to the World Bank. Development partners also had negative views about the World Bank and AfDB's policy stance on governance, as discussed in Chapter 3 of this report.

Relations with Civil Society. Although the dialogue between the World Bank/AfDB and civil society has improved substantially since the PEAP and the shift away from structural adjustment programs, many civil society members still felt that there was room for improvement. Key divergence on issues with poverty reduction remained to be resolved. A majority of the interviewees agreed that both the World Bank and the AfDB needed greater outreach efforts. The evaluation team's interviews with civil society representatives reinforced the finding that there was a limited agreement by the civil society on assumptions about how World Bank/AfDB-supported policies affect poverty reduction. The World Bank, in particular, continued to be seen in the context of the structural adjustment program of the 1980s and 1990s. Outreach programs by the two banks continue to be weak on ongoing reforms in the two institutions (for example, the World Bank's push into PRSCs). It is in this area where differences of view between civil society and government policies make the dialogue especially sensitive.

Conclusion

Two conclusions follow from the assessment of the World Bank and AfDB roles in aid alignment and donor harmonization in Uganda:

- First, although efforts at alignment and harmonization have been substantial, both the UJAS (on alignment) and the procedures around the GBS instrument (on harmonization) need further refinement in order to attract increasing participation from all development partners. The World Bank and the AfDB, along with other multilateral institutions, can provide leadership in this area.
- Second, the GBS (supported by the World Bank through the PRSCs and by the AfDB through the PRSL) had only a modest effect in facilitating aid harmonization. Reinforcing the original objectives of the GBS as an instrument for minimizing transaction costs (and for promoting the use of country systems) would mean that a greater focus should be devoted to a joint budget support mechanism (a process currently under discussion by the UJAS members), thereby assisting the government in budget prioritization, monitoring, and evaluation. There is also a need to design the complementarities between instruments of budget support (PRSCs) and investment financing in a conscious way, thereby shifting the focus on the maintenance of due process of public spending rather than leveraging of unrelated reform.

Chapter 8
Conclusions and Recommendations

Overall Assessment

This section summarizes the assessment of the contribution of the World Bank, the AfDB, and the IFC to the development of Uganda during the period fiscal years 2001-07 for the World Bank, 2002-07 for the AfDB, and fiscal years 1999-2008 for the IFC. It consolidates the conclusions of the previous chapters with respect to the relevance, efficacy, and efficiency of various forms of assistance provided. The section also discusses the risk to development outcome of the support provided. As stated earlier, the ratings for the World Bank and the AfDB are not comparable.

Assessment of the World Bank's contribution. The overall outcome of the World Bank's assistance is rated ***moderately satisfactory*** (table 20). This reflects the combined ratings for the relevance of objectives, design factors, the choice of instruments, and efficacy. With respect to relevance, the review concludes that the strategies and supporting programs of the World Bank during the period reviewed reflected strong client orientation and emphasized technical quality (especially with respect to the analytic work and project preparation that underpinned the various interventions). By addressing complex policy and institutional development issues in governance, growth, and human development, the level and scope of support was comparable to what the World Bank provided to countries with development needs similar to those of Uganda. Although it was not possible to evaluate the efficiency of the support provided by the World Bank, the review concludes that the use of resources met its intended objectives. The programs largely met the commitments proposed in the CAS, and reflected the broad objectives outlined in the CAS. In addition, the analytic and advisory activities products were cost effective and largely complemented the lending program. Portfolio performance was close to World Bank average.

In terms of efficacy, World Bank assistance substantially achieved its objectives in five areas: decentralization, public sector reform, growth and economic transformation, education, and water and sanitation. Public sector reform, as well as financial management and accountability reforms in the local councils, supported by general budget support and capacity building, helped enhance institutions and service delivery in the rapidly expanding local government structure (Chapter 3). Along with the IMF and other development partners, the World Bank's key policy dialogue, underpinned by high-quality analytic work, helped the government maintain a prudent fiscal stance throughout the period, though the analytic work on growth could have been more timely (Chapter 4). Support for education and health has also had desirable outcomes and helped increased coverage, improve access, and establish a framework for better service delivery (Chapter 5).

However, World Bank support had modest outcomes in: (i) reducing the perception of increasing corruption (Chapter 3); (ii) promoting a competitive business environment by improving the supply of power and reducing transport costs; enhancing agricultural productivity (Chapter 4); and (iii) helping the government deal with family planning and reproductive health issues (Chapter 5).

Table 20: Summary of Outcome Ratings for World Bank Assistance

Strategic Country Assistance Strategy Goals	*Achievement of Associated Country Assistance Strategy Results*	*World Bank Program Outcome Ratings*
Governance		Moderately Satisfactory
Decentralization	Financial management and accountability reforms supported under local government yielded positive results in building institutions and enhancing capacity. Program achieved targets established under LGDP grant.	Satisfactory
Public sector reform	Limited capacity in ministries, departments, and agencies did not permit institutionalization of the results-based approach to public service management. Expected pay reform was also not fully achieved. Support for financial management reforms yielded positive results.	Moderately satisfactory
Anti-corruption	Support to improve accountability has not significantly reduced the perception of high corruption. Government effectiveness is perceived not to have improved. Use of PRSC did not facilitate governance reform, as the direct links between Bank support and outcomes were not clear. The analytic basis for governance reform was limited.	Moderately Unsatisfactory
Growth		Moderately Satisfactory
Growth and macroeconomic stability	Growth was moderate and only slightly off target, but World Bank analytic support was not timely. Fiscal prudence was maintained, although arrears remained due to implementation weaknesses with MTEF. Domestic revenue mobilization was modest. The government's aid dependence remains high with likely implications for "Dutch disease."	Satisfactory
PSD and competitiveness	World Bank support, with IMF collaboration, helped to deepen the financial sector, promote privatization, and improve the regulatory environment. Nonetheless, the economy's competitiveness was not significantly enhanced because of failure to resolve the power issue, substantially reduce road transport cost, and improve access of SMEs to financial sector services.	Moderately satisfactory
Agriculture and environment	Support for agriculture, although focused, was too heavy aimed at institutional capacity building. Support for NEMA has improved the focus on the preservation of the natural environment. However, the analytical work was not matched by comparable operations. The current status of agriculture productivity is unknown.	Moderately satisfactory
Human Development		Moderately Satisfactory
Health	Despite improved access and citizen satisfaction with public health service delivery, outcomes in family planning and reproductive health remain unsatisfactory. PRSCs have declined as effective instruments for dealing with specific health sector issues.	Moderately Unsatisfactory
Education	Support has: (i) yielded equitable coverage, especially for girls; (ii) provided institutional strengthening by meeting output targets established in the PEAP and through PRSCs; and (iii) sustained resource flow to the sector. Support was unable to deal with inefficiency issues and concerns with Uganda's attainment of MDG2.	Moderately Satisfactory
Water & sanitation (service delivery aspects)	Support to local governments through the PRSCs helped exceed all CAS performance targets (protected springs, boreholes drilled, and new wells constructed). Both rural and urban access to safe water showed major improvement, and are on track to exceed the corresponding MDG targets. Progress in sanitation provision and hygiene mitigation was limited, with potential negative effects on the achievement of MDGs in the area of infant, child, and maternal mortality.	Satisfactory

Notes: CAS= Country Assistance Strategy; IMF= International Monetary Fund; LGDP= Local Government Development Project; MTEF= Medium-Term Expenditure Framework; MDG= Millennium Development Goal; NEMA= National Environmental Management Agency; PEAP= Poverty Eradication Action Plan; PRSC= Poverty Reduction Support Credit; PSD= private sector development; SME= small and medium enterprises.

Assessment of the AfDB's Contribution. Table 21 summarizes the outcome ratings of the support provided by the AfDB and concludes that overall outcome is ***moderately satisfactory***. This should be viewed in the context of AfDB's limited resource base and its strategic selection of areas to intervene in light of the role played by other development partners. The AfDB aligned its strategies with the PEAP and provided selective assistance under the PEAP pillars, thereby complementing the World Bank and other development partners. However, resource use relative to CSP targets was lower than expected given the long project effectiveness and gestation periods, which delayed project implementation.

The AfDB's assistance achieved its targeted objectives for decentralization, public sector reform, growth and economic transformation, improved competitiveness, agriculture, and water and sewerage. The AfDB complemented the efforts of other development partners, notably the World Bank, in enhancing improvements in decentralization through capacity building and institutional support (Chapter 3). Its assistance was particularly important in improving access to potable water supply through its small towns and rural water projects. Access to mental health, primary health care, and education services was also improved (Chapter 5). In addition, its diversified approach to agriculture through support for fisheries and livestock is more likely to improve rural incomes (Chapter 4). However, the AfDB's support for anti-corruption needs refocusing as it did not reduce the perception of increasing corruption in Uganda. Quality issues also persist with respect to service delivery for mental and primary healthcare and primary education.

Joint Assessment: Although the assistance strategies and coverage of programs by the two institutions were certainly relevant to the problems that confronted Uganda, the timeliness of instruments and design factors did not always reflect the existing government capacity and the political environment. For example, interventions by the World Bank and the AfDB in the power sector were overly optimistic, overemphasizing institutional reforms, and underestimating the risks associated with the construction and operations of hydroelectric power plants. Similarly, especially with respect to the World Bank, the shift from investment operations to PRSCs in support of the social sectors underestimated the complexity of the parallel program of decentralization in making it possible to achieve the multiple goals of improved access, coverage, and quality in education, health, and water and sanitation.

Risk to development outcomes is similar for both banks. The institutional development impact of the assistance of the two banks is widespread and multidimensional. Both provided support (financial and analytical) in almost all of the major sectors of the economy. The outcomes of their contributions are reflected in legislative and judicial institution building to support governance, infrastructure reforms (including reforms of regulatory systems and direct investments in power, roads, and water), and infrastructure and capacity building to support service delivery in health, education, and water and sanitation.

However, the support provided has not been able to reduce two risks facing the development outcome of assistance. The first is the failure to substantially improve the government's capacity to mobilize domestic resources. The tax revenue to GDP ratio remains low, averaging an estimated 12.5 percent per annum over the past decade and is projected to reach 15 percent per annum by 2010 (World Bank 2008). With the government expenditure to GDP ratio projected to remain in excess of 20 percent per annum, Uganda's aid dependence will continue, as will the scope for flexibility in policy options. The second risk is the prospect for political tension, largely from the electoral process and, to a smaller extent, from the conflict in the north. The support for governance reforms by the two banks has not yet achieved its anticipated impact, nor is there complimentary support from other development partners to adequately address this issue. On balance, the risk to development outcomes is rated ***substantial*** for both banks.

Table 21: Summary of Outcome Ratings for African Development Bank Assistance

Strategic Country Strategy Paper Goals	*Achievement of Associated Country Strategy Paper Results*	*AfDB Program Outcome Ratings*
Governance		Moderately satisfactory
Decentralization	Assistance helped strengthen institutions and human capacity in financial management and accountability of local government. Access to basic services improved.	Satisfactory
Public sector management reforms	Support for procurement reform has not yet yielded the expected results. Support for financial management has helped the government to achieve expenditure targets related to poverty spending.	Moderately satisfactory
Anti-corruption	Support for accountability and training to facilitate the reduction in corruption has not helped to significantly reduce the perception of corruption. Government effectiveness is perceived not to have improved through the assistance provided for audit systems.	Moderately unsatisfactory
Growth		Moderately satisfactory
Growth, fiscal reform and export diversification	The AfDB's contribution was substantial in achieving poverty-reducing expenditure targets. Fiscal prudence was maintained, although arrears remain. Revenue mobilization remains weak. Substantial progress was made on export diversification.	Satisfactory
PSD/SME development and competitiveness	Focus on rural finance helped improve availability of lines of credit to SMEs. Support for communal roads is helping open up the rural areas. Overall, the economy's competitiveness was not significantly enhanced because of the failure to resolve the power issue and to substantially reduce transport costs.	Moderately satisfactory
Agriculture	The diversified approach to supporting agriculture yielded mixed results: sustained growth of agriculture of 3 percent has not been achieved, but the integrated approach is helping reduce soil degradation, commercialize traditional agriculture, and develop fisheries and livestock.	Satisfactory
Human development		Moderately satisfactory
Health	Improvements in regional access to mental health and primary health care services were achieved, but severe shortages of staffing and drugs continued to limit effective access to mental health care. The lack of an adequate M&E program support was also a shortcoming.	Moderately satisfactory
Education	Increases to both access and quality of education occurred, but quality improvements were limited by the timeliness and quality of the delivery, as well as by the relatively high demand for education. The education system in Uganda still faces high drop-out rates and low transition rates from primary to post-secondary education.	Moderately satisfactory
Water & sanitation (service delivery aspects)	Support from the Small Towns Water project helped exceed all CSP performance targets (protected springs, boreholes drilled, and new wells constructed). Both rural and urban access to safe water showed major improvement, on track to exceed the corresponding MDG target. Relative neglect of sanitation provision and hygiene mitigation could have potential negative effects on achievement of MDGs in the area of infant, child, and maternal mortality.	Satisfactory

Notes: AfDP= African Development Bank; CSP= Country Strategy Paper; MDG= Millennium Development Goal; M&E= monitoring and evaluation; PSD= private sector development; SME= small and medium enterprises.

Assessment of the IFC's Contribution. The IFC's main contribution has been in telecommunications, helping to restructure the sector and expand access to mobile communications. It has also played a substantial role in providing assistance to institutional and regulatory reforms in leasing. The IFC also supported the supply response to these reforms by helping clients introduce new financial products in the market, such as: pioneering of the leasing industry, introduction of mortgage programs, introduction of a trade finance program, and piloting a program targeting women's access to finance. In these instances, IFC's additionality was in the provision of long-term finance and expert advice in business development, which were critical in mitigating the risks of entering new, untested sectors. Despite significant joint efforts with the Bank, the desired results in the energy sector have yet to be seen. Limited impact was seen in SME access to finance and in developing housing finance, despite reforms in these areas. Factors of success included: (i) sustained involvement in priority sectors such as energy, telecommunications, and financial services; (ii) a government committed to policy and institutional reform; and (iii) a close and well-established relationship with clients.

Lessons

The principal findings (or interpretation of factual events) lead to five lessons for World Bank and AfDB assistance in Uganda (lessons for the IFC are in Chapter 6):

In translating objectives into programs of assistance, it is necessary to review design and implementation options with attention to their appropriateness to the country and to the risks associated with each option. In interventions where program design and choice of policy options did not adequately factor in risk issues in design and implementation, such as in the power sector and in strengthening the capacity of anti-corruption institutions, unanticipated consequences led to weak outcomes. In the unbundling of the power sector, for example, weak assessment of the risk associated with supply failure was behind the poor outcome of both World Bank and AfDB assistance.

Support for policy reforms aimed at broad-based governance outcomes, such as the reduction in public sector corruption, needs to be built on an understanding of the causal links between the interventions and their expected outcomes. The assistance that the World Bank and the AfDB provided on governance was mainly in public financial management— with the objective of improving transparency and accountability in the public sector, thereby helping reduce corruption. Although the strategies and program designs underlying the support were relevant and aligned to the PEAP (and emphasized the comparative advantage of multilateral institutions), they did not clarify the links between the interventions and how they were expected to lead to improved governance. Consequently, although the outputs of the public finance interventions of the two institutions were substantial (as noted by satisfactory project implementation), their impact on the reduction of corruption was not clear.

Building effective institutions requires proper sequencing of reforms, sufficient time, and adequate risk analysis. The assistance strategies of both banks prioritized building institutions, either new or by refurbishing existing ones (as, for example, with reforms in the power sector). The rapid expansion in institution-building was not always accompanied by comparable gains in outcomes because insufficient time was provided for the process to take root. Building institutions required legislation, adequate staffing, and leadership, which usually took longer to assemble than could be anticipated in the original programs. In addition, a better understanding of the political context and a focus on basic risk analysis could have helped define a more realistic time horizon**.**

The untimely sequencing of policy measures in an environment undergoing major reforms (as in the social sectors in Uganda) can lead to underperformance. Uganda has been at the forefront of development policy initiatives, especially in human development. However, the development outcome does not quite measure up. One reason may be the repeated introduction by the government of policy measures that may be desirable but are out of line with the agreed medium and long-term strategic planning framework. Some of these often rather sudden initiatives, such as universal primary education, universal secondary education, the abolition of user fees for basic health services, and salary increases for teachers and health workers beyond planned levels, affected the social sectors directly by reducing the effectiveness of ongoing reforms. Others have indirect bearing by decreasing budgetary space for allocations to basic service delivery. Examples include the abolition of the graduated tax and the creation of new districts with associated high costs and capacity building challenges.

In order to optimize aid effectiveness, the focus should be on improving aid predictability, resolving issues of coordination among the large number of donors, and resolving aid fragmentation. Uganda's efforts at aligning donors behind the PEAP, promoting the movement to joint assistance programs among donors (the UJAS), and seeking broader use of the GBS instrument have helped improve the predictability of aid flows, initiated discussion on coordination and division of labor among donors, and will likely help reduce fragmentation (that is, the proliferation of donor-funded activities).

Recommendations

Two sets of recommendations are provided: one for the World Bank and the other for the AfDB. The recommendation applies to both banks. They build on the lessons discussed above and the recommendations provided in the 2001 IEG-Uganda CAE for the World Bank and the 2004 OPEV-CAE for the AfDB (Chapter 1). In both previous cases, the recommendations were not fully implemented, especially those with respect to the World Bank taking a stronger stance on governance, and the AfDB deepening its economic and sector work**.**

For the World Bank:

- Support the government in developing an analytic framework to guide decisions on governance reforms. Such a framework will help define the causal links between various interventions and expected outcomes for improved governance.
- With the help of other development partners, encourage and support the government to develop medium-to-long-term master plans for infrastructure development in order to promote private sector participation, competition, and regulatory reform, and to enhance the process of timely institutional building.

- Encourage the government to coordinate major ongoing monitoring and evaluation initiatives by its development partners in order to secure reliable M&E of its overall poverty reduction strategy, thereby helping to facilitate adequate sequencing of policy reform.

For the AfDB:

- Strengthen the AfDB's in-country presence by relocating sector specialists. This would raise its profile and ensure improved policy dialogue, and is particularly important in the areas where the AfDB plans to stay engaged. To avoid spreading AfDB's staff too thinly, one option may be to deploy sector specialists to regional hubs.
- To use limited resources more effectively, seek deeper engagement in a limited set of areas.
- Undertake regular, perhaps joint, economic and sector work and project-level, self-evaluation that is sufficient to underpin country strategy and deepen dialogue with the government.

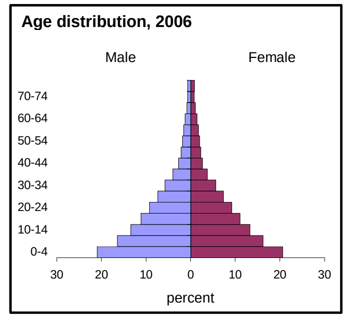
For both the World Bank and the AfDB:

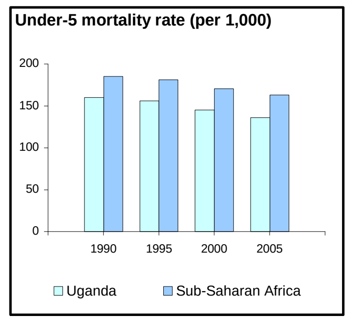
- Seek to reinforce the effectiveness of the GBS as an instrument for minimizing transaction costs and facilitating the use of country systems, as channeling funds through the recipient country's institutions helps strengthen the governance structures and capacities and facilitate aid harmonization. This will require a greater focus on reaching agreement with other UJAS members on a joint budget support mechanism and assisting the government in budget prioritization, monitoring, and evaluation.

Annex A: Statistical Supplement

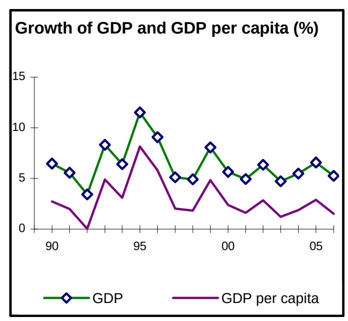
Annex Table 1: Uganda at a Glance

Key Development Indicators	Uganda	Sub-Saharan Africa	Low income
(2006)			
Population, mid-year (millions)	29.9	770	2,403
Surface area (thousand sq. km)	241	24,265	29,215
Population growth (%)	3.6	2.3	1.8
Urban population (% of total population)	13	36	30
GNI (Atlas method, US$ billions)	8.9	648	1,562
GNI per capita (Atlas method, US$)	300	842	650
GNI per capita (PPP, international $)	1,490	2,032	2,698
GDP growth (%)	5.3	5.6	8.0
GDP per capita growth (%)	1.5	3.2	6.1
(most recent estimate, 2000–2006)			
Poverty headcount ratio at $1 a day (PPP, %)	..	41	..
Poverty headcount ratio at $2 a day (PPP, %)	..	72	..
Life expectancy at birth (years)	50	47	59
Infant mortality (per 1,000 live births)	79	96	75
Child malnutrition (% of children under 5)	23	29	..
Adult literacy, male (% of ages 15 and older)	77	69	72
Adult literacy, female (% of ages 15 and older)	58	50	50
Gross primary enrollment, male (% of age group)	119	98	108
Gross primary enrollment, female (% of age group)	119	86	96
Access to an improved water source (% of population)	60	56	75
Access to improved sanitation facilities (% of population)	43	37	38





Net Aid Flows	1980	1990	2000	2006 [a]
(US$ millions)				
Net ODA and official aid	113	663	817	1,198
Top 3 donors (in 2005):				
United States	13	30	58	242
Netherlands	4	4	43	80
Denmark	2	25	60	64
Aid (% of GNI)	9.2	15.7	14.0	14.0
Aid per capita (US$)	9	37	34	42



Long-Term Economic Trends	1980	1990	2000	2006	1980–90	1990–2000	2000–06
Consumer prices (annual % change)	..	45.5	5.8	3.5			
GDP implicit deflator (annual % change)	*45.9*	44.4	3.8	6.7			
Exchange rate (annual average, local per US$)	1.0	319.6	1,512.0	1,825.1			
Terms of trade index (2000 = 100)	..	132	100	*91*			
					(average annual growth %)		
Population, mid-year (millions)	12.6	17.8	24.3	29.9	3.4	3.1	3.4
GDP (US$ millions)	1,245	4,304	5,926	9,322	*2.9*	7.1	5.6
		(% of GDP)					
Agriculture	72.0	56.6	37.3	31.7	*2.1*	3.7	4.3
Industry	4.5	11.1	20.3	24.6	*5.0*	12.2	7.0
Manufacturing	4.3	5.7	9.8	8.6	*3.9*	14.1	5.2
Services	23.5	32.4	42.4	43.7	*2.8*	8.2	7.7
Household final consumption expenditure	*88.9*	91.9	78.2	77.6	*2.7*	6.8	5.6
General gov't final consumption expenditure	*11.2*	7.5	13.7	14.4	*2.0*	7.1	5.9
Gross capital formation	6.2	12.7	20.0	24.9	*8.0*	8.9	10.3
Exports of goods and services	19.4	7.2	11.2	13.8	*1.8*	14.7	7.8
Imports of goods and services	26.0	19.4	23.0	30.7	*4.4*	10.0	10.8
Gross savings	-1.0	1.2	9.3	11.2			

Note: Figures in italics are for years other than those specified. 2006 data are preliminary. .. indicates data are not available.
a. Aid data are for 2005.

Source: Development Economics, Development Data Group (DECDG), 9/28/07.

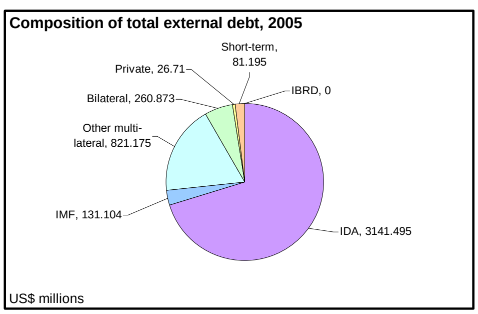
Annex Table 1: Uganda at a Glance (continued)

Uganda

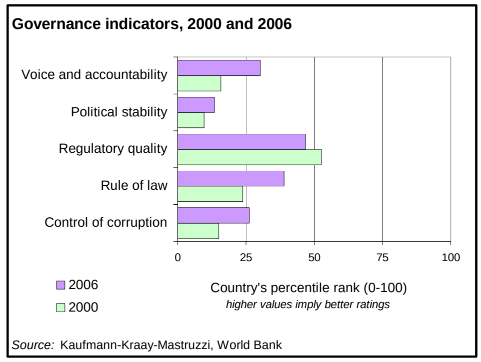
Balance of Payments and Trade	2000	2006
(US$ millions)		
Total merchandise exports (fob)	460	*603*
Total merchandise imports (cif)	954	*1,336*
Net trade in goods and services	-703	-1,378
Workers' remittances and compensation of employees (receipts)	238	*476*
Current account balance	-644	-1,074
as a % of GDP	-10.9	-11.5
Reserves, including gold	719	1,025

Central Government Finance		
(% of GDP)		
Current revenue (including grants)	11.3	*12.6*
Tax revenue	10.4	*11.7*
Current expenditure	10.9	12.0
Overall surplus/deficit	-13.8	*-10.6*
Highest marginal tax rate (%)		
Individual	30	30
Corporate	30	30

External Debt and Resource Flows		
(US$ millions)		
Total debt outstanding and disbursed	3,498	*4,463*
Total debt service	74	*172*
Debt relief (HIPC, MDRI)	1,282	1,705
Total debt (% of GDP)	59.0	*51.1*
Total debt service (% of exports)	10.5	*10.7*
Foreign direct investment (net inflows)	161	*257*
Portfolio equity (net inflows)	0	*2*



Private Sector Development	2000	2006
Time required to start a business (days)	–	28
Cost to start a business (% of GNI per capita)	–	96.0
Time required to register property (days)	–	227
Ranked as a major constraint to business (% of managers surveyed who agreed)		
Electricity	..	*63.3*
Tax rates	..	*11.0*
Stock market capitalization (% of GDP)	*0.6*	*1.2*
Bank capital to asset ratio (%)	9.8	*10.3*



Technology and Infrastructure	2000	2005
Paved roads (% of total)	..	*23.0*
Fixed line and mobile phone subscribers (per 1,000 people)	8	56
High technology exports (% of manufactured exports)	22.5	14.0

Environment		
Agricultural land (% of land area)	..	..
Forest area (% of land area)	20.6	18.4
Nationally protected areas (% of land area)	..	*32.6*
Freshwater resources per capita (cu. meters)	..	1,353
Freshwater withdrawal (% of internal resources)	*0.8*	..
CO2 emissions per capita (mt)	0.06	*0.06*
GDP per unit of energy use (2000 PPP $ per kg of oil equivalent)	..	..
Energy use per capita (kg of oil equivalent)	..	..

World Bank Group portfolio	2000	2006
(US$ millions)		
IBRD		
Total debt outstanding and disbursed	0	0
Disbursements	0	0
Principal repayments	0	0
Interest payments	0	0
IDA		
Total debt outstanding and disbursed	2,115	436
Disbursements	190	93
Total debt service	9	40
IFC *(fiscal year)*		
Total disbursed and outstanding portfolio	36	12
of which IFC own account	36	12
Disbursements for IFC own account	0	10
Portfolio sales, prepayments and repayments for IFC own account	6	0
MIGA		
Gross exposure	43	43
New guarantees	0	43

Note: Figures in italics are for years other than those specified. 2006 data are preliminary.
.. indicates data are not available. – indicates observation is not applicable.

Source: Development Economics, Development Data Group (DECDG), 9/28/07.

ANNEX A

STATISTICAL SUPPLEMENT

Annex Table 2: Uganda - Economic and Social Indicators, 2000-2007

	Uganda								Uganda	Kenya	Ethiopia	Malawi	DRoC	Sub-Saharan Africa	Low Income
	2000	2001	2002	2003	2004	2005	2006	2007	2000-2007 average						
Growth and Inflation															
GDP growth (annual %)	5.6	4.9	6.4	4.7	5.4	6.7	5.1	6.5	5.7	4.0	7.6	2.7	3.1	4.8	5.3
GDP per capita growth (annual %)	2.5	1.7	3.1	1.4	2.1	3.3	1.7	2.9	2.3	1.4	4.8	0.1	0.2	2.2	3.0
GNI per capita, Atlas method (current US$)	260.0	240.0	230.0	230.0	250.0	270.0	300.0	340.0	265.0	486.3	150.0	192.5	106.3	640.6	411.9
GNI per capita, PPP (current international $)	660.0	680.0	720.0	740.0	780.0	820.0	870.0	920.0	773.8	1,280.0	577.5	628.8	237.5	1,532.0	1,192.5
Inflation, consumer prices (annual %)	2.8	2.0	-0.3	7.8	3.3	8.2	6.8	6.1	4.6	9.2	7.0	15.7	156.7	..	..
Composition of GDP															
Agriculture, value added (% of GDP)	37.3	36.4	31.0	32.4	32.2	32.8	31.1	29.0	32.8	28.4	46.0	36.5	49.1	17.4	28.0
Industry, value added (% of GDP)	20.3	20.2	21.6	21.2	21.2	18.3	18.1	18.2	19.9	18.0	13.3	18.7	23.9	30.3	26.7
Services, value added (% of GDP)	42.4	43.4	47.5	46.4	46.6	48.9	50.7	52.8	47.3	53.6	40.7	44.8	27.1	52.3	45.3
External Accounts															
Exports of goods and services (% of GDP)	11.2	12.1	11.9	12.4	13.7	13.2	14.8	13.3	12.8	24.1	13.3	24.5	26.0	32.2	29.0
Imports of goods and services (% of GDP)	23.0	24.3	26.6	26.6	27.6	27.1	30.1	32.0	27.2	33.3	29.7	40.1	32.3	33.2	33.5
Current account balance (% of GDP)	-6.1	-6.5	-6.2	-5.7	-4.6	-4.7	-3.4	-6.6	-5.5	-1.2	-5.6	-5.1	..	..	..
Total debt service (% of GNI)	1.3	0.9	1.2	1.4	1.5	2.0	1.2	..	1.4	3.4	1.3	2.5	4.4	3.4	3.2
Total reserves in months of imports	6.2	7.0	6.4	6.8	6.6	5.7	6.3	6.8	6.5	3.3	3.5	3.4	..	6.9	5.8
Other Macroeconomic Indicators															
Gross domestic savings (% of GDP)	8.1	6.5	4.7	6.3	8.4	7.6	8.1	5.8	6.9	8.7	6.8	6.1	5.1	16.4	15.5
Gross fixed capital formation (% of GDP)	19.6	18.2	18.9	20.1	22.1	21.3	23.0	24.1	20.9	17.5	23.1	18.6	8.5	17.8	21.2
Fiscal Accounts															
Revenue, excluding grants (% of GDP)	11.3	10.8	12.2	12.1	12.7	12.6	13.3	..	12.2	19.6	14.3	..	5.5	..	..
General government final consumption expenditure (% of GDP)	13.7	13.8	15.3	14.8	14.7	14.4	14.7	14.1	14.4	16.7	13.6	12.6	7.3	16.1	9.8
Gross national expenditure (% of GDP)	111.9	112.1	114.7	114.2	113.9	113.9	115.3	118.7	114.3	109.2	116.4	114.3	106.3	..	..
Cash surplus/deficit (% of GDP)	-2.0	-1.0	-3.7	-3.8	-1.5	-0.1	-2.0	..	-2.0	0.6	-7.6	..	-2.0	..	..
Social Indicators															
Health															
Life expectancy at birth, total (years)	46.5	..	47.8	..	..	50.0	50.7	..	48.7	52.4	51.3	46.4	45.2	49.6	56.2
Immunization, DPT (% of children ages 12-23 months)	58.0	61.0	72.0	81.0	87.0	84.0	80.0	..	74.7	74.7	63.9	84.9	54.0	62.2	67.5
Improved water source (% of population with access)	56.0	..	..	..	..	..	64.0	..	60.0	54.0	35.5	69.5	45.5	56.5	65.8

	Uganda								Uganda	Kenya	Ethiopia	Malawi	DRoC	Sub-Saharan Africa	Low Income
	2000	2001	2002	2003	2004	2005	2006	2007	2000-2007 average						
Improved sanitation facilities, rural (% of rural pop. with access)	32.0	..	..	..	..	..	34.0	..	33.0	47.0	6.0	59.0	21.0	23.3	30.5
Mortality rate, infant (per 1,000 live births)	85.0	..	..	..	..	79.0	77.8	..	80.6	78.5	83.2	83.3	129.0	96.0	87.4
<u>Education</u>															
School enrollment, preprimary (% gross)	3.9	4.0	4.2	3.3	2.1	1.5	3.3	..	3.2	47.8	2.0	..	1.0	15.7	19.4
School enrollment, primary (% gross)	125.4	127.6	131.6	132.3	124.0	117.9	116.7	..	125.1	103.2	68.9	128.4	61.0	86.4	88.5
School enrollment, secondary (% gross)	15.9	16.0	18.6	18.6	18.3	18.3	..	..	17.6	45.0	21.1	29.8	20.6	28.5	35.7
<u>Population</u>															
Population growth (annual %)	3.0	3.1	3.2	3.2	3.2	3.2	3.2	3.4	3.2	2.6	2.7	2.6	2.9	2.5	2.3
Population, total (million)	24.7	25.5	26.3	27.1	28.0	28.9	29.9	30.9	27.7	34.3	72.4	12.8	56.3	735.5	1,201.1
Urban population (% of total)	12.1	12.2	12.3	12.3	12.4	12.5	12.7	12.8	12.4	20.4	15.8	16.7	31.5	34.3	30.2

Note 1: Some of these indicators are not available on an annual basis, so some averages are based on fewer observations.

Source: World Bank internal database.
Notes: DPT=diphtheria, pertussis, and tetanus vaccine; DRoC=Democratic Republic of Congo; GDP=gross domestic product; GNI=gross national income; PPP=purchasing power parity.

Annex Table 3: External Assistance to Uganda, Total Net ODA Disbursement, 2001-2006, (US$ Million)

	2001	2002	2003	2004	2005	2006	Total	%Total
Australia	0.3	0.6	0.5	0.6	0.3	2.8	5.0	0.1
Austria	1.8	5.4	5.4	8.1	8.4	10.3	39.5	0.6
Belgium	3.5	2.1	6.6	8.1	13.3	14.9	48.6	0.8
Canada	2.6	6.4	6.7	10.2	12.8	14.1	52.9	0.8
Czech Republic		0.0	0.0	0.1	0.0	0.3	0.5	0.0
Denmark	58.7	43.1	53.0	61.3	63.7	78.5	358.3	5.6
Finland	0.8	0.8	1.0	2.4	5.3	6.1	16.4	0.3
France	6.5	5.5	4.7	6.2	7.7	5.4	36.0	0.6
Germany	33.2	33.9	26.7	41.8	51.4	54.6	241.4	3.8
Greece	0.1	0.1	0.2	0.1	0.1	0.0	0.5	0.0
Iceland	0.4	0.5	1.0	1.2	1.6	2.3	6.9	0.1
Ireland	23.5	37.0	44.4	47.6	47.8	57.6	257.9	4.0
Italy	3.7	26.7	8.9	8.2	3.9	9.6	61.0	1.0
Japan	14.6	8.1	9.5	11.8	14.4	21.8	80.3	1.3
Korea	0.1	0.3	0.1	0.2	0.1	0.2	1.0	0.0
Luxembourg		0.1	0.1	0.1	0.1	0.1	0.5	0.0
Netherlands	40.8	43.5	57.8	70.9	80.1	82.4	375.5	5.9
New Zealand	0.3	0.2	0.5	0.2	0.6	0.2	1.9	0.0
Norway	19.7	32.6	38.4	41.7	45.5	50.5	228.4	3.6
Slovak Republic		0.0	0.0	0.0	0.0		0.1	0.0
Spain	-2.3	2.8	9.8	3.3	-0.6	2.7	15.7	0.2
Sweden	29.4	23.4	32.9	42.7	47.9	62.6	239.0	3.7
Switzerland	0.4	0.6	1.6	3.2	3.4	3.6	12.6	0.2
Poland					0.0	0.0	0.0	0.0
Thailand						0.1	0.1	0.0
Turkey					0.0	0.0	0.0	0.0
United Kingdom	82.2	84.0	104.7	107.6	55.6	214.4	648.5	10.1
United States	66.5	109.4	174.0	207.7	228.8	246.2	1,032.6	16.1
Other Bilateral Donors	0.1	0.1	0.1	0.1	0.1	0.1	0.6	0.0
Total Bilateral Donors	386.9	467.0	588.5	685.4	692.7	941.1	3,761.7	58.8
AfDF (African Dev.Fund)	31.9	17.7	15.2	54.5	59.2	103.6	282.0	4.4
Arab Agencies	-0.3			-0.1	3.1	8.5	11.2	0.2
Arab Countries	1.4	4.3					5.7	0.1
European Commission	63.3	33.5	89.4	112.7	83.2	155.5	537.5	8.4
GEF	4.0	3.7	2.8	2.7	3.5	3.3	19.9	0.3
Global Fund (GFATM)			0.3	37.7	41.2	27.7	106.9	1.7
Nordic Dev. Fund	0.3	0.2	1.7	4.3	8.6	2.9	17.9	0.3
IDA	290.5	171.8	265.0	300.4	297.5	255.9	1,581.1	24.7
SAF+ESAF+PRGF (IMF)	-38.0	-39.1	-42.1	-52.6	-46.6	2.9	-215.5	-3.4
IFAD	2.5	3.3	3.4	5.9	6.2	5.3	26.6	0.4
UNDP	4.3	4.0	4.5	5.4	6.1	7.1	31.4	0.5
UNFPA	4.8	5.4	6.2	5.3	3.8	5.7	31.2	0.5
UNHCR	12.4	14.7	12.0	9.3	6.6	8.2	63.2	1.0
UNICEF	5.4	5.0	5.4	7.8	9.6	11.7	44.8	0.7
UNTA	2.2	3.3	4.3	2.9	2.9	1.6	17.2	0.3
WFP	18.9	14.9	19.6	12.3		9.7	75.4	1.2
DAC Countries, Total	790.4	709.7	976.1	1,193.8	1,177.5	1,550.6	6,398.0	100.0
G7, Total	209.3	273.9	335.1	393.5	374.8	566.0	2,152.6	33.6
DAC EU Members, Total	282.0	308.2	356.1	408.5	384.9	599.1	2,338.8	36.6
Non-DAC Bilateral Donors,Total	2.0	5.3	1.3	1.6	2.0	2.9	14.9	0.2
Multilateral, Total	402.1	238.3	387.6	508.4	484.8	609.5	2,630.7	41.1
All Donors, Total	790.4	709.7	976.1	1,193.8	1,177.5	1,550.6	6,398.0	100.0

Source: World Bank internal database.

Notes: AfDB= African Development Bank; DAC= Development Assistance Committee of the Organisation for Economic Co-operation and Development; ESAF=Enhanced Structural Adjustment Facility; EU=European Union;G7=Group of Seven Industrialized Countries' meetings; GEF=Global Environment Facility; GFATM= Global Fund to Fight AIDS, Tuberculosis, and Malaria; IDA=International Development Association; IFAD= International Fund For Agricultural Development; IMF= International Monetary Fund; ODA=official development assistance; PRGF=Poverty Reduction and Growth Facility; SAF=Structural Adjustment Facility; UNDP=United Nations Development Programme; UNFPA=United Nations Population Fund; UNHCR=United Nations High Commissioner for Refugees; UNTA= United Nations Technical Authority; WFP= United Nations World Food Programme.

Annex Table 4a-Part 1: Uganda: World Bank Commitments by Sector (US$ Million), Fiscal years 2001–07								
Sector	2001	2002	2003	2004	2005	2006	2007	2001-07
Agriculture, Fishing and Forestry	34.7	3.9	26.3	22.5	37.0	16.2	6.3	146.8
Public Administration, Law, and Justice	119.7	3.7	92.9	85.1	54.5	148.9	68.5	573.3
Information and Communications	0.0	5.4	0.0	0.0	0.0	0.0	0.0	5.4
Education	32.5	5.0	75.0	23.2	30.0	35.7	18.8	220.1
Finance	4.8	0.0	0.0	0.0	10.5	0.0	0.0	15.3
Health and Other Social Services	97.9	3.9	122.6	26.3	30.0	16.2	18.8	315.7
Industry and Trade	5.3	0.0	0.0	0.0	28.0	1.8	0.0	35.1
Energy and Mining	0.0	94.8	0.0	10.0	0.0	0.0	294.0	398.8
Transportation	12.0	63.9	18.8	0.0	107.6	0.0	0.0	202.2
Water, Sanitation and Flood Protection	31.5	0.0	71.0	22.5	30.0	16.2	18.8	189.9
Total Commitments	338.4	180.7	406.5	189.6	327.6	235.0	425.0	2,102.8

Source: World Bank internal database.

Annex Table 4a-Part 1: Uganda: World Bank Commitments by Sector (percentages), Fiscal years 2001-07

Sector	2001	2002	2003	2004	2005	2006	2007	r2001-07
Agriculture, Fishing and Forestry	10.2	2.2	6.5	11.9	11.3	6.9	1.5	7.0
Public Administration, Law, and Justice	35.4	2.1	22.8	44.9	16.6	63.4	16.1	27.3
Information and Communications	0.0	3.0	0.0	0.0	0.0	0.0	0.0	0.3
Education	9.6	2.8	18.5	12.3	9.2	15.2	4.4	10.5
Finance	1.4	0.0	0.0	0.0	3.2	0.0	0.0	0.7
Health and Other Social Services	28.9	2.2	30.2	13.8	9.2	6.9	4.4	15.0
Industry and Trade	1.6	0.0	0.0	0.0	8.5	0.8	0.0	1.7
Energy and Mining	0.0	52.5	0.0	5.3	0.0	0.0	69.2	19.0
Transportation	3.5	35.4	4.6	0.0	32.8	0.0	0.0	9.6
Water, Sanitation and Flood Protection	9.3	0.0	17.5	11.9	9.2	6.9	4.4	9.0
Total Commitments	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: World Bank internal database.

Annex Table 4a-Part 2: Uganda: World Bank Commitments by Sector for PRSCs (US$ Million) Fiscal years 2001-07							
Sector	2001 PRSC 1	2003 PRSC 2	2004 PRSC 3	2005 PRSC 4	2006 PRSC 5	2007 PRSC 6	2001-07 PRSC 1-6
Agriculture, Fishing and Forestry	0.0	0.0	22.5	30.0	16.2	6.3	75.0
Public Administration, Law, and Justice	43.5	30.0	60.0	30.0	70.2	62.5	296.2
Information and Communications	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Education	31.5	30.0	22.5	30.0	16.2	18.8	149.0
Finance	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Health and Other Social Services	31.5	60.0	22.5	30.0	16.2	18.8	179.0
Industry and Trade	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Energy and Mining	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transportation	12.0	0.0	0.0	0.0	0.0	0.0	12.0
Water, Sanitation and Flood Protection	31.5	30.0	22.5	30.0	16.2	18.8	149.0
Total Commitments	150.0	150.0	150.0	150.0	135.0	125.0	860.0

Source: World Bank internal database.
Note: PRSC= Poverty Reduction Support Credit

Annex Table 4a-Part 2: Uganda: World Bank Commitments by Sector for PRSCs (percentage), Fiscal years 2001-07							
Sector	2001 PRSC 1	2003 PRSC 2	2004 PRSC 3	2005 PRSC 4	2006 PRSC 5	2007 PRSC 6	2001-07 PRSC 1-6
Agriculture, Fishing and Forestry	0.0	0.0	15.0	20.0	12.0	5.0	8.7
Public Administration, Law, and Justice	29.0	20.0	40.0	20.0	52.0	50.0	34.4
Information and Communications	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Education	21.0	20.0	15.0	20.0	12.0	15.0	17.3
Finance	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Health and Other Social Services	21.0	40.0	15.0	20.0	12.0	15.0	20.8
Industry and Trade	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Energy and Mining	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transportation	8.0	0.0	0.0	0.0	0.0	0.0	1.4
Water, Sanitation and Flood Protection	21.0	20.0	15.0	20.0	12.0	15.0	17.3
Total Commitments	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: World Bank internal database.
Note: PRSC= Poverty Reduction Support Credit

Annex Table 4b: Uganda: AfDB Commitments by Sector (in UA million), Fiscal years 2002-07

Sector	2002	2003	2004	2005	2006	2007	2002-07
Agriculture and Rural development	48.5	0.0	48.2	0.0	0.0	30.0	126.7
Social	0.0	0.0	0.0	20.0	20.0	0.0	40.0
Transport	0.0	0.2	0.0	28.5	33.0	58.0	119.7
Water and Sanitation	0.0	0.0	18.4	40.0	0.0	0.0	58.4
Industry	5.3	0.0	5.4	0.0	0.0	0.0	10.7
Power	0.0	0.0	0.0	0.0	0.0	86.9	86.9
Multi-sector	40.6	0.0	9.0	0.0	0.0	0.0	49.6
Total Commitments	94.5	0.2	80.9	88.5	53.0	174.9	492.0

Source: AfDB internal database.
Notes: AfDB= African Development Bank.

Annex Table 4b: Uganda: AfDB Commitments by Sector (percentages), Fiscal years 2002-07

Sector	2002	2003	2004	2005	2006	2007	2002-07
Agriculture and Rural development	51.4	0.0	59.5	0.0	0.0	17.2	25.8
Social	0.0	0.0	0.0	22.6	37.7	0.0	8.1
Transport	0.0	100.0	0.0	32.2	62.3	33.2	24.3
Water and Sanitation	0.0	0.0	22.7	45.2	0.0	0.0	11.9
Industry	5.6	0.0	6.6	0.0	0.0	0.0	2.2
Power	0.0	0.0	0.0	0.0	0.0	49.7	17.7
Multi-sector	43.0	0.0	11.1	0.0	0.0	0.0	10.1
Total Commitments	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: AfDB internal database.
Note: AfDB= African Development Bank.

Annex Table 3a: Uganda List of World Bank Projects, Fiscal years 2001-07

Project Status	Proj ID		Appr. FY	Sector Board	TL	Net Comm./ IDA amount	Latest DO	Latest IP	Latest Risk Rating	Date, Rev Closng	IEG Outcome	IEG Sustainability	IEG ID Impact	Appr. period
Active	P002970	UG-Roads Dev APL (FY99)	1999	Transport	OCAYA	91.0	S	S	#	06/30/2008				A
Active	P059127	UG-Agr Rsrch & Training SIL 2 (FY99)	1999	Rural Sector	GAUTAM	26.0	S	MS	#	06/30/2009				A
Active	P044695	UG-Nat Agr Advisory Srvcs SIL (FY01)	2001	Rural Sector	CORNELIUS	45.0	S	MS	#	06/30/2008				B
Active	P050439	UG-Priv & Utility Sec Reform (FY01)	2001	Private Sector Development	SCHLOTTERER	48.5	S	S	#	02/15/2015				B
Active	P070627	Regional Trade Fac. - Uganda	2001	Financial Sector	ARCHONDO	20.0	S	MS	#	06/30/2011				B
Active	P073089	UG-EMCBP SIL 2 (FY01)	2001	Environment	JOHNSON	22.0	S	S	#	06/30/2008				B
Active	P002984	UG-Power SIL 4 (FY02)	2002	Energy and Mining	MISSFELDT-RINGIUS	62.0	MS	MS	#	12/31/2007				B
Active	P065436	UG-Road Dev Phase 2 APL (FY02)	2002	Transport	SCHELLING	64.5	S	S	#	06/30/2008				B
Active	P069996	UG-Energy for Rural Transform (FY02)	2002	Energy and Mining	COSGROVE-DAVIES	49.2	S	MS	#	08/31/2008				B
Active	P002952	UG-N Uganda Soc Action Fund (FY03)	2003	Social Protection	NAMARA	100.0	S	MS	#	03/31/2009				B
Active	P065437	UG-PAMSU SIL (FY03)	2003	Environment	JOHNSON	27.0	S	MS	#	12/31/2007				B
Active	P079925	UG-Natl Re Dev TAL (FY04)	2004	Energy and Mining	SHELDON	25.0	S	S	#	06/30/2009				C
Active	P074079	UG-Road Dev APL 3 (FY05)	2005	Transport	SCHELLING	107.6	MS	U	#	12/31/2009				B
Active	P083809	Priv Sec Competitiveness 2	2005	Private Sector Development	WONG	70.0	MS	MS	#	07/31/2010				C
Active	P050440	UG-Pub Serv Perform Enhance (FY06)	2006	Public Sector Governance	MORIN	70.0	MU	MU	#	12/31/2011				D
Active	P086513	UG-Millennium Science Init (FY06)	2006	Education	CRAWFORD	30.0	S	S	#	12/31/2011				D
Active	P069208	UG - Power Sector Dev. Project (FY07)	2007	Energy and Mining	COSGROVE-DAVIES	300.0	S	S	#	07/31/2011				D
Closed	P002929	UG POWER III	1991	Energy and Mining	DUNCAN	144.9	S	S	M	12/31/2001	MODERATELY UNSAT	UNLIKELY	MODEST	A
Closed	P002938	AGRIC. RES & TRG. PHASE I	1993	Rural Sector	QUISUMBING	25.2	S	S	N	09/30/2000	SATISFACTORY	NON-EVALUABLE	SUBSTANTIAL	A
Closed	P002953	PRIMARY EDUC. & TEAC	1993	Education	MURPHY	52.1	S	HS	N	06/30/2001	MODERATELY SAT	LIKELY	SUBSTANTIAL	A
Closed	P002957	UG-Small Towns Water (BD FY94)	1994	Water Supply and Sanitation	ALEMU	40.9	S	S	M	06/30/2003	SATISFACTORY	LIKELY	HIGH	A
Closed	P002923	TRANSPORT REHABILITATION PROJECT	1994	Transport	KAMHI	53.3	S	S	M	12/31/2000	SATISFACTORY	LIKELY	SUBSTANTIAL	A
Closed	P002963	Sexually Transmitted Infections	1994	Health, Nutrition and Population	OKWERO	48.9	S	S	S	12/31/2002	MODERATELY UNSAT	LIKELY	SUBSTANTIAL	A
Closed	P002977	Cotton Subsector Development Project	1994	Rural Sector	CORNELIUS	13.8	S	S	M	12/31/2001	SATISFACTORY	HIGHLY LIKELY	HIGH	A
Closed	P002971	District Health	1995	Health, Nutrition and Population	OKWERO	40.5	S	S	S	12/31/2002	UNSATISFACTORY	LIKELY	SUBSTANTIAL	A
Closed	P002976	INST. CAPACITY BLDG	1995	Public Sector Governance	GIRISHANKAR	33.4	S	S	M	06/30/2002	SATISFACTORY	HIGHLY LIKELY	SUBSTANTIAL	A
Closed	P037582	AG SEC MGT PROJECT	1996	Rural Sector	DEJENE	17.9	S	S	S	12/31/2001				A
Closed	P002978	EMCBP	1996	Environment	JOHNSON	9.3	S	S	M	06/30/2001	SATISFACTORY	LIKELY	SUBSTANTIAL	A
Closed	P035634	PRIV. SECTOR COMPETI	1996	Private Sector Development	FYE	8.1	S	S	M	12/31/2002	SATISFACTORY	LIKELY	HIGH	A
Closed	P046836	UG-Lake Victoria Env SIL (FY97)	1997	Environment	CHENGULA	15.8	MS	S	#	12/31/2005	'MODERATELY SAT	LIKELY	SUBSTANTIAL	A
Closed	P002987	SAC III	1997	Economic Policy	BLAKE	144.4	S	S	S	12/31/2001	'MODERATELY SAT	LIKELY	MODEST	A
Closed	P049543	UG-Road Sec & Inst Supt (FY98)	1998	Transport	OCAYA	30.0	S	S	#	12/31/2007				A
Closed	P002972	UG EDUC SECTOR ADJ CRED	1998	Education	MURPHY	151.8	S	S	N	12/31/2000	SATISFACTORY	LIKELY	SUBSTANTIAL	A
Closed	P040551	UG-Child Nutrition Dev SIL (FY98)	1998	Health, Nutrition and Population	BERTONCINO	32.7	MS	MU	#	06/30/2005	MODERATELY UNSAT	UNLIKELY	SUBSTANTIAL	A
Closed	P057007	UG EL NINO EMERG RD REP	1998	Transport	BRUSHETT	6.5	S	S	N	01/31/2004	SATISFACTORY	LIKELY	MODEST	A
Closed	P002941	ICB-PAMSU	1999	Rural Sector	JOHNSON	12.0	S	S	M	12/31/2002	'MODERATELY SAT	LIKELY	SUBSTANTIAL	A
Closed	P059223	UG-Nakivubo Channel Rehab SII (FY99)	1999	Urban Development	MORRELL	21.7	S	S	N	06/30/2004	SATISFACTORY	LIKELY	MODEST	A
Closed	P044213	FIN MKTS ASSISTANCE	1999	Financial Sector	BYAMUKAMA	0.0	S	U	M	09/30/2003	NOT RATED	NOT APPLICABLE	NOT RATED	A
Closed	P069840	Power III Supplemental	2000	Energy and Mining	DUNCAN	33.0	#	#	#	#				A
Closed	P002992	UG-Loc Govt Dev Prgm SIL (FY00)	2000	Public Sector Governance	MORRELL	73.8	S	S	M	06/30/2004	SATISFACTORY	UNLIKELY	SUBSTANTIAL	A
Closed	P044679	UG-Econ & Fin Mgmt (FY00)	2000	Public Sector Governance	MORRELL	50.2	S	S	#	12/31/2006	SATISFACTORY	#	#	A
Closed	P072482	UG-HIV/AIDS Control SIL (FY01)	2001	Health, Nutrition and Population	OKWERO	47.5	MS	S	#	12/31/2006	MODERATELY UNSAT	#	#	B
Closed	P073346	Oil Shock Supplemental - SAC III	2001	Economic Policy	KAHKONEN	25.4	#	#	#	#				A
Closed	P050438	UG-PRSC 1 (FY01)	2001	Public Sector Governance	KAHKONEN	147.7	S	S	S	03/31/2002	'MODERATELY SAT	NON-EVALUABLE	MODEST	B
Closed	P074078	UG-Makerere Pil Decentr Srvc Del (FY02)	2002	Education	CRAWFORD	5.0	S	S	#	12/31/2006	SATISFACTORY	#	#	B
Closed	P077477	UG-Loc Gov Dev 2 (FY03)	2003	Public Sector Governance	ONYACH-OLAA	125.0	S	S	#	12/31/2007				B
Closed	P077406	UGANDA LVEMP Supplemental	2003	Environment	KAGUAMBA	4.5	#	#	#	#				A
Closed	P073671	UG-PRSC II	2003	Poverty Reduction	CANAGARAJAH	169.4	S	S	S	06/30/2003	'MODERATELY SAT	NON-EVALUABLE	MODEST	B
Closed	P083597	UGANDA - EFMP II - Supplemental	2004	Public Sector Governance	MORRELL	14.6	#	#	#	#				A
Closed	P074081	UG-PRSC 3 (FY04)	2004	Public Sector Governance	BOCCARA	152.9	S	S	S	09/30/2004	MODERATELY SAT	NON-EVALUABLE	MODEST	C
Closed	P074082	UG-PRSC 4 (FY05)	2005	Poverty Reduction	KIM	155.3	S	S	S	09/30/2005	MODERATELY UNSAT	LIKELY	SUBSTANTIAL	C
Closed	P090881	UG-PRSC 5 (new series)	2006	Poverty Reduction	KIM	135.0	S	S	#	11/30/2006				D
Closed	P090219	UG-PRSC 6 DPL (FY07)	2007	Poverty Reduction	KIM	125.0	#	#	#	11/30/2008				D

Source: World Bank internal database.

Notes: AGR= agriculture; APL= adjustable program loan; DO= development objective; DPL= Development Policy Loan; EDUC= education; EFMP= Economic and Financial Management Project; EMCBP= Environment Management Capacity Building Project; FY= fiscal year; ID= Institutional Development; IDA= International Development Association; IEG= Independent Evaluation Group; LVEMP= Lake Victoria Environmental Management Project; PAMSU= Protected Areas Management and Sustainable Use; PRSC= Poverty Reduction Support Credit; SAC= structural adjustment credit; SIL= specific investment loan; TL= team leader; UG= Uganda

Annex Table 5b: Uganda-List of AfDB Projects, Fiscal years 2002-07

Project Status	SAP/Proj. #	Project Title	Approval date	Sector	Task Manager	Amount approved UA m	Appr. in Period
Active	P-UG-AA0-020	Rural Microfinance Support Project (RMSP)	11/24/1999	Social	YAHIE Abdullahi Moha	14.9	Before 2002
Active	P-UG-IAZ-001	Northwest Smallholder Agricultural Development	12/15/1999	Agr. and Rural dev.	KABYEMERA Justus Jos	17.6	Before 2002
Active	P-UG-IE0-002	Area-Based Agricultural Modernisation Programme	09/13/2000	Agr. and Rural dev.	KABYEMERA Justus Jos	9.7	Before 2002
Active	P-UG-AA0-014	Support To The ESIP (Education II Project)	12/21/2000	Social	SAVADOGO Boukary	22.4	Before 2002
Active	P-UG-AAF-002	Fisheries Development Project	06/12/2002	Agr. and Rural dev.	OMOLUABI Abodunrin C	22.0	CSP 02-04
Active	P-UG-BC0-001	Sheraton Kampala Hotel	09/18/2002	Industry	M'PENG BAYOI Daniel	5.3	CSP 02-04
Active	P-UG-AA0-019	Live stock productivity improvement project.	12/04/2002	Agr. and Rural dev.	TAWAH Chi Lawrence	26.5	CSP 02-04
Active	P-UG-AAC-001	Farm Income Enhancement proj.	09/29/2004	Agr. and Rural dev.	OMOLUABI Abodunrin C	41.4	CSP 02-04
Active	P-UG-BA0-001	Sustainable management of mineral Resources	09/29/2004	Industry	AMU O. M	5.4	CSP 02-04
Active	P-UG-KF0-003	Institutional support proj. for good governance	11/17/2004	Multi-sector	MUTONGA Jeremiah	9.0	CSP 02-04
Active	P-UG-E00-002	Small Towns Water & Sanitation proj.	11/24/2004	Water and Sanitation	ASSEFAW Mecuria	18.4	CSP 02-04
Active	P-Z1-AZ0-006	Creation of Sustainable Tsetse	12/08/2004	Agr. and Rural dev.	TAWAH Chi Lawrence	6.8	CSP 02-04
Active	P-UG-IAZ-002	Education III Project -support to post primary	12/19/2005	Social	SAVADOGO Boukary	20.0	UJAS 05-07
Active	P-UG-E00-005	Rural Water Supply & Sanitation Program	12/19/2005	Water and Sanitation	ASSEFAW Mecuria	40.0	UJAS 05-07
Active	P-UG-AB0-001	Community Agricultural Infrastructure	01/31/2007	Agr. and Rural dev.	Chiji Chinedum OJUKWU	30.0	UJAS 05-07
Active	P-UG-FA0-002	Bujagali Interconnection Project	06/28/2007	Power	Hemchand Rai HEEROO & FARAH A.	19.2	UJAS 05-07
Active	P-UG-FAB-004	Bujagali Hydropower Project	05/02/2007	Power	FARAH Hassan	67.7	UJAS 05-07
Active	P-UG-DB0-018	Road Sector Support Project II	12/17/2007	Transport	BABALOLA Abayomi	58.0	UJAS 05-07
Closed	P-UG-IBC-003	Health Services Rehabilitation Project	12/18/1989	Social	SARR Baboucarr Sulay	30.3	Before 2002
Closed	P-UG-IAE-001	Streng of Scien - Tech Teach Educ Proj	08/28/1990	Social	SARR Baboucarr Sulay	14.2	Before 2002
Closed	P-UG-DB0-001	Rural Feeder Roads Maintenance Programme	10/30/1991	Transport	BABALOLA Abayomi	18.1	Before 2002
Closed	P-UG-FA0-001	Urban Power Rehabilitation Project	11/06/1996	Power	RAM Babu	18.0	Before 2002
Closed	P-UG-K00-002	Second Structural Adjustment Loan	07/16/1997	Multi-sector	PITAMBER Sunita	27.8	Before 2002
Closed	P-UG-DB0-013	Kyotera-Mutukula Upgrading Project	09/17/1998	Transport	BABALOLA Abayomi	8.3	Before 2002
Closed	P-UG-KF0-002	Institutional Support To External Aid Coordination	12/16/1998	Multi-sector	PITAMBER Sunita	1.5	Before 2002
Closed	P-UG-E00-003	Rural Towns Water Supply and Sanitation Study	05/17/2000	Water and Sanitation	NJUGUNA Peter Ephrai	1.6	Before 2002
Closed	P-UG-DB0-014	Roads Maintenance And Upgrading Project	09/13/2000	Transport	BABALOLA Abayomi	15.0	Before 2002
Closed	P-UG-IBA-001	Support to Health Sector Strategic Plan	09/13/2000	Social	BA Bineta	20.0	Before 2002
Closed	P-UG-FZ0-001	Alt Energy Resources Assess and Utilization Study	10/18/2000	Power	RAM Babu	1.7	Before 2002
Closed	P-UG-K00-006	Poverty reduction support loan	10/16/2002	Multi-sector	PITAMBER Sunita	40.5	CSP 02-04
Closed	P-UG-DB0-015	Transport sector Development Programme	01/10/2003	Transport	BABALOLA Abayomi	0.2	CSP 02-04
Closed	P-UG-DB0-017	Road Sector Support Project	04/27/2005	Transport	BABALOLA Abayomi	28.5	UJAS 05-07
Closed	P-UG-IB0-003	Support to Health Sector Strategic Plan	11/08/2006	Social	BA Binta	20.0	UJAS 05-07
Closed	P-UG-DB0-019	Road Sector Support Project (Supplement)	12/20/2006	Transport	BABALOLA Abayomi	33.0	UJAS 05-07

Source: AfDB internal database.

Notes: AfDB= African Development Bank; CSP= Country Strategy Paper; ESIP= Education Sector Improvement Plan; UJAS= Uganda Joint Assistance Strategy.

Annex Table 6: Uganda – World Bank Economic and Sector Work, Fiscal years 2001-07

FY	Proj ID	ID/Report number	Sector Board	TL	Appr. Period
FY01	REV OF URB WATER PSP	P056562	Urban Development	LOCUSSOL	B
	LAND REFORM	P061861	Environment	BRUCE	B
	CTRY FRAMEWORK PAPER	P064518	Private Sector Development	SOREL	B
	UGANDA BOOK	P067111	Economic Policy	REINIKKA	B
	AGR MODERNIZATION	P067112	Environment	DONOVAN	B
	Uganda-CFAA	P074475 /25733	Financial Management	HEGARTY	B
	Uganda - CPAR	P075089	Procurement	KAYANI	B
FY02	Health Tracking	P071279	Health, Nutrition and Population	REINIKKA	B
	Uganda PER	P072181	Public Sector Governance	CANAGARAJAH	B
	Uganda FSAP	P074285	Financial Sector	MURGATROYD	B
	Budget and Medium Term Expenditure	P076756	Poverty Reduction	REINIKKA	B
FY03	Post-primary Education Sector Work	P073759	Education	LIANG	B
	UG:Debt SUSTAINABILITY(DONOTUSE)	P075430	Economic Policy	KAHKONEN	B
	HIPC Tracking Update	P078561	Economic Policy	CANAGARAJAH	B
	Public Expenditure Review: Report on the progress and challenges of budget reforms	24882	Public Sector Governance	CANAGARAJAH	B
FY04	2003 PER	27135		CANAGARAJAH	B
	Uganda-Strategic Country Gender Assessme	P078153	Gender and Development	BLACKDEN	C
	UG-Export Grwth & Competitiveness (FY04)	P078571	Economic Policy	WONG	C
	UG-Health Sector Performance (FY04)	P080605	Health, Nutrition and Population	CHAO	C
	RPED-Uganda Investment Climate Assessmen	P080973	Private Sector Development	MBUYI	C
	UGANDA: Trade Export Competitiveness	P082772	Economic Policy	KRAUS	C
	UG-PER/CFAA/CPAR/LGIFA (FY04)	P083315	Public Sector Governance	CANAGARAJAH	C
	Tertiary Education Sector Report	P084486	Education	LIANG	C
	UGANDA CFAA (Integrated with P083315)	P086031	Financial Management	KOEN	C
	UGANDA CPAR (Integrated with P083315), 3 volumes	P086295	Procurement	KAYANI	C
	Uganda PRSC Stocktaking	P087571	Economic Policy	MURPHY	C
FY05	Uganda Poverty-Nat Res Mgmt Analysis	P081862	Environment	HAMILTON	C
	UG-Poverty Assessment (FY05)	P087506	Poverty Reduction	FOX	C
	GPOBA-SL3: UEDC Transit Tariff (FY05)	P088818	Private Sector Development	RASMUSSEN	C
	UG-PER (FY05)	P090217	Public Sector Governance	KIM	C
	UG-Wtr Sup Deliv Impact Asmt (FY05)	P090964	Water Supply and Sanitation	BROWN	C
	UG-ROSC AAR Report (FY05)	P091017	Financial Management	KOEN	C
	FSAP Update Uganda	P091045	Financial Sector	FUCHS	C
	UG-Conflict Analysis Policy Note (FY05)	P092393	Social Development	HARBORNE	C
	AML/CFT Assessment Uganda	P093660	Financial Sector	GREENBERG	C
	LKD Uganda Legal & Judicial Sector Assmt	P093773	Sector Board not Applicable	KANE	C
FY06	UG-DTIS (FY06)	P090242	Economic Policy	KRAUS	D
	UG-Debt Sustainability Analysis (FY06)	P086142	Economic Policy	KIM	D
	Uganda - Insolvency ROSC	P094114	Financial Sector	ROUILLON	D
	UG-FINANCIAL SECTOR FOLLOW-UP	P096281	Financial Sector	RUPAREL	D
FY07	UG-PER (FY07)	P078025	Public Sector Governance	MEROTTO	D
	UG-CIDA Health Systems Support (FY07)	P078591	Health, Nutrition and Population	OKWERO	D
	UG-CEM (FY06)	P090218	Economic Policy	MEROTTO	D
	UG-Northern Uganda Review	P101771	Economic Policy	MPUGA	D

Note: A=Pre-2000 CAS Period, B=CAS Period, C=Extended CAS Period, D=UJAS Period.

Source: World Bank internal database.

Note: AML/CFT= anti-money laundering/ combating the financing of terrorism; CEM= Country Economic Memorandum; CFAA= Country Financial Accountability Assessment; CPAR=Country Procurement Assessment Report/Review; DTIC= Diagnostic Trade Integration Study; FSAP= Financial Sector Assessment Program; HIPC= Highly-Indebted Poor Countries; LGIFA= Local Government Integrated Fiduciary Assessment; PER= public expenditure review; PRSC= Poverty Reduction Support Credit; PSP= private sector participation; ROSC=Reports on the Observance of Standards and Codes; RPED= Regional Program on Enterprise Development (World Bank); UEDC= Uganda Electricity Distribution Company.

Annex Table 7-Part 1: Uganda- Cost of World Bank Programs, Fiscal years 2001–07 (US$ Thousands)								
Cost Category	f2001	2002	20	f2004	2005	2006	2007	2001–07
(Actual)								
Uganda								
Country Services	7,324	5,687	5,474	6,768	7,164	7,799	6,836	47,053
Project Supervision	2,732	2,432	2,892	3,183	3,100	2,820	2,343	19,503
Lending	2,754	2,240	1,524	1,857	2,042	1,824	2,138	14,379
AAA (total)	1,133	553	836	1,313	1,562	2,658	1,993	10,048
AAA (ESW)	699	306	702	1,276	1,494	2,465	1,801	8,743
AAA (TA + aid coordination)	434	248	133	37	67	193	193	1,305
Other	705	462	222	415	461	497	361	3,123
Africa Region								
Country Services	190,138	185,028	217,032	226,026	213,965	209,171	223,794	1,465,154
Project Supervision	42,687	39,965	44,119	48,750	53,780	56,656	65,570	351,526
Lending	66,361	56,970	65,014	65,425	51,983	47,990	48,066	401,808
AAA (total)	51,375	59,889	74,953	74,534	66,613	67,729	70,573	465,667
AAA (ESW)	14,500	20,075	26,000	34,699	35,883	35,444	39,085	205,686
Analytic and advisory activities (TA + aid coord)	36,875	39,814	48,953	39,836	30,730	32,285	31,488	259,981
Other	29,714	28,204	32,946	37,317	41,589	36,797	39,585	246,153

Source: World Bank internal database.
Notes: AAA= analytic and advisory services; ESW= economic and sector work; TA=technical assistance.

Annex Table 7-Part 2: Cost of World Bank Programs for Uganda and Comparison Countries Fiscal years 2001–07, (US$ Thousands)

	Total	Supervision	Lending	AAA (total)	AAA (ESW)	AAA (TA + aid coord)	Other
Uganda	47,053	19,503	14,379	10,048	8,743	1,305	3,123
Kenya	44,135	12,386	14,502	12,512	8,401	4,110	4,735
Ethiopia	51,614	19,853	16,127	11,818	10,725	1,093	3,816
Malawi	27,866	10,623	8,382	7,061	4,249	2,812	1,799
Ghana	35,523	14,309	10,097	7,855	5,369	2,486	3,262
DRoC	28,140	7,718	9,366	7,643	1,987	5,513	3,413
Tanzania	53,611	20,358	17,968	10,980	9,971	1,009	4,305
Burundi	15,626	4,812	5,208	4,519	2,629	1,889	1,087
Africa Region	1,465,154	351,526	401,808	465,667	205,686	259,981	246,153
Bank Wide	5,207,822	1,414,139	1,286,719	1,581,854	902,717	679,137	925,111

Cost Structure by Percentage

	Total	Supervision	Lending	AAA (total)	AAA (ESW)	AAA (TA + aid coordination)	Other
Uganda	100	41	31	21	19	3	7
Kenya	100	28	33	28	19	9	11
Ethiopia	100	38	31	23	21	2	7
Malawi	100	38	30	25	15	10	6
Ghana	100	40	28	22	15	7	9
DRoC	100	27	33	27	7	20	12
Tanzania	100	38	34	20	19	2	8
Burundi	100	31	33	29	17	12	7
Africa Region	100	24	27	32	14	18	17
Bank Wide	100	27	25	30	17	13	18

Note: These tables include both Bank Budget and Trust Funds.
Source: World Bank internal database.
Notes: AAA=analytic and advisory services; DRoC= Democratic Republic of Congo; ESW=economic and sector work; TA=technical assistance.

Annex Table 8a: Uganda- World Bank Evaluation Findings by Sector Board (Exit Year 2001-2007)

Sector Board	Total Net Commitments Evaluated ($M)	Outcome % Satisfactory ($)	IDI % Substantial ($)	Sustainability % Likely ($)
Agriculture and Rural Development	51.0	100.0	100	100.0
Economic Policy	144.4	100.0	0	100.0
Education	209.6	100.0	100	100.0
Energy and Mining	144.9	0.0	0	0.0
Environment	25.2	100.0	100	100.0
Financial and Private Sector Development	8.1	100.0	100	100.0
Health, Nutrition and Population	175.2	0.0	100	73.2
Poverty Reduction	324.7	52.2	48	100.0
Public Sector Governance	458.0	100.0	26	31.2
Transport	59.8	100.0	89	100.0
Urban Development	21.7	100.0	0	100.0
Water	40.9	100.0	100	100.0
Uganda Total	1,664	71.4	49.3	76.3
Africa Region	18,380	69.0	42.8	68.9
Bank Wide	127,818	81.7	55.4	82.6

Note: Ratings are weighted by commitments; IDI= Institutional development impact
Source: World Bank internal database.

Annex Table 8b: AfDB Summary Findings of Evaluated Projects, 2001-2008

Items	Evaluated		% Satisfactory Outcome		% Substantial Institutional Development Impact		% Likely Sustainability	
	UA M	No	Amt	No	Amt	No	Amt	No
Uganda	247.0	11	72	73	69	73	72	73
East Region	732.6	33	55	61	45	55	67	67
ADF Bank Wide	2366.3	136	49	50	45	49	54	55
Bank Wide	4625.9	171	75	61	69	58	76	64
Total Project /Average								

Source: World Bank internal database.
Note: AfDB= African Development Bank.

Annex Table 9: Uganda - Portfolio Status Indicators, Fiscal years 2001—07, (US$ Million)

Country	2001	2002	2003	2004	2005	2006	2007
Uganda							
# Proj	24	23	21	19	20	21	18
Net Comm Amt	1,209.6	864.5	961.2	886.9	1,030.5	1,113.9	1,292.8
# Proj At Risk	1	2	1	6	7	1	2
% At Risk	4.2	8.7	4.8	31.6	35.0	4.8	11.1
Comm At Risk	158.0	95.0	20.0	260.6	336.1	91.0	161.0
% Commit at Risk	13.1	11.0	2.1	29.4	32.6	8.2	12.5
Kenya							
# Proj	14	13	12	11	12	12	15
Net Comm Amt	804.3	701.0	762.7	629.7	619.7	594.7	901.8
# Proj At Risk	3	5	5	5	2	4	2
% At Risk	21.4	38.5	41.7	45.5	16.7	33.3	13.3
Comm At Risk	187.8	421.5	342.8	290.0	90.0	92.7	55.1
% Commit at Risk	23.4	60.1	44.9	46.1	14.5	15.6	6.1
Ethiopia							
# Proj	17	18	19	20	22	22	21
Net Comm Amt	1,814.0	1,710.1	1,844.5	1,941.4	1,614.2	2,010.6	1,990.3
# Proj At Risk	3	1	1	3	3	3	2
% At Risk	17.6	5.6	5.3	15.0	13.6	13.6	9.5
Comm At Risk	259.7	59.7	4.9	33.0	217.7	69.0	115.0
% Commit at Risk	14.3	3.5	0.3	1.7	13.5	3.4	5.8
Malawi							
# Proj	11	9	11	11	12	10	11
Net Comm Amt	399.3	287.7	412.2	371.8	369.0	316.8	371.8
# Proj At Risk	2	3	1	1	4	3	1
% At Risk	18.2	33.3	9.1	9.1	33.3	30.0	9.1
Comm At Risk	60.6	44.3	15.0	48.2	132.6	82.9	60.0
% Commit at Risk	15.2	15.4	3.6	13.0	35.9	26.2	16.1
Ghana							
# Proj	23	21	17	14	16	16	14
Net Comm Amt	1,045.8	1,207.7	878.3	860.3	1,024.3	1,079.3	810.1
# Proj At Risk	2	1	3	3	3	3	2
% At Risk	8.7	4.8	17.6	21.4	18.8	18.8	14.3
Comm At Risk	52.9	5.0	92.1	149.5	293.1	315.6	82.0
% Commit at Risk	5.1	0.4	10.5	17.4	28.6	29.2	10.1
DRoC							
# Proj		2	2	7	8	8	10
Net Comm Amt		500.0	504.0	1,240.0	1,332.0	1,407.0	1,737.0
# Proj At Risk		0	0	0	2	3	6
% At Risk		0.0	0.0	0.0	25.0	37.5	60.0
Comm At Risk		0.0	0.0	0.0	160.0	262.0	1,171.0
% Commit at Risk		0.0	0.0	0.0	12.0	18.6	67.4
Africa Region							
# Proj	359	355	343	334	334	351	364
Net Comm Amt	14,408.9	15,182.1	15,793.2	16,387.7	16,364.8	18,310.4	20,737.7
# Proj At Risk	53	93	65	76	97	77	77
% At Risk	14.8	26.2	19.0	22.8	29.0	21.9	21.2
Comm At Risk	2,429.8	4,088.2	2,937.3	3,174.5	4,300.9	3,241.0	3,881.6
% Commit at Risk	16.9	26.9	18.6	19.4	26.3	17.7	18.7
Bank Wide							
# Proj	1,457	1,428	1,395	1,346	1,332	1,345	1,347
Net Comm Amt	106,640.7	102,601.3	94,772.5	92,554.3	93,211.7	92,888.8	97,790.5
# Proj At Risk	184	272	218	228	224	188	224
% At Risk	12.6	19.0	15.6	16.9	16.8	14.0	16.6
Comm At Risk	12,539.2	17,385.4	14,141.5	14,742.1	12,552.7	10,849.8	15,175.6
% Commit at Risk	11.8	16.9	14.9	15.9	13.5	11.7	15.5

Source: World Bank Internal Database.
Notes: Comm=commitment; Proj= project.

Annex Table 10: Uganda- World Bank's Senior Management, Calendar Years 2000-2007			
Year	Vice President	Country Director	Country Manager/ Resident Representative
2000	Callisto Mavado	James Adams	Robert R. Blake
2001	Callisto Mavado	James Adams	Robert R. Blake
2002	Callisto Mavado	Judy O'Connor	Robert R. Blake
2003	Callisto Mavado	Judy O'Connor	Robert R. Blake
2004	Callisto Mavado	Judy O'Connor	Grace M. Yabrudy
2005	Gobind T. Nankani	Judy O'Connor	Grace M. Yabrudy
2006	Gobind T. Nankani	Judy O'Connor	Grace M. Yabrudy
2007	Obiageli K. Ezekwesili	John McIntire	Grace M. Yabrudy
Source: World Bank Directories 2000-2007			

Annex Table 11: Uganda- Millennium Development Goals				
	1990	1995	2000	2005
Goal 1: Eradicate extreme poverty and hunger				
Income share held by lowest 20%	..	..	*5.7*	..
Malnutrition prevalence, weight for age (% of children under 5)	*23.0*	25.5	23.0	..
Poverty gap at $1 a day (PPP) (%)	..	..	..	..
Poverty headcount ratio at $1 a day (PPP) (% of population)	..	..	..	..
Poverty headcount ratio at national poverty line (% of population)	..	..	33.8	*37.7*
Prevalence of undernourishment (% of population)	*24*	*26*	..	*19*
Goal 2: Achieve universal primary education				
Literacy rate, youth total (% of people ages 15-24)	70	..	..	*77*
Persistence to grade 5, total (% of cohort)	*36*	..	57	..
Primary completion rate, total (% of relevant age group)	..	..	*58*	*57*
School enrollment, primary (% net)	..	..	..	..
Goal 3: Promote gender equality and empower women				
Proportion of seats held by women in national parliament (%)	12	*18*	18	24
Ratio of girls to boys in primary and secondary education (%)	*81*	..	92	*96*
Ratio of young literate females to males (% ages 15-24)	76	..	..	*86*
Share of women employed in the nonagricultural sector (% of total nonagricultural employment)	35.6	..	..	..
Goal 4: Reduce child mortality				
Immunization, measles (% of children ages 12-23 months)	52	57	61	86
Mortality rate, infant (per 1,000 live births)	93	92	85	79
Mortality rate, under-5 (per 1,000)	160	156	145	136
Goal 5: Improve maternal health				
Births attended by skilled health staff (% of total)	*38*	38	*39*	..
Maternal mortality ratio (modeled estimate, per 100,000 live births)	..	..	880	..
Goal 6: Combat HIV/AIDS, malaria, and other diseases				
Contraceptive prevalence (% of women ages 15-49)	*5*	15	*23*	..
Incidence of tuberculosis (per 100,000 people)	161	319	339	369
Prevalence of HIV, female (% ages 15-24)	..	..	..	5.0
Prevalence of HIV, total (% of population ages 15-49)	..	..	..	6.4
Tuberculosis cases detected under DOTS (%)	..	*58*	49	45
Goal 7: Ensure environmental sustainability				
CO2 emissions (metric tons per capita)	0.0	0.0	0.1	*0.1*
Forest area (% of land area)	25	..	21	18
GDP per unit of energy use (constant 2000 PPP $ per kg of oil equivalent)	..	..	..	..
Improved sanitation facilities (% of population with access)	42	..	..	*43*
Improved water source (% of population with access)	44	..	..	*60*
Nationally protected areas (% of total land area)	..	..	..	*32.6*
Goal 8: Develop a global partnership for development				
Aid per capita (current US$)	37	40	34	42
Debt service (PPG and IMF only, % of exports of G&S, excl. workers' remittances)	78.6	19.5	16.0	10.8
Fixed line and mobile phone subscribers (per 1,000 people)	2	2	8	56
Internet users (per 1,000 people)	0	0	2	17
Personal computers (per 1,000 people)	..	0	2	9
Total debt service (% of exports of goods, services and income)	81.4	19.8	7.8	9.2
Unemployment, youth female (% of female labor force ages 15-24)	..	..	..	..
Unemployment, youth male (% of male labor force ages 15-24)	..	..	..	..
Unemployment, youth total (% of total labor force ages 15-24)	..	..	..	..
Other				
Fertility rate, total (births per woman)	7.2	6.9	7.0	7.1
GNI per capita, Atlas method (current US$)	320	230	260	280
GNI, Atlas method (current US$) (billions)	5.6	4.7	6.4	8.0
Gross capital formation (% of GDP)	12.7	12.4	20.0	21.2
Life expectancy at birth, total (years)	46	43	45	50
Literacy rate, adult total (% of people ages 15 and above)	56	..	..	*67*
Population, total (millions)	17.8	20.9	24.3	28.8
Trade (% of GDP)	26.6	32.6	34.2	40.3

Source: World Bank internal database.
Note: Figures in italics refer to periods other than those specified.
Notes: CO2= carbon dioxide; DOTS= directly observed treatment, short course; GDP=gross domestic product; GNI= gross national income; HIV/AIDS=human immunodeficiency virus; acquired immune deficiency syndrome; IMF=International Monetary Fund; PPG=public and publicly-guarnateed debt; PPP=purchasing power parity;

Annex Table 12-1: IFC Investments in Uganda, Fiscal years 1999 –2008 (US$ Thousands)

No	Project ID	Project Short Name	Approval Fiscal year	Sector Group	Project Size	Greenfield Code	Original total commitment	Total net commitment
1	009245	AEF Gomba	1999	Agribusiness	5,000	G	1,400	1,400
2	009839	AEF Ladoto	2000	Agribusiness	2,100	G	800	800
3	009924	CelTel Uganda	2000	Infrastructure	19,500	E	4,700	4,700
4	010006	AEF Kabojja	2001	Education	1,253	G	351	351
5	021854	MAL & UML	2005	Finance	1,000	G	1,000	1,000
6	024070	DFCU III	2005	Finance	10,000	G	10,000	10,000
7	024408	Bujagali Energy	2007	Infrastructure	878,100	G	130,000	130,000
8	024679	DFCU-Tier 2	2007	Finance	6,000	G	6,000	6,000
9	025226	GTFP Orient Bank	2007	Finance	0	E	4,133	4,133
10	026054	Celtel Uganda Li	2007	Infrastructure	40,000	E	20,000	20,000
							178,384	178,384

Source: IFC records as of April 30, 2008
Notes; AEF=African Enterprise Fund; DFCU=Development Finance Company of Uganda Limited; GFTP=Global Trade Finance Program (IFC); ID= identification; IFC=International Finance Corporation; MAL= Micro Africa Limited; UML= Uganda Microfinance Limited, E= Existing; G= Greenfield.

Annex Table 12-2: IFC Investment Portfolio, Fiscal years 1999 – 2008 (US$ Thousands)

No.	Project ID	Project Short Name	App fiscal year	Project Status Name	Closure date	Sector Group	Project Size	Original total commit-ment	Total net commit-ment
1	691	(SOP) Uganda Sugar	1983	Closed	04/20/2005	Agribusiness	75000	10,376	10,376
2	723	DEV. FINANCE COM	1984	Closed	05/30/2006	Finance	8500	376	376
3	2929	AEF-CLOVERGEM	1992	Active		Agribusiness	5060	957	957
4	3676	AEF-NILE ROSES	1993	Closed	07/12/2002	Agribusiness	1200	300	300
5	3162	AEF-RWENZORI	1993	Closed	07/18/2003	Cement & Construction	4800	1,000	1,000
6	3460	JUBILEE	1993	Closed	02/08/2005	Finance	500	98	98
7	4525	AEF-POLYPACK	1994	Closed	01/25/2001	Plastics & Rubber	3400	1,000	1,000
8	4011	AEF-SKYBLUE	1994	Closed	09/15/2004	Tourism	1100	510	510
9	4291	CLOVERGEM CELTEL	1994	Closed	04/27/2006	Infrastructure	16000	5,600	5,600
10	3698	DFCU LEASING	1995	Closed	06/05/2002	Finance	1500	2,323	2,323
11	4484	AEF-RAINBOW	1995	Closed	07/21/2004	Education	1900	789	789
12	4120	AEF Agro Mgmt	1996	Active		Chemicals	3500	1,000	950
13	4895	Kasese Cobalt	1996	Closed	09/19/2002	Extractive	110000	19,600	19,600
14	7260	AEF Conrad Plaza	1997	Closed	03/28/2005	Cement & Construction	5050	1,500	1,500
15	7640	AEF Kiwa Indust	1997	Closed	06/03/2005	Cement & Construction		250	250
16	8136	Tilda Uganda	1998	Active		Agribusiness	6433	2,400	1,900
17	8727	AEF Mosa Court	1998	Closed	02/15/2005	Cement & Construction	2900	800	800
18	8726	AEF Exec. Invmnt	1998	Closed	03/28/2005	Cement & Construction	3100	1,000	1,000
19	9057	AEF White Nile	1998	Closed	01/31/2008	Agribusiness	657	300	300
20	9245	AEF Gomba	1999	Active		Agribusiness	5000	1,400	1,400
21	9839	AEF Ladoto	2000	Closed	02/15/2006	Agribusiness	2100	800	800
22	9924	CelTel Uganda	2000	Closed	04/27/2006	Infrastructure	19500	4,700	4,700
23	10006	AEF Kabojja	2001	Closed	04/27/2006	Education	1253	351	351
24	21854	MAL & UML	2005	Active		Finance	1000	1,000	1,000
25	24070	DFCU III	2005	Active		Finance	10000	10,000	10,000
26	24408	Bujagali Energy	2007	Active		Infrastructure	878100	130,000	130,000
27	24679	DFCU-Tier 2	2007	Active		Finance	6000	6,000	6,000
28	25226	GTFP Orient Bank	2007	Active		Finance		4,133	4,133
29	26054	Celtel Uganda Li	2007	Active		Infrastructure	40000	20,000	20,000
								228,563	228,013

Source: IFC records as of April 30, 2008
Note: AEF=African Enterprise Fund; DFCU= Development Finance Company of Uganda Limited; MAL= Micro Africa Limited; UML= Uganda Microfinance Limited; GTFP= Global Trade Finance Program (IFC)

Annex Table 12-3: Sector Breakdown of IFC Investments in Uganda and its Neighboring Countries, Fiscal years 1999 – 2008 (US$ Thousands)

Sector Group	Ghana			Kenya			Tanzania, United Republic of			Uganda		
	No.	US$'000	Share, %	No.	US$'000	Share, %	No.	US$'000	Share, %	No.	US$'000	Share, %
Agribusiness	1	12,500.0	6.6	6	5,843.9	3.1	4	13,550.0	16.8	2	2,200.0	1.2
Cement & Construction	1	6,000.0	3.2	1	7,300.0	3.9			0.0			0.0
Chemicals	1	400.0	0.2	3	35,500.0	19.1			0.0			0.0
Education	3	2,859.4	1.5	2	854.1	0.5			0.0	1	351.0	0.2
Extractive	1	75,000.0	39.6			0.0	1		0.0			0.0
Finance	7	46,136.5	24.4	7	26,958.2	14.5	5	19,285.5	23.9	4	22,564	11.8
Funds			0.0	1	5,000.0	2.7			0.0			0.0
Industrial products			0.0	1	11,500.0	6.2			0.0			0.0
Infrastructure	2	40,000.0	21.1	10	72,119.0	38.9	1	44,000.0	54.6	3	154,700.0	86.7
Pulp & Paper	1	1,700.0	0.9			0.0			0.0			0.0
Tourism			0.0	2	20,500.0	11.0	4	3,700.0	4.6			0.0
Trade	1	4,700.0	2.5			0.0			0.0			0.0
Grand Total	18	189,295.9	100.0	33	185,575.2	100.0	15	80,535.5	100.0	10	178,384.3	100.0

Source: IFC records as of April 30, 2008
Note: IFC=International Finance Corporation.

Annex Table 12-4: IFC Advisory Services in Uganda, Fiscal years 1999 – 2008

No.	Project ID	Project Name	APP Fiscal Year	Primary Business Line	Project Status	Total Funding, US$
1		Uganda Telecom Limited	1998	Infrastructure	Closed	..
1		Environmental Sector Strategy-Bujagali	2000	Infrastructure	Closed	180,000
1	504521	Bujagali Hydropower Projects	2000	Infrastructure	Closed	25,000
1	504987	Rural Electrification Development Project	f 2001	Infrastructure	Closed	270,553
1	530851	Housing Sector Study	2004	Business Enabling Environment	Closed	150,000
1	521012	Uganda Village Phone Grameen	f 2005	Infrastructure	Closed	190,000
1	537272	Housing Sector Study and Assessment	2005	Access To Finance	Closed	145,040
1	537645	Bujagali II-TA-Economic Analysis	2006	Infrastructure	Active	750,000
1	541103	Uganda Small Scale Infrastructure Project : Electricity	f2008	Infrastructure	Active	600,000
1	546265	GEM Uganda GGA Coalition	2007	Business Enabling Environment	Active	90,000
1	547925	GEM Business Skills Curriculum for Women Entrepreneurs	2007	Access To Finance	Active	166,650
1	548345	Gender Entrepreneurship Markets DFCU Technical Assistance	2007	Access To Finance	Active	151,746
1	553485	Uganda Primary Mortgage Market Initiative	f 2007	Access To Finance	Active	1,630,000
1	558245	Uganda Investor Outreach Program	2007	Business Enabling Environment	Active	456,000
1	560987	Uganda Small Scale Infrastructure Project : Water	f 2008	Infrastructure	Active	1,307,146
1	549746	PEP SME-EDI (5 initiatives)	2008	Value Addition To Firms	Active	270,749
16						6,382,884

Source: TAAS database as of April 30, 2008 and other IFC databases
Notes: APP=approved; DFCU= Development Finance Company of Uganda Limited; EDI= Enterprise Development Initiative; IFC=International Finance Corporation; TA=technical assistance; GEM=Gender Enterprise Markets; GGA=Gender and Growth Assessment; PEP= Private Enterprise Partnership; SME=small and medium enterprises.

No.	Project ID	Project Name	APP Fiscal year	Primary Business Line	Project Status	Total Funding, US$
1		AMCU Consultants Database design		Value Addition To Firms	Closed	13,500
1		Uganda Private Water Operators Workshop		Value Addition To Firms	Closed	20,425
1		Uganda Private Water Operators Finance		Value Addition To Firms	Closed	4,800
1		DFCU SMEs Growth Project		Value Addition To Firms	Closed	115,000
1		Celtel Dealers Finance & Advisory services		Value Addition To Firms	Active	117,024
5						270,749

Source: PEP SME-EDI
Notes: AMCU=Association of Management Consultants in Uganda; APP= approved; ID- identification; DFCU= Development Finance Company of Uganda Limited; SME=small and medium enterprises.

No.	Project ID	Project Name	APP Fiscal year	Primary Business Line	Project Status	Total Funding, US$
1	580	Administrative Barriers Update	r 2004	Administrative Barriers	Closed	198,692
1	581	Gender and Growth assessment	2005	Investment Climate	Closed	192,620
2						391,312

Source: Foreign Investment Advisory Service
Note: APP=approved; ID= identification.

Annex Table 12-5: Business Line Breakdown of IFC Advisory Services in Uganda and Its Neighboring Countries, Fiscal year 2005—2008												
	Ghana			Kenya			Tanzania, United Republic of			Uganda		
Primary Business Line	No.	US$	Share, %	No.	US$	Share, %	No.	US$	Share, %	No.	US$	Share, %
Access To Finance	5	3,829,000	30.2	3	599,000	2.4	5	2,509,000	37.3	4	2,093,436	38.2
Business Enabling Environment			0.0	8	5,282,910	21.1	1	138,665	2.1	2	546,000	10.0
Environment and Social Sustainability	2	2,820,790	22.2	11	4,270,243	17.0	3	817,508	12.1			0.0
Infrastructure	3	1,822,721	14.4	5	7,298,465	29.1	2	1,590,000	23.6	4	2,847,146	51.9
Value Addition to Firms	2	2,160,000	17.0	9	6,607,047	26.4	2	1,680,000	24.9			0.0
..	1	2,050,000	16.2	1	1,000,000	4.0			0.0			0.0
Grand Total	13	12,682,511	100.0	37	25,057,665	100.0	13	6,735,173	100.0	10	5,486,582	100.0

Source: IFC records as of April 30, 2008
Note: IFC= International Finance Corporation.

Annex Table 12-6: IFC Disbursed and Committed Balance in Uganda and Countries with Similar Level of Country Risk			
Country	Fiscal years 1999-2008 Average IICCR scores	Total disbursed YTD (US$)	IFC Committed Balance at end Apr 08 (US$)
Uzbekistan	21.1	41,615,567	9,562,908
Yemen	21.2	55,862,181	134,018,495
Laos	21.5	16,797,000	15,130,396
Mozambique	22.5	155,543,623	94,689,501
Nigeria	22.8	794,550,599	706,953,454
Uganda	23.0	97,098,595	168,360,467
Tanzania	23.2	95,485,237	89,865,112
Gabon	23.7	111,000,000	30,000,000
Nepal	24.6	67,657,089	28,986,185
Serbia & Montenegro	24.8	474,986,390	353,010,088
Ecuador	25.2	145,272,826	55,205,212
Kenya	25.3	337,858,674	176,967,328
Pakistan	25.8	1,167,387,979	641,194,809
Ghana	29.4	238,365,612	185,876,853

Note: Balance at end of April 30, 2008

Source: IICCR database; IFC records.
Notes: IFC=International Finance Corporation; IICCR= Institutional Investor Country Credit Risk Rating; YTD= year-to-date.

Annex Table 12-7: FDI Inflows into Uganda and its Neighboring Countries					
Country	FDI Net Inflows (BOP, US$M)			FDI Net Inflows per capita, US$	FDI Net Inflows as a percentage of GDP (%)
	2005	2006	2007	Average 1999–2007	Average 1999–2007
Tanzania	448	475	430	103.7	3.6
Uganda	246	374	433	71.8	2.8
Ghana	145	319	470	81.8	2.3
Kenya	21	56	85	13.8	0.3

Source: World Bank Data
Notes: BOP= balance-of-payments; FDI=foreign direct investment; GDP=gross domestic product.

Annex B: Guide to Independent Evaluation Group's (World Bank) Country Assistance Evaluation Methodology

This methodological note describes the key elements of the Independent Evaluation Group's (IEG)(World Bank) country assistance evaluation (CAE) methodology.[1]

CAEs rate the outcomes of Bank assistance programs, not the Clients' overall development progress.

A World Bank assistance program needs to be assessed on how well it met its particular objectives, which are typically a subset of the client's development objectives. If a World Bank assistance program is large in relation to the client's total development effort, the program outcome will be similar to the client's overall development progress. However, most World Bank assistance programs provide only a fraction of the total resources devoted to a client's development by donors, stakeholders, and the government itself. In CAEs, the Independent Evaluation Group rates only the outcome of the World Bank's program, not the client's overall development outcome, although the latter is clearly relevant for judging the program's outcome.

The experience gained in the CAEs confirms that World Bank program outcomes sometimes diverge significantly from the client's overall development progress. The CAEs have identified World Bank assistance programs which had:

- satisfactory outcomes matched by good client development;
- unsatisfactory outcomes for clients which achieved good overall development results, notwithstanding the weak World Bank program; and,
- satisfactory outcomes for clients which did not achieve satisfactory overall results during the period of program implementation.

Assessments of assistance program outcome and World Bank performance are not the same

By the same token, an unsatisfactory World Bank assistance program outcome does not always mean that World Bank performance was also unsatisfactory, and *vice-versa*. This becomes clearer once we consider that the World Bank's contribution to the outcome of its assistance program is only part of the story. The assistance program's outcome is determined by the *joint* impact of four agents: (a) the client; (b) the World Bank; (c) partners and other stakeholders; and (d) exogenous forces (such as events of nature, international economic shocks, and so on). Under the right circumstances, a negative contribution from any one agent might overwhelm the positive contributions from the other three, and lead to an unsatisfactory outcome.

1. The Independent Evaluation Group (World Bank) measures World Bank performance primarily on the basis of contributory actions the World Bank directly controlled. Judgments regarding World Bank performance typically consider: (i) the relevance and implementation of the strategy; (ii) the design and supervision of the World Bank's lending interventions; (ii) the scope, quality and follow-up of diagnostic work and other analytic and advisory activities; (iii) the consistency of the World Bank's lending with its non-lending work and with its safeguard policies; and (iv) the World Bank's partnership activities.

Rating Assistance Program Outcome

In rating the outcome (expected development impact) of an assistance program, IEG gauges the extent to which major strategic objectives were relevant and achieved, without any shortcomings. In other words, did the World Bank do the right thing, and did it do it right? Programs typically express their goals in terms of higher-order objectives, such as poverty reduction. The Country Assistance Strategy (CAS) may also establish intermediate goals, such as improved targeting of social services or promotion of integrated rural development, and specify how they are expected to contribute toward achieving the higher-order objective. IEG's task is then to validate whether the intermediate objectives were the right ones and whether they produced satisfactory net benefits, and whether the results chain specified in the CAS was valid. Where causal linkages were not fully specified in the CAS, it is the evaluator's task to reconstruct this causal chain from the available evidence, and assess relevance, efficacy, and outcome with reference to the intermediate and higher-order objectives.

For each of the main objectives, the CAE evaluates the relevance of the objective, the relevance of the World Bank's strategy toward meeting the objective, including the balance between lending and non-lending instruments, the efficacy with which the strategy was implemented, and the results achieved. This is done in two steps. The first is a top-down review of whether the World Bank's program achieved a particular objective or planned outcome and had a substantive impact on the country's development. The second step is a bottom-up review of the World Bank's products and services (lending, analytical and advisory services, and aid coordination) used to achieve the objective. Together these two steps test the consistency of findings from the products and services and the development impact dimensions. Subsequently, an assessment is made of the relative contribution to the results achieved by the World Bank, other donors, the government and exogenous factors.

Evaluators also assess the degree of client ownership of international development priorities, such as the Millennium Development Goals, and World Bank corporate advocacy priorities, such as safeguards. Ideally, any differences on dealing with these issues would be identified and resolved by the CAS, enabling the evaluator to focus on whether the trade-offs adopted were appropriate. However, in other instances, the strategy may be found to have glossed over certain conflicts, or avoided addressing key client development constraints. In either case, the consequences could include a diminution of program relevance, a loss of client ownership, and/or unwelcome side-effects, such as safeguard violations, all of which must be taken into account in judging program outcome.

Ratings Scale

IEG utilizes six rating categories for **outcome**, ranging from highly satisfactory to highly unsatisfactory:

Highly Satisfactory:	The assistance program achieved at least acceptable progress toward all major relevant objectives, and had a best practice development impact on one or more of them. No major shortcomings were identified.
Satisfactory:	The assistance program achieved acceptable progress toward all major relevant objectives. No best practice achievements or major shortcomings were identified.
Moderately Satisfactory:	The assistance program achieved acceptable progress toward most of its major relevant objectives. No major shortcomings were identified.
Moderately Unsatisfactory:	The assistance program did not make acceptable progress toward most of its major relevant objectives, or made acceptable progress on all of them, but either: (i) did not take into adequate account a key development constraint or (ii) produced a major shortcoming, such as a safeguard violation.
Unsatisfactory:	The assistance program did not make acceptable progress toward most of its major relevant objectives, and either: (i) did not take into adequate account a key development constraint or (ii) produced a major shortcoming, such as a safeguard violation.
Highly Unsatisfactory:	The assistance program did not make acceptable progress toward any of its major relevant objectives, nor did it take into adequate account a key development constraint. It also produced at least one major shortcoming, such as a safeguard violation.

The **institutional development impact (IDI)** can be rated at the project level as: *high*, *substantial*, *modest*, or *negligible*. IDI measures the extent to which the program bolstered the client's ability to make more efficient, equitable and sustainable use of its human, financial, and natural resources. Examples of areas included in judging the institutional development impact of the program are:

- the soundness of economic management;
- the structure of the public sector, and, in particular, the civil service;
- the institutional soundness of the financial sector;
- the soundness of legal, regulatory, and judicial systems;
- the extent of monitoring and evaluation systems;

- the effectiveness of aid coordination;
- the degree of financial accountability;
- the extent of building capacity in nongovernmental organizations; and,
- the level of social and environmental capital.

IEG is, however, increasingly factoring IDI impact ratings into program outcome ratings, rather than rating them separately.

Sustainability can be rated at the project level as *highly likely*, *likely*, *unlikely*, *highly unlikely*, or, if available information is insufficient, *non-evaluable*. Sustainability measures the resilience to risk of the development benefits of the country assistance program over time, taking into account eight factors:

- technical resilience;
- financial resilience (including policies on cost recovery);
- economic resilience;
- social support (including conditions subject to safeguard policies);
- environmental resilience;
- ownership by governments and other key stakeholders;
- institutional support (including a supportive legal/regulatory framework, and organizational and management effectiveness); and, resilience to exogenous effects, such as international economic shocks or changes in the political and security environments.

At the program level, IEG is increasingly factoring sustainability into program outcome ratings, rather than rating them separately.

Risk to Development Outcome. According to the 2006 harmonized guidelines, sustainability has been replaced with a "risk to development outcome," defined as the risk, at the time of evaluation, that development outcomes (or expected outcomes) will not be maintained (or realized). The risk to development outcome can be rated at the project level as *high, significant, moderate, negligible to low, non-evaluable.*

Annex C: Strategic Objectives and Benchmarks

<u>The World Bank</u>

The 2001 World Bank Country Assistance Strategy

Overall Objective	Benchmarks
Substantially reduce Poverty in Uganda by 2017	• Reduce proportion of Ugandans below poverty line to 10% by 2017 • Increase per capita consumption of poorest 20%
I. Actions Which Directly Increase the Ability of the Poor to Raise Their Income	
Objectives	Benchmarks
Improved Agricultural Performance	• Sustained agricultural sector growth of 4% or more
Improve Natural Resource Management	• Reduce soil erosion • Reduce deforestation • Reduce loss of wild life
Improved Rural Roads	• District roads fully repaired and maintained by 2016
Rural Energy	• Increase proportion of rural areas with access to electricity
Increase Assets in Poorest Regions	• Reduce regional disparities in poverty
II. Actions Which Directly Increase the Quality of Life of the Poor	
Objectives	Benchmarks
Improved Health Care Services	• Immunization ratios (DPT3) to increase to 80% by 2002/03 Increase percentage of health centers with trained staff to 65% by 2002/03
Primary Education	• Pupil/teacher ratio of 47 by 2002/03 • Pupil/class ratio of 87 by 2002/03 • Pupil/book ratio of 3 by 2002/03
Water and Sanitation	• Boreholes drilled: 1,500 by 2002/03 • Protected springs: 700 by 2002/03 • Protected wells: 1,700 by 2002/03
III. Creating a Framework for Economic Growth and Structural Transformation	
Objectives	Benchmarks
Sustaining High Rate of Economic Growth	• 7% real growth
Macroeconomic Stability and Incentives	• Inflation of 5% • Non-appreciating real exchange rate • 5 months import coverage
Efficient and Equitable Tax System	• Increase in revenue to GDP ratio • Reduced fuel levies
Poverty Focus of Government Expenditures	• Increase PAF share of total expenditures to at least 25% by 2002/03
Improved Infrastructure: Power	• Separate UEB into entities responsible for generation, transmission, and distribution and provide for private participants at each stage • Investment in new power generation capacity
Improved Infrastructure: Main Roads	• Increase funding for routine and periodic maintenance • Increase the government share of funding for maintenance
Improved Environment for Private Sector	• Sustained supervision of commercial banks • Increase financial sector competition • Efficient handling of commercial cases
IV. Ensuring Good Governance and Security	
Objectives	Benchmarks
Effective Decentralization Strengthen local government system for service delivery	• Number of districts eligible for District Development Grants under LGDP • Enactment of a new local government (Rating) Act 2005 • Introduction of alternative sources of local government revenue

Transparent, efficient and poverty-focused public expenditure	• Implement reform programs for procurement and improved financial accountability • Develop and implement sustainable pay reform program • Reduction in perceptions of corruption
Notes: DPT= diphtheria, pertussis, and tetanus; GDP= gross domestic product; LGDP=Local Government Development Project; PAF=Poverty Action Fund; UEB= Uganda Electricity Board.	

The 2005 Uganda Joint Assistance Strategy

The World Bank Specific Program

Pillar I. Economic Management: Macroeconomic Stability Consistent with Rapid Private Sector Led Growth	
PEAP Outcomes Indicators	**Intermediate Results[1]**
Reduce the fiscal deficit from 11.3% of GDP to 8.2% Increased domestic revenue from 12% of GDP to 13.2% Reduce public expenditure from 23.9% of GDP to 21.8% (indicator and target will be modified) Inflation maintained below 5.0%	• Uganda Revenue Authority modernized (IT, tax admin processes and methods) by mid- 2007 • Agreement on MTEF 2006/2007–2008/2009 and annual budgets throughout UJAS period • Poverty Action Fund expenditures and donor projects consistent with PEAP priori ties throughout UJAS period
Increased private sector credit from 7.1% of GDP to 10.4%	
Reduced net present value of external debt to exports from 305% to 238%	
Pillar II. Enhancing Production, Competitiveness and Incomes	
Objective: Increased private sector competitiveness (investment and export)	
PEAP Outcomes Indicators	**Intermediate Results**
Private sector investment rises from 17% of GDP towards 21% by 2013/14 (me-dium target being developed) Value of exports increases from 12.1% of GDP to 16.1% by 2013/14 (medium target being developed)	• National trade policy implemented by mid-2006 • World Trade Organization Bill submitted to Parliament by mid-2006 • Taxation and licensing policies and practices streamlined by mid-2006
Objective: Increased and more efficient agriculture production	
Growth rate of agricultural production rises above the 2003 value of 3.8% (indi-cator and target will be modified to ac-commodate for high volatility) Proportion of total agricultural output that is marketed grows from 20% towards 70% by 2013/14 (medium target being developed) Proportion of total value of agriculture output that is exported rises Proportion of households with land titles for agriculture production increase from <1% to 1.5% Proportion of households with general land titles increases from 12% to 17% Growth rate of fishery sector rises above 2003 value of 3.8% Value of fish exports rises above 2003 values of US$88 million per year	• National Agriculture Research System established by mid-2006 • National Agriculture Advisory Services extended to: - 499 sub counties in 37 districts by mid-2006 - 640 sub counties in 45 districts by mid-2007 - 900 sub counties in 53 districts by mid-2008 • National Land Policy: - Consultations undertaken by mid-2006 - Cabinet approval by mid-2007 - Implementation by mid-2008 • National Fisheries Authority established by mid-2006 • Licensed private forest plantations in central forest reserves and on private land covering: - At least 10,000 hectares by mid-2006 - At least 15,000 hectares by mid-2007 - At least 25,000 hectares by mid-2008

Objective: Increased and more efficient production of nonagricultural goods and services	
PEAP Outcomes Indicators	Intermediate Results
Proportion of value of production of Micro, Small, and Medium-sized enterprises (as % of GDP) rises Less time spent by Micro, Small, and Medium-sized enterprises in obtaining licenses Increased number of tourists visiting Uganda Increased value of production of mining industry	• Incorporation of strategy for Micro, Small, and Medium-sized enterprises in revised Medium-Term Competitiveness Strategy • National Tourism Strategy and Business Plan: Developed by mid-2006, implemented by mid-2007 • Mining regulations bill: - Cabinet approval by mid-2006 - Parliament enactment by mid-2007 - Implementation by mid-2008
Objective: Strengthened infrastructure in support of increased production of goods and services	
PEAP Outcomes Indicators	Intermediate Results
Proportion of roads in good condition rises from 75% to 100% Proportion of rural households with access to electricity rise from 3% to 8% Freight carried by rail rises from 863,000 tons per year to 1,565,000 tons per year	• Maintenance of 18,000km/Rehabilitation of 1,500km of district roads by mid-2006 • Uganda National Road Authority - Statute enacted by mid-2006 - Operational by mid-2007 • Rural electrification schemes under various donor projects implemented through out UJAS period • At least 30 megawatts renewable energy: - Connected to main grid by end-2007 - Supplying the main grid by end-2008
Objective: Strengthened environment and natural resource management	
Increase in proportion of forest land covered by sustainable forest management plan by 2-3% (medium target being developed) Proportion of wetlands with sustainable management plan increased from 7.5% to 20% Decrease in environmental degradation	• Ministry of Water, Lands, and Environment coordinates: - Preparation of an interim business plan for environmental and natural resources for the budget framework paper by mid-2006 - Full integration of the environmental and natural resources sector investment plan into the environmental and natural resources –the budget framework paper by mid-2007 - Full implementation of the environmental and natural resources sector investment plan by mid-2008 • Districts/sectoral agencies mainstream environmental concerns in policies and programs: - 14/15 by mid-2006 - 28/25 by mid-2007 - 36/30 by mid-2008
Objective: Strengthened Financial Sector	
Increase number of clients served by Microfinance Institutions	• Microfinance Institutions supported for rural outreach and capacity building between 2005 and mid-2006 • Business Culture Fund to improve business and financial skills in rural areas established by mid-2006
Pillar III. Security, Conflict Resolution and Disaster Management	
Objective: Reduced Insurgency conflict	
PEAP Outcomes Indicators	Intermediate Results
Reduced number of civilian casualties from conflict (killed, wounded, abducted) Increased number of returnees/reporters that are resettled	• Program for socioeconomic reintegration of ex-combatants into civilian life developed by mid-2006 • National policy on conflict prevention: - Developed by mid-2006 - Implemented by mid-2007 • National Security Policy developed and operationalized by mid-2006 • Joint defense review with EAC: - Conducted by mid-2007 - Recommendations implemented by mid-2008

Objective: Reduced number of people internally displaced	
Reduced number of internally displaced people from 1.6 million	• National policy on internally displaced people translated and distributed by mid-2006 • Social and economic reintegration plan for internally displaced people coordinated and monitored by mid-2008 • Database on internally displaced people developed by mid-2006
Pillar IV. Good Governance	
Objective: Increased efficiency in the justice and commercial justice system	
Reduced crime rate from 30 (incidents per 10,000 people) to 20 Decreased growth rate of commercial court case backlog from 30 (per month) to 10 Increased satisfaction of businesses with commercial court system from 30% to 70%	• Strengthen and decentralize Justice, Law and Order institutions to improve access to justice throughout UJAS period • Promote coordination initiatives among Justice, Law and Order Sector institutions throughout UJAS period • Five commercial laws passed by Parliament by mid-2006
Objective: Strengthened public financial management	
Increase percentage of Ministries/local governments preparing regular financial statements in accordance with financial regulations from 51% to 100% by 2013/14 (medium target being developed)	• Reorganization of Accountant General's Office completed by mid-2007 • All local governments prepare financial statements for 2005/06 in accordance with new financial and accounting regulations by mid-2007 • Roll out Integrate Financial Management Systems: - To 10 agencies and 10 local governments by mid-2007 - To all remaining agencies and more local governments by mid-2008
Objective: Reduced corruption	
Decrease perceived incidence of corruption (measured by National Integrity Survey) from 23% to 12% (medium target will be adjusted)	• Leadership Code Act (Revised) presented to Parliament by mid-2006 • Continued verification of assets declarations by ministers throughout UJAS period
Objective: Improved public service performance	
Higher percentage of public satisfied with public service delivery	• Strategic plan for national statistical system developed and adopted by mid-2006 • 100% of PEAP indicators reported by mid-2008
Objective: Strengthened local government system for service delivery	
Local government revenue as share of local government budget increased from 6% to 9% (medium target will be revised)	• Application of Harmonized Participatory Planning Guide: - Mechanisms for monitoring developed by mid-2006 - Monitor by mid-2008 • Fiscal Decentralization Strategy: - Roll out to local government by mid-2006 - Monitor implementation throughout UJAS period - Operationalization of new local government structures by mid-2006
Pillar V. Human Development	
Objective: Improved Education opportunities for all Ugandans	
Increased primary net enrollment rate from 87% boys/86.4% girls to 90% girls and boys Increased primary completion rate from 66% boys/44% girls to 74% boys/64% girls Increased post-primary gross enrollment rate from 20% male/17% female to 30% male/25% female Increased completion rate of senior 4 rate from 20% boys/17% girls to 26% boys/23% girls Increased tertiary gross enrollment rate from 4% to 5.5%	• Curriculum development for primary education: - Finalized by mid-2006 - Roll out implementation by mid-2008 • Minimum primary teachers' wage level: - Enhanced towards UShs.200,000/month by mid-2006 - Reached by mid-2008 • 60 seed secondary schools constructed by mid-2008 • Improved curriculum emphasis for science and technology in tertiary education by mid 2007.

Objective: Healthier Ugandans	
Reduced infant mortality rate (per 1,000 live births) from 88 to 68 Lower maternal mortality rate (per 100,000 deliveries) from 505 to 354 Reduced percentage of population undernourished from 19% to 5% (target will be revised) Reduced HIV prevalence rate from 6.2% to 5% Increased utilization of outpatient department Increased percentage of approved posts filled by formally trained health workers from 68% to 90% Increased percentage of facilities without any stock outs of chloroquine, fansidar, measles vaccine, Depo Prevera, ORS and cotrimoxaxole from 40% to 60% Increased percentage of deliveries in health care centers from 24.4% to 50% Meeting the demand for family planning services from 27% (medium target being developed) Higher percentage of children immunized (DTP3) from 83% to 90%	• Continued joint implementation of the Revised National Framework for HIV/AIDS throughout UJAS period • Indoor residual spraying strategy: - Finalized by mid-2006 - Implemented by mid-2007 • Emergency obstetric care strategy implemented by mid-2007 • Human resource policy for health care staff finalized and implementation initiated by mid-2007
Objective: Improved access to safe water supply and sanitation	
Increased percentage of population using safe water from 55% rural/65% urban to 90% rural/100% urban Increased percentage of population using sanitation facilities from 56% rural/65% urban to 80% rural/100% urban Increased percentage of rural Water and Sanitation facilities functional from 70% to 85%	• 3,700 new water systems serving 950,000 people in rural areas throughout UJAS period • In small towns: - 3,500 new water connections by mid-2006 - 4,000 new water connections by mid-2007 • In large towns: - 12,500 new water connections/ 133 new sewerage connections by mid-2006 - 13,000 new water connections/ 139 new sewerage connections by mid-2007 - 13,500 new water connections/ 146 new sewerage connections by mid-2008
Objective: Revitalized community development function	
Increased number of filled community development worker posts Increased percentage of functional community management committees	• Community mobilization and empowerment strategy operationalized by mid-2006 • Equal Opportunities Commission: - Policy submitted to cabinet by mid-2006 - Established by mid-2007 • National Gender Policy submitted to cabinet by mid-2007

Notes: DPT= diphtheria, pertussis, and tetanus; EAC=East Africa Community; GDP= gross domestic product; HIV= human immunodeficiency virus; LGDP=Local Government Development Project; MTEF= Medium-Term Expenditure Framework; ORS= oral rehydration salts; PAF=Poverty Action Fund; PEAP= Poverty Eradication Action Plan; SME= small and medium enterprises; UEB= Uganda Electricity Board; UJAS= Uganda Joint Assistance Strategy; WSS=water supply and sanitation.

The African Development Bank

The 2002-2004 AfDB Country Strategy Paper

1. Framework for Economic Growth and Structural Transformation	
AfDB Assistance Strategy	Results/Intermediate Outcomes
	• Real GDP growth of 7%
Promote fiscal sustainability	• Inflation contained to 5% • Stable and non-appreciating exchange rate
Diversify exports	• Foreign reserves at 5 months of imports
Improve tax administration	• Increased tax revenue- GDP ratio
Public expenditure reforms	• PAF share of total expenditure increases to at least 25% from current base
Strengthen institutional capacity of regulatory agencies	• UEB separated into entities responsible for generation, transmission and distribution
Increase investment in power generation capacity	• Generation capacity expands
Rehabilitation and upgrading of national roads	• Inventory of main roads network classified as satisfactory increases
Provide enabling environment (Private sector development)	• Competition in financial sector increases. • Legal framework improves
Improve access of SMEs to commercial banks	• Availability of lines of credit for on-lending to SMEs.
2. Good Governance and Security	
AfDB Assistance Strategy	Results/Intermediate outcomes
Strengthen institutional and human capacity of local governments	• Improved access to and quality of basic services.
Improve public procurement and financial management systems	• Reform programs for public procurement and financial management implemented.
Strengthen capacity of anti-corruption institutions	• Reduced perception of corruption
3. Increase the Ability of the Poor to Raise their Income	
AfDB Assistance Strategy	Results/Intermediate outcomes
Support implementation of PMA	• Sustained growth of agriculture sector of 3% or more
Integrate environmental concerns in development programs	• Reduced soil degradation, biodiversity losses, and deforestation
Strengthen NEMA	• Sustainable authority for environmental management
Rehabilitation and maintenance of district roads	• Increased accessibility in rural areas
Commercial generation and distribution of energy in rural areas	• Increased access of rural populations to power
	• Increased access of rural poor to financial services
4. Increase the Quality of Life of the Poor	
Assistance Strategy	Results/Intermediate outcomes
Improve efficiency and effectiveness of existing health care delivery systems	• 54% of children less than 1 year old have received DPT3 vaccination • Out-of-patient department utilization per capita is 0.47 • HIV prevalence is reduced to 5.4%
Support classroom construction, teacher and curriculum development and procurement of textbooks	• Pupil-teacher ratio 45:1 • Pupil-textbook ratio 3:1 • Pupil-classroom ratio 89:1 • P7 net enrollment 20%
Increase access to water and sanitation in small towns	• Increased access to safe WSS from 52% to 60% • 80% WSS systems functioning • Increased access to safe urban WSS from 50% to 65%
Notes: AfDB= African Development Bank; GDP= gross domestic product; HIV= human immunodeficiency virus; NEMA= National Environmental Management Agency; PAF=Poverty Action Fund; PMA= Plan for Modernization of Agriculture; SME= small and medium enterprises; UEB= Uganda Electricity Board; UJAS= Uganda Joint Assistance Strategy; WSS=water supply and sanitation.	

Annex D: Achievement of Objectives

World Bank: I. Governance Agenda

Country Assistance Strategy Pillar	Lending Program (fiscal year)	Nonlending (fiscal year)	Expected Outcome	Outcome Ratings of World Bank Contribution	Rationale for Ratings
Effective Decentralization	-Local Government Development II (2003) -Institutional Capacity Building (1995) -Local Government Development Program SIL (2000) -PRSC 1-6 (2001–07)	-Conflict Analysis Policy Note (2005) -Uganda Legal and Judiciary Sector Assessment (2005)	-Increased number of districts eligible for District Development Grant under LGDP.	Satisfactory	Financial management and accountability reforms under local government yielded positive results in building institutions and supporting capacity. Achieved target established under LGDP grant. Support also had positive gender effect.
Transparent, Efficient and Poverty-focused Public Expenditure	-Public Service Performance Enhancement (2006) -Economic and Financial Management Project (2000) -EFMP II-Supplemental (2003) -PRSC 1-6 (2001–07)	-Uganda PER (2002) -Uganda FSAP (2002) -Financial Sector Assessment Program Follow-up Dialogue (2002) -Budget and Medium-term Expenditure (2002) -Uganda Economic Monitoring (2002) -Public Expenditure Review (2003)	-Improved procurement system. -Implementation of results-based management. -Established sustainable pay reform program.	Moderately Satisfactory	There is scope for improvements in procurement reform. Capacity limitations in ministries, departments, and agencies severely constrained the institutionalization of the results-based approach to public service management. Pay reform not fully achieved. Support for financial management reform was positive
Anti-corruption	-PRSC 1-6 (fiscal year01-07)	-2003 PER (2004) -PER/CFAA/Country Procurment Assessment Report/LGIFA (2004) -Uganda PRSC Stocktaking (2004) -Uganda PER (2005) -Uganda ROSC AAR Report (2005) -Financial Sector Assessment Program Update (2005) -AML/CFT Assessment (2005) -PER (2007).	-Reduction in perceptions of corruption.	Moderately Unsatisfactory	Reform to improve accountability, thereby reduce corruption has not significantly reduced the perception of corruption. Government effectiveness is perceived not to have improved. Strategic approach was not informed by sufficient analytic underpinning and unambiguous measurement of corruption. The direct links between Bank support and outcomes were not clear.

World Bank: II. The Growth Agenda

Country Assistance Strategy Pillar	Sub-Pillar	Lending Program a/ (fiscal year)	Nonlending b/ (fiscal year)	Expected Outcome	Outcome Ratings of World Bank Contribution	Rationale for Rating
Growth and Macroeconomic Stability	Economic Growth	PRSC 1-6 (2001–07)	-Poverty Assessment (2005) -Country Economic Memorandum (2006) -Northern Uganda Review (2007)	- High real GDP growth (7%) -Reduce regional disparities in poverty.	Satisfactory	Perception of slowing growth and stalled poverty reduction was not dealt with on a timely basis before 2004 PEAP with appropriate analytic support. Effort made in dealing with regional disparity in poverty was substantial.
	Macroeconomic Stability	-Oil Shock Supplemental-SAL III (2001) - PRSC 1-6 2001-07)	-Uganda Book (2001) -Debt Sustainability (2003) -HIPC Tracking Update (2003) -Debt Sustainability Analysis (2006) -DTIS (2006) -Insolvency ROSC (2006)	-Inflation of 5%. -Non-appreciating exchange rate. -5 months import coverage. -Increased Revenue/GDP ratio. -Reduced fuel levies. -Increased PAF share of total expenditures.	Satisfactory	Fiscal prudence was maintained; although arrears remain due to implementation weaknesses with MTEF. Revenue mobilization remains weak and the government's aid dependence remains high.
Enhancing Economy's Competitiveness and private sector development (PSD)	Private sector development	-Road Development. Phase 2 APL (2002)9 -Private Sector Competitiveness 2 (2005) -Private Sector Competitiveness (1996)	-Country Framework Paper (2001) -Exp. Growth and Competitiveness (2004) -Investment Climate Assessment (2004) -Trade Export Competition. (2004) -UEDC Transit Tariff (2005)	No defined benchmarks and targets.	Moderately Satisfactory	Administrative constraints to private sector development have improved but not significantly. Key market ratings showed marginal improvement. World Bank support for industrial zone and land cadastre experienced delays.
	Financial Sector Development	-Regional Trade Facilitation (2001) -Financial Market Assistance (1999)	-CFAA (2001) -Country Procurement Assessment Report (2001) -Financial Sector Follow-up (2006)	-Sustained supervision of commercial banks. -Increased financial sector competition. -Efficient handling of cases.	Satisfactory	Although intermediation and interest rates remain high, credit grew fast, leading to substantial financial intermediation. World Bank

						such as pension reform is behind schedule.
	Energy Development	-Privatization & Utility Sector Reform (2001) -Power SIL 4 (2002) -Energy for Rural Transformation (2002) -National RE Dev TAL (2004) -Power Sector Development Project (2007) -Power III (1998) -Power III Supplemental (2000)	-Power Sector Reform and Regulatory Strategy (2001) -Key Factors for Private Sector Investment in Power Distribution (2002) Power Sector Reform: Assessing Impact (2006)	-Increased rural access to electricity. -Separate UEB activities. -Increased private investment in power generation.	Moderately Unsatisfactory	Timing of successful unbundling of UEB, coupled with supply crisis as a result of delayed completion of the Bujagali hydroelectric power plant and water shortage in Lake Victoria constituted a strategic failure in risk assessment. Increases in rural access and private investment in power limited.
	Transport & Logistics	-Road Sector & Institution Support (1998) -Roads Development APL (1999) -Road Development APL 3 (2005) -El Nino Emergency Road (1998)		-Improved rural roads through repair and maintenance. -District Roads fully repaired by 2016	Moderately Satisfactory	Substantial improvements in road network. But high institutional orientation of infrastructure support is yet to yield results. High cost of transportation continues to be major constraint to business profitability.
Improving Income of the Poor through Agriculture Productivity	PMA	-Roads Development APL (1999) -National Agric Services SIL (2001) -ICB-PAMSU (1999)	-Land Reform (2001) -Agriculture Modernization (2001)	-Sustained agriculture growth (4%).	Moderately Unsatisfactory	Support for agriculture, although focused, was too heavy on institutional-building. Analytic underpinnings were not usually timely. Current status of agriculture productivity unknown.
	Environment	-ENCBP SIL 2 (2001) PAMSU SIL (2003) -Lake Victoria Environnent. SIL (1997) -Nakivubo Chan-	-Natural Resource Management Analysis (2005)	-Reduced soil erosion. -Reduced deforestation. -Reduced loss of wild life.	Moderately Satisfactory	Support for NEMA has improved focus on the preservation of natural environment. Concern expressed about excessive

		(1999) LVEMP Supple- mental (2003)				on undertaking studies, rather than improving the livelihood of communities.

World Bank: III. The Human Development Agenda

CAS Pillar	Lending Program	Nonlending	Expected Outcome	Outcome Ratings of World Bank Contribution	Rationale for Ratings
Improved Health Care Services	-Sexually Transmitted Infection (1994) -District Health (1995) -Child Nutrition Development SIL (1998) -HIV/AIDS Control SIL (2001) -PRSC 1-6 (2001-07)	-Health Expenditure Tracking (2002) -Health Sector Performance (2004) -Health Systems Support (2007)	-Immunization ratios (DPT3) to increase to 80% by 2002/03. -Increased percentage of health centers with trained staff to 65% by 2002/03	Moderately Unsatisfactory	Despite improved access and citizen's satisfaction with public health service delivery, there remains unsatisfactory outcomes with regards to family planning and reproductive health; and the declining effectiveness of PRSC as instrument for dealing with specific health sector issues.
Primary Education	-Millennium Science Initiative (2006) -Primary Education -Education Sector (1993) Adjustment Credit (1998) -Makerere Decentralization Service (2002) -PRSC 1-6 (2001–07)	-Post-Primary Education Sector Work 2003) -Tertiary Education Sector Report (2004)	-Pupil/teacher ratio of 47 by 2002/03 -Pupil/class ratio of 87 by 2002/03 -Pupil/book ratio of 3 by 2002/03.	Moderately Satisfactory	Support has yielded equitable coverage, especially for girls; provided institutional strengthening by meeting output target established in the PEAP; and through PRSCs, sustained resource flow to sector. Support was unable to deal with inefficiency issues and concerns with Uganda's attainment of MDG2.
Water and Sanitation	-Uganda Social Action Fund (fiscal year03) -Small Towns Water (1994) -PRSC 1-6 (2001–07)	-Review of Urban Water (2001) -Water Supply Delivery Impact Assessment (2005)	-Boreholes drilled: 1500 by 2002/03 -Protected springs: 700by 2002/03 -Protected wells: 1700 by 2002/03	Satisfactory	Support through the PRSCs to local governments helped exceed all CAS performance targets (protected springs, boreholes drilled and new wells constructed). Both rural and urban access to safe water showed major improvement, on track to exceed the corresponding MDG target. On the other hand, there was limited progress in sanitation provision and hygiene mitigation, with potential negative effects on the achievement of MDGs in the area of infant, child and maternal mortality.

Notes: AML/CFT= anti-money laundering/combating the financing of terrorism; APL= adjustable program loan; CFAA= Country Financial Accountability Assessment; DTIS= Diagnostic Trade Integration Study; EFMP= economic and financial management project; ESW= economic and sector work; FSAP= Financial Sector Assessment Program; GDP= gross domestic product; HIPC= Highly-Indebted Poor Countries; ICB= institutional capacity building; LGDP= Local Government Development Project; LGIFA= Local Government Integrated Fiduciary Assessment; LVEMP= Lake Victoria Environmental Management Project; MTEF= Medium-Term Expenditure Framework; NEMA= National Environmental Management Agency; PAF= Poverty Action Fund; PAMSU= Protected Areas Management and Sustainable Use; PEAP= Poverty Eradication Action Plan; PER= Public Expenditure Review; PMA=Plan for Modernization of Agriculture; PRSC= Poverty Reduction Support Credit; PSD= private sector development; ROSC= Reports on the Observance of Standards and Codes; SIL= specific investment loan; UEB= Uganda Electricity Board; UEDC=Uganda Electricity Distribution Company.

AfDB: I. Governance Agenda

Country Strategy Paper Pillar	AfDB Strategy	Lending Program	Expected Outcome	Outcome Rating of AfDB Contribution	Rationale for Ratings
Decentralization	Strengthen institutions and human capacity at the local governments	-Poverty Reduction Support Loan (2002) -Institutional Support Project for Good Governance (2004)	Improved access to and quality of basic services.	Satisfactory	Financial management and accountability reforms under local government yielded positive results in building institutions and helping improve access to basic services.
Public Sector Management Reforms	Improve public procurement and financial management system	-Poverty Reduction Support Loan (2002) -Institutional Support Project for Good Governance (2004)	Reform program for procurement and financial management functioning	Moderately Satisfactory	Reform programs on procurement yielded modest results. Improved financial management has helped the government to achieve expenditure targets with respect to poverty spending.
Combating Corruption	Strengthen capacity of anti-corruption institutions	-Technical Assistance (Law Institute) (2002) -PRSL and Institutional Support Project for Good Governance	Reduced perception of corruption through improved accountability and better audit systems.	Moderately Unsatisfactory	Support for accountability and training as instruments to facilitate the reduction in corruption has not helped to significantly reduce the perception of corruption. Government effectiveness is perceived not to have improved through the assistance provided for improving audit systems.

AfDB: II. The Growth Agenda

Country Strategy Paper Pillar	Sub-Pillar	Lending Program	Expected Outcome	Outcome Ratings of AfDB Contribution	Rationale for Ratings
Growth, Fiscal Reform and Export Diversification	-Promote Fiscal Sustainability -Improve Tax Administration -Public Expenditure Reform	-PRSL. -Institutional Support to External Aid Coordination (1998) -Institutional Support Project for Good Governance (2004).	-Real GDP growth of 7% -Inflation contained to 5% Stable and non-appreciating exchange rate -Increase tax revenue/GDP ratio -PAF share of total expenditure increases to at least 25% from current base.	Moderately Satisfactory	Despite its narrow and focused support, AfDB's contribution was substantial in achieving the poverty-reducing expenditure targets. Fiscal prudence was maintained; although arrears remain. Revenue mobilization remains weak.
	-Diversify Exports	The Area-based Agricultural Modernization Project (2000), and other support for diversification.	-Foreign reserves at 5 months of imports	Satisfactory	Progress on export diversification occurred, which cushioned the wide fluctuations in export prices and unfavorable terms of trade. International

					to 6.5 months of imports cover by fiscal year 2007.
Enhancing Economy's Competitiveness and promoting PSD/SME Development	-Strengthen institutional capacity of regulatory agencies -Increase investment in power generation capacity -Commercial generation and distribution of energy in rural areas.	-Bujagali Interconnection Project (2007). -Urban Power Rehabilitation Project (1996) -Alternative Energy Resources Assess and Utilization Study (2000)	-UEB separated into entities responsible for generation, transmission and distribution -Generation capacity expands -Increased access of rural populations to power.	Moderately Unsatisfactory	Economy's competitiveness was not significantly enhanced because of failure to resolve the power issue, although support was provided for alternative sources of energy.
	-Rehabilitation and upgrading of national roads -Rehabilitation and maintenance of district roads.	-Road Sector Support Project (2005) -Road Sector Support Project (Supplemental) (2006) -Rural Feeder Roads Maintenance Program (1991) -Kyotera-Mutukula Upgrading Project (1998) -Roads Maintenance and Upgrading Project (2000) -Transport Sector Development Program (2003)	.-Inventory of main roads network classified as satisfactory increases. -Increased accessibility in rural areas.	Moderately Satisfactory	Road sector support has not resulted in substantial cost reduction but support for communal road is helping open up the rural area. Neither AfDB nor the World Bank has supported direct investment in new district roads.
	-Provide enabling environment for private sector development. -Improve access of SMEs to commercial banks.	-Rural Microfinance Support Project (1999) -Sheraton Kampala Hotel (2002) -Sustainable Management of Mineral Resources (2004)	-Competition in financial sector increases. -Legal framework improves -Availability of lines of credit for on-lending to SMEs.	Satisfactory	Focus on rural finance has helped improve availability of lines of credit for on-lending to SMEs.
Improving Income of the Poor through Agriculture Productivity	Support Implementation of PMA, thereby helping increase the productivity of small farmers.	.-Northwest Smallholder Agricultural Development (1999) -Area-based Agricultural Modernization Program (2000) -Fisheries Development Project (2002) -Livestock Productivity Improvement Project (2002) -Farm Income Enhancement Project (2004) -Creation of Sustainable Tsetse	-Sustained growth of agriculture sector of 3% or more.	Satisfactory	Diversified approach to supporting agriculture yielded mixed results: sustained growth of agriculture of 3 percent has not been achieved but integrated approach is helping reduce soil degradation and supporting fisheries and livestock.

		cultural Infrastructure (2007)			
	-Integrate environmental concerns in development programs -Strengthen NEMA	.	-Reduced soil degradation, biodiversity losses, and deforestation.	Non-evaluable	Support to strengthening NEMA provided indirectly through other projects.

AfDB: III. The Human Development Agenda

Country Strategy Paper Pillar	Sub-Pillar	Lending Program	Expected Outcome	Outcome Ratings of AfDB Contribution	Rationale for Ratings
Health: Improve efficiency and effectiveness of existing health care delivery systems	Improve access and reduce inequality to mental and community maternal health care services	-Health Services Rehabilitation Project (1989) -Support to Health Sector Strategic Plan (2000) -Support to Health Sector Strategic Plan (2006)	-54% of children less than 1 year old have received DPT3 vaccination -Outpatient department utilization per capita is 0.47 -HIV prevalence is reduced to 5.4%	Moderately Satisfactory	Access to mental health and maternal health services increased. However, access to material health continued to be severely limited by shortages of staffing and drugs.
Education: Support classroom construction, teacher and curriculum development and procurement of textbooks.	Improved access to quality primary education, and for girls, into secondary science education in rural areas.	-Support to the ESIP (Education II Project) (2000) -Education III Project-Support to Post-Primary (2005)	-Pupil-teacher ratio 45:1 -Pupil-textbook ratio 3:1 -Pupil-classroom ratio 89:1 -P7 net enrollment 20%	Moderately Satisfactory	Gender inequality in accessing science education in rural communities decreased. But improvements in the quality of education were limited by the slow pace of delivery of support and high demand for education. The education sector continued to be characterized by high drop-out rates, and low transition rates from primary to post secondary education.
Water and Sanitation	Increase access to water and sanitation in small towns.	-Economic and sector work -Rural Towns Water Supply and Sanitation Study (2000) -Small Towns Water & Sanitation Project (2004) -Rural Water Supply & Sanitation Program (2005)	-Increased access to safe WSS from 52% to 60% -80% WSS systems functioning -Increased access to safe urban WSS from 50% to 65%.	Satisfactory	Support from the Small Towns Water project helped exceed all CSP performance targets (protected springs, boreholes drilled and new wells constructed). Both rural and urban access to safe water showed major improvement, on track to exceed the corresponding MDG target. On the other hand, relative neglect of sanitation provision and hygiene mitigation could have potential negative effects on achievement of

					fant, child and maternal mortality.
Notes: AfDB= African Development Bank; CSP= Country Strategy Paper; ESIP= Education Sector Improvement Plan; ESW= economic and sector work; GDP= gross domestic product; MDG= Millennium Development Goal; NEMA= National Environmental Management Agency; PMA= Plan for Modernization of Agriculture; PRSL= Poverty Reduction Support Loan; ISPGG=Institutional Support Project for Good Governance; SME= small and medium enterprises; UEB= Uganda Electricity Board.					

Annex E: The Poverty Reduction Support Credits, I-VI

Although this Country Assistance Evaluation has focused on evaluating the strategy of the World Bank and the AfDB in Uganda, and not on individual interventions, the World Bank's Poverty Reduction Support Credits (PRSCs) played such an important role that they require a more detailed analysis in this Annex. The PRSCs were one-tranche operations, disbursed as annual budget support into the government's national budget. The first three PRSCs were designed as an integrated program, with tentative commitments for PRSC-2 and PRSC-3, foreshadowed in the project appraisal document for PRSC-1. Similarly, PRSC-4 was originally conceived as the first of a second set of three one-year PRSCs that would support a new Ugandan PEAP as the tentative agenda for actions was included in PRSC-2 and 3, as part of the "rolling design" of these operations. Delays in the completion of the new PEAP, however, led to PRSC-4 to be presented as a stand-alone operation.

Part 1 of this Annex provides the main conclusions from the 2004 Stocktaking Study of the first three PRSCs in Uganda, conducted by the World Bank. Part 2 presents the lessons learned from the Independent Evaluation Group (IEG) 2008 Project Performance Assessment Report that covers the first four PRSCs. Finally, the conclusion brings together the main messages on PRSCs on the basis of part 1 and 2, and the findings of the current Country Assistance Evaluation which reviewed PRSCs 1-6.

The 2004 Stocktaking Study (covering PRSCs 1-3) conducted by the World Bank found that the PEAP and PRSC processes had led to a substantial sharpening of the overall vision of the development challenges faced by Uganda and helped focus on the main strategic approaches to follow. This facilitated the allocation of resources, helped increase the efficiency of basic service delivery, and contributed to improving the coordination of the type of cross-sectoral efforts needed for poverty reduction in its various dimensions. Some of the most important conclusions and recommendations in the report are:

- **Focus**. The first three PRSCs emphasized the human development dimensions of poverty by focusing on improved access to education, health, and water and sanitation. Relatively less attention was paid to issues of macroeconomic stability, better allocation of public resources, improved governance and some aspects of agriculture— all of which are needed to achieve rapid and sustained economic growth for sustained poverty reduction. The study noted that, in retrospect, the focus of the PRSCs could have been somewhat different, by placing greater emphasis on poverty reduction through economic growth. Even though one of the stated outcomes by which PRSCs were to be measured was "(income) poverty reduction", this did not receive adequate attention relative to the objective to improve service delivery.

- **Predictability of Resource Flows.** The PRSC process helped improve the predictability of resource flows at the aggregate level. There were, however, some problems with the flows at the sub-national level that need to be addressed. These were not due to the failure of PRSCs, but rather due to lapses in budget implementation.

- **Transaction Costs** are viewed to have declined. Despite complaints about the size of PRSC missions and the reform agenda that leaves little room for any down time, the government made it clear that the budget support approach was by far the preferable way of proceeding. With respect to the World Bank, the available evidence suggested that resource costs for program preparation were considerably higher for the PRSCs than for regular IDA investment projects. The report recommended that for the follow-up PRSCs, attention should focus on improving the impact of the transferred resources rather than worrying too much about the costs of program preparation.

- **Donor Coordination**. The PRSCs helped to streamline and coordinate donor support, and this led to increased resource flows from donors as aid shifted progressively into direct budget support. The main locus for local PRSC donor activities has been the Sector Working Groups, supplemented by special meetings arranged during PRSC missions. Improved coordination was evident in the exchanges of donor assistance strategies and key reports, feedback to the World Bank, and continuous informal exchanges. These were especially important when they involved government representatives to reinforce the sense of partnership and transparency.

- **Aid Modalities.** Overall, the direct budget support provided by the PRSCs was an invaluable instrument that had done much to sharpen the focus of the government's poverty reduction program. However, it was also clear that providing aid to Uganda only through budget support could not be the best approach, even if it is the main instrument of choice for the government. The report noted that there were always reform areas (typically in capacity and institution building, but also in major infrastructure investments in sectors such as power and roads) that could arguably be better handled in the project mode. The choice of instrument, therefore needs to be done in the context of a sector strategy, be transparent to all actors (donors as well as government), be well justified. Further, they should be on the budget.

- **Implementation**. The report noted that progress in implementation was somewhat slow. It pointed out that more needed to be done to improve both the efficiency and equity of resource utilization, so that more of the GBS resources could reach poor communities and remote areas. Equally, part of the improvement needed to take place at the local level, where a combination of lack of capacity and skills, as well as corruption and local influence continues to divert poverty-oriented resources from their intended purposes.

- **Aid Dependency.** Increased aid flows (from both budget and project support) brought to bear concerns about high aid dependency. Despite the benefits of predictable budget resources, the report noted clear signs of an imbalance between donor aid and the mobilization of domestic resources. The report stated that the volume of aid flows Uganda is receiving helped undermine the incentive to improve domestic revenues mobilization.

- **Results Orientation**. Finally, the stock-taking exercise emphasized the repeated calls for a greater results-orientation. There was a wide-spread sense that although there has been good progress on a number of input fronts (budget execution was under control, sector ceilings were in place, teachers and health workers were being hired, more students were in schools, and so on), the concern remained how to attain better outcomes. Operational efficiency was thought to be low and much remained to be done with respect to a better connection between policy actions and monitorable indicators in the PRSC matrices.

The draft 2008 Project Performance Assessment Review (covering PRSCs 1-4), rates the overall outcome of World Bank support through the PRSCs as moderately satisfactory, with a modest rating for risk to development outcome, a moderately satisfactory rating for World Bank performance, and satisfactory rating for borrower performance. It points to the following lessons:

- The Ugandan experience does support the idea that generalized budget support for well-performing countries can be delivered with lower transactions costs and (probably) with higher payoffs than project assistance. The available information indicates that the PRSCs have reduced the costs of delivering a dollar of aid to Uganda. The redirection of some effort away from specific to general management concerns appears to have reduced costs for both the Ugandan government and the Bank. It also achieved important improvements in government management of its budgetary execution in general, and its attention to poverty-related spending in particular.

- The Ugandan experience does not suggest that a "mature partnership" existed between the Bank and Uganda. Unilateral demands ("prior actions") were an important feature of each PRSC. Altogether, the four PRSCs required a total of 44 prior actions by the Ugandan government before Board presentation. Another 193 other undertakings were also required of the Ugandan government during implementation. The opportunity to require some action by the government appears to have led to a steady increase in such demands through PRSC-3, though these requirements were reduced in PRSC-4.

- The Bank focused too much on social services and too little on income generation as the exit from poverty. PRSCs 1-3 focused almost entirely on social service delivery issues. The attention to agriculture – the source of income for the great majority of Ugandans – was entirely absent from PRSC-1, and appeared in the next two PRSCs in a very minimalist fashion. Even with the PRSC-4, the linkage between commitments and actual outcomes with respect to the poor in Uganda is difficult to make. The neglect of investment in roads and rural electrification in the PRSCs and in the government budget meant that opportunities for income growth among the 80 percent of the population living in rural areas were attenuated by lack of adequate infrastructure. The share of investment spending in the government budget steadily declined during the implementation of the four PRSCs, from 6.4 percent of GDP to 4.5 percent, though none of the Project Appraisal Documents drew attention to this.

- Additional budget support and/or improvement in budgetary planning and management may not eliminate or reduce resource constraints. The four PRSCs, together with the associated funding from other donors, provided about half of the government budget for the Ugandan government during 2001-04. HIPC debt relief further eased the resource constraint. Yet the government's fiscal management problems appear no less difficult than at the beginning. Government spending rose apace with the increase in donor funding. Some of the increase was clearly indicated, as with the necessary expansion of teachers to keep pace with the growth in enrollments and commitments to reduce pupil/teacher ratios, as well as with commitments for delivery of health and water and sanitation services. Nevertheless, unanticipated expenditure growth occurred through several channels: (i) pay increases for education and health workers beyond planned levels; (ii) costs of creating new districts for which staffing of local officials and their administration was required; (iii) increases in defense spending beyond previous commitments, and; (iv) unanticipated increases in spending for government commissions and other activities not clearly linked to outcomes. During this period, domestic revenue collections continued to stagnate as a share of GDP. Thus, service increases desired by donors continually had to compete for budgetary space with politically-driven priorities. This suggests a sort of Parkinson's Law of budgeting: Spending will rise to fill any space created by additional income.

- Bank staff sought to "push the envelope" of reform, though this often led to expectations that exceeded outcomes. Although this was a good thing, because of concern with government commitment on certain policy issues (for example, on population control issues and corruption), Bank support did not meet targets set out in the CAS. However, falling short of ambitious goals is not necessarily a sign of lack of success. It opened up the dialogue to the general population, which established the environment for the next round of reform.

- The Bank made progress on governance and reduction in corruption mainly by strengthening systems. The improvements in budget transparency and procurement reform achieved through the PRSCs were substantial. Such reforms could not, in the short-term, eliminate the potential for corruption. However, through improved transparency, they did reduce the areas where corruption is easily possible at the institutional level.

- Decentralization of World Bank staff to the country office has probably contributed to the Bank's effectiveness, though less than might have been expected. A visiting mission, with a clear mandate and a limited time in country, is sometimes able to galvanize timely action and to focus attention on the issues to be discussed. On the contrary, the presence of in-country staff could result in slower progress on decisions or commitments, as the urgency of decision is not equally perceived by country counterparts.

- Monitoring and evaluation was given inadequate attention. The Project Appraisal Documents for the PRSPs laid out an optimistic picture of regular surveys, which did not materialize in practice. Baseline data were also sketchy and often inconsistent with the methodologies used to subsequently track progress (usually the National Accounts and periodic surveys). As a consequence, policymakers had limited timely information that could be used to monitor the effectiveness of programs and to correct course as necessary.

Conclusion

Combining the findings of the Stocktaking Study, the draft PPAR on the first four PRSCs, and the findings of the Country Assistance Evaluation team, several overarching messages can be distilled as to how the PRSCs served as an instrument for executing the World Bank's strategy. The messages are organized around the three main pillars of the World Bank CASs and strategy documents (Governance, Growth, and Human Development), and are based on the totality of prior actions agreed upon between the International Development Association (IDA) and the government with respect to PRSCs 1-6 as outlined in table 1 (below). The table organizes the prior actions for each PRSC by the pillars outlined in the World Bank's strategy. The main messages are:

- **Contrary to the expectation that the PRSCs would replace the social sector sector-wide approaches (SWAps), the six PRSCs reviewed had a heavy focus on promoting governance.** Strong emphasis was placed on public financial management, with a quite consistent inclusion of prior actions throughout the annual PRSCs on overall expenditures, accountability in financial management, and procurement. These were complemented with project level support that helped to generate good progress. At the same time, these supported efforts to address corruption issues by improving transparency, but the extent of success is unclear. A more direct approach to anti-corruption was occasionally attempted through the PRSCs by including prior actions, for example regarding the verification of assets held by politicians and high-level bureaucrats. This also proved largely unsuccessful. Similarly, pay reform and public service reform have underperformed, with prior actions effectively rolled-over through several PRSCs. This reflects both lack of ownership and the need for complimentary project support, which arrived late during the series of PRSCs (2006).

- **The first six PRSCs underperformed in fulfilling their role as effective instruments for meeting the World Bank's *Growth* agenda.** The strong emphasis on governance issues, and to some extent on human development, exhausted the scope and opportunity for dialogue on growth issues, as there was limited room for additional policy conditionality. In the first three PRSCs, a total of only three prior actions on the growth agenda were included. The 2004 Stocktaking Study subsequently called for greater focus on growth, especially in the area of income generation, but the follow-up fourth PRSC had no prior actions on growth. Subsequently, a few prior actions on agriculture and the private sector were introduced in the fifth and sixth PRSCs, but these did not represent the fundamental shift of focus that was needed.

- **Resolving the challenge of *Human Development* was central to the PRSCs, but some limitations to the use of budget support were observed.** The PRSCs were used as the main vehicle to support basic service delivery goals in health, education, and water and sanitation. This was approached by consistently including prior actions that required satisfactory implementation of undertakings in the respective sector reviews. The evaluation, however, acknowledged the limitation of the PRSC as an instrument for dealing with endemic (and usually deep-seated) health sector issues where an investment operation or technical assistance would have been appropriate as the resource flow from the government budget could be limited by rigid budget parameters.

Annex E Table 1. Prior Actions Required for Uganda's Poverty Reduction Support Credits(PRSCs) I-VI—as reported by the respective Project Appraisal Documents

Topic	PRSC I	PRSC II	PRSC III	PRSC IV	PRSC V	PRSC VI
1. Promoting Governance						
Overall Expenditures	Agreement on a MTEF for 2000/01-2002/03, with budget execution for the first two quarters of 2000/01 consistent with agreed allocations.	In the annual PER, the government has agreed with donors on MTEF for 2001/02-2003/04, and has executed the 2001/02 budget through the first two quarters consistent with budget allocations.	Government agreement with donors on an MTEF for 2002-05, and budget execution through the first two quarters of 2002/03 consistent with agreed allocations.	In the annual PER, the government has agreed with donors on MTEF for 2003-06, and has executed the 2003-04 budget for the full year consistent with budget allocations.	In the PER, the government has agreed with donors on the MTEF for 2004/05-2006/07, and has executed the 2004/05 budget consistent with the budget allocation as appropriated and adjusted with approval of Parliament.	In the PER, the government has agreed with donors on the Medium Term Expenditure Framework for 2006/07-2008/09, and has executed the fiscal year2005/06 budget consistent with the budget allocation as appropriated and adjusted with the approval of Parliament and taken remedial action in the fiscal year 2006/07 budget where major deviations occurred.
Financial Management	A new coordination mechanism for guiding and monitoring reform programs in financial management.	The Ministry of Finance, Planning and Economic Development has tabled the Public Finance Bill in Parliament.	Enactment of a Public Finance and Accountability Bill.		MOFPED drafts a revised Audit Bill (2002) to ensure adequate operational Independence of the Auditor General	Ministry of Public Service approves a revised organizational structure for the Accountant General's Office that will operationalize the Public Finance and Accountability Act of 2003, and enable financial management reforms such as the implementation of the Integrated Financial Management System. The audit bill is ready for cabinet by February 2007.
Procurement	New procurement regulations for ministries, departments, and agencies. Implemented interim procurement arrangements in the health sector consistent with new procurement regulations for ministries, departments, and agencies.	MOFPED has tabled the Procurement Bill in Parliament.	Enactment of a Procurement that ensures competition in the selection of third-party procurement agents.	Cabinet drafts local government procurement and asset disposal regulations and proposals to amend the Local Government Act relating to appointment and removal of local government tender boards members.	The Local Governments Amendment Bill (Procurement) tabled in Parliament.	Satisfactory progress with implementing measures to improve the effectiveness of the public procurement system by January 31, 2007.
Anti-Corruption and Leadership Code	Introduction into Parliament of bills for Leadership Code addressing corruption, and creating an office of the Inspectorate	Parliament has passed the Leadership Code and Inspector General of Government Sta-	The Inspector General of Government has issued letters indicating the need for disciplinary ac-	The Inspector General of Government completes analysis of assets and information collected	The Inspector General of Government verifies asset declarations of Ministers	The Inspector General of Government commits to achieving the activities as speci-

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Topic	PRSC I	PRSC II	PRSC III	PRSC IV	PRSC V	PRSC VI
		nisters, Presidential Advisors, Permanent Secretaries, Directors, and Uganda Revenue Authority officials have submitted to the Inspectorate of Government their statement of income, assets and liabilities.	government officials who have failed to declare their incomes, assets, and liabilities, with appropriate action taken in accordance with the law.	leadership categories, begins asset verification, investigates all complaints by the public received by November 2003, and presents a time-bound action plan for implementing the Leadership Code. Most Ministers, Presidential Advisors, Permanent Secretaries, Directors, and Uganda Revenue Authority officials have submitted to the Inspectorate of Government their statement of income, assets and liabilities.	breach appropriate action is taken by relevant authorities in accordance with the law by May 2005. Implementation of the National Anti-Corruption Action Plan commences.	results matrix. These are aimed at: reducing the incidence and experience of corruption measured by the national integrity survey; introducing special anti-corruption courts to expeditiously deal with cases of a corrupt nature; and clearing the backlog of cases under the Inspector General. Implementation of the National Anti-Corruption Action Plan as the framework to assess progress in the fight against corruption continues.
Pay Reform	Agreement on the objectives and principles of a pay reform strategy consistent with the MTEF and improved service delivery.	Cabinet approved and published the pay strategy, consistent with MTEF and improved public service delivery.	Ministry of Public Service and Ministry of Finance, Planning, and Economic Development (have agreed on target salary adjustments in line with the pay reform strategy, with the associated wage bill reflected in the MTEF.	Ministry of Public Service and MOFFPED have made salary adjustments consistent with the pay reform strategy and the MTEF.	Ministries of Public Service and of Finance, Planning, and Economic Development jointly commit to an updated pay reform strategy, and target salary adjustments for the medium term.	Submission of an inception report for a study to assess the feasibility of control of the size of the public service and integrating staffing and wage bill issues into the budget process.
Public Service Reform		Ministry of Public Service, in consultation with other stakeholders, has developed a draft strategic framework for the new phase of public service reform.	Ministry of Public Service has submitted preliminary findings on cost-effectiveness and efficiency of employment/staff utilization in the social sectors.	Ministry of Public Service and Ministry of Finance, Planning and Economic Development have completed a comprehensive draft policy paper on issues, measures, and modalities for controlling the size of the public administration and ensuring cost efficiency and effectiveness in Human Resource development of social sector establishment, and discussed this with social sector ministries.	Submission by the Ministry of Public Service in collaboration with Ministry of Finance, Planning and Economic Development of a cabinet memorandum on recommendations for controlling the size of public administration. Also recommendations for enhancing cost efficiency and effectiveness in the public sector targeting: health, education, agriculture, water	Satisfactory progress in implementing new phase of Public Service Reform Program reflected by accomplishment of the agreed undertakings.

Annex E Table 1. Prior Actions Required for Uganda's Poverty Reduction Support Credits(PRSCs) I-VI—as reported by the respective Project Appraisal Documents

Topic	PRSC I	PRSC II	PRSC III	PRSC IV	PRSC V	PRSC VI
					development. Submission to IDA of an Action Plan on the implementation of these measures by end of May 2005.	
2. The Growth Agenda						
Agriculture		MAAIF has completed a draft institutional review of public funding of agricultural research.			Satisfactory implementation of core undertakings by April 2005, as agreed in the October 2004 Joint PMA Annual Review	Satisfactory implementation of core undertakings, as agreed in the October 2004 Joint PMA Annual Review and confirmed by the October 2005 review.
Land Sector		MOFPED and MOWLE have agreed on financial and institutional arrangements for the implementation of the Land Sector Strategic Plan.	The Ministry of Water, Lands and Environment and the Public Service Commission have completed recruitment of staff for the LSSP implementation division			
Private Sector						Strengthen the coordinated approach to improve the investment climate, and make satisfactory progress on agreed key investment climate undertakings identified in the PEAP (including reforms in institutions that can impede or facilitate the access of businesses and potential investors to formal registration, land titles, and courts).
3. Human Development Challenge						
Education	Implemented agreed commitments from the joint Government-donor education sector review. Launched a national recruitment campaign for 15,000 new teachers.	Satisfactory implementation of undertakings agreed in education sector review in April 2001, and confirmed by October 2001 review.	Satisfactory implementation of agreed education undertakings from October 2002 review.	Satisfactory implementation of undertakings agreed in education sector review in May 2003 and confirmed by November 2003 review.	Satisfactory implementation of the undertakings agreed in the education sector review in November 2003 and confirmed by the 2004 review	Satisfactory implementation of the undertakings agreed in the education sector review in November 2004 and confirmed by the 2005 review, and of the undertakings agreed in the 2005 review and confirmed by the October 2006 review

Annex E Table 1. Prior Actions Required for Uganda's Poverty Reduction Support Credits(PRSCs) I-VI—as reported by the respective Project Appraisal Documents

Topic	PRSC I	PRSC II	PRSC III	PRSC IV	PRSC V	PRSC VI
	ments agreed in the joint Government-donor health sector review.	mentation of undertakings agreed in health sector review in April 2001, and confirmed by October 2001 review.	mentation of agreed health undertakings from October 2002 review.	mentation of undertakings agreed in health sector review in April 2003, and confirmed by November 2003 review.	plementation of the undertakings agreed in the health sector review in November 2003, and confirmed by the 2004 review	plementation of the undertakings agreed in the health sector review in November 2004, and confirmed by the 2005 review, and of the undertakings agreed in the 2005 review and confirmed by the October 2006 review.
Water and Sanitation	Fully-staffed district water and sanitation teams in half of the districts.	MOWLE/DWD has established fully staffed technical support units.	Ministry of Public Service has approved reorganization of DWD and initiated its implementation.	Satisfactory implementation of undertakings agreed in water and sanitation sector review in September 2003 and confirmed by March 2004 review.	Satisfactory implementation of undertakings agreed in water and sanitation sector review in September 2003 and confirmed by the 2004 review.	Satisfactory implementation of undertakings agreed in the water and sanitation sector review in September 2004 and confirmed by the 2005 review, and of the undertakings agreed in the 2005 review and confirmed by the September 2006 review.
Finances for Water Corporation	Settled debts of 5 billion Uganda shillings to the National Water and Sewerage Corporation by government ministries, departments, and agencies.	The National Water and Sewerage Corporation (NWSC) has adopted a formula for periodic tariff adjustment.	Ministry of Finance, Planning and Economic Development and NWSC have agreed on a time-bound action plan to settle the existing arrears to NWSC, and have acted to prevent new ones.			
4. Other						
PRSP Progress	Introduction of monitoring of results and annual output targets in the roads, education, health and water and sanitation sectors in the 2000/01-2002/03 Budget Framework Paper.	Satisfactory progress in the implementation of the overall reform program and PEAP, as indicated by the PRSP progress report.				
Local Government system for service delivery						Satisfactory progress on core undertakings agreed by JARD 2004 and JARD 2005, including: (i) the Ministry of Public Service to review the mandate and structure of the Ministry of Local Government, or in the interim provide appropriate additional staff to the

Annex E Table 1. Prior Actions Required for Uganda's Poverty Reduction Support Credits(PRSCs) I-VI—as reported by the respective Project Appraisal Documents

Topic	PRSC I	PRSC II	PRSC III	PRSC IV	PRSC V	PRSC VI
						gap measure to address low capacity in the ministry to deliver on its mandate; (ii) Ministry of Local Government to identify an alternative source of revenue for local governments, to be approved by the government during fiscal year 2006/7; (iii) Ministry of Finance Planning and Economic Development to provide compensation to local governments for revenue losses related to the abolition of graduated tax (Ush 45 billion); and (iv) Government has submitted a bill to Parliament to promote organized urban development and human settlement replacing the existing Town and Country Planning Act of 1964.

Notes: DWD= Directorate of Water Development; IDA= International Development Association; IGG= Inspector General of Government; LSSP= Land Sector Strategic Plan; MAAIF= Ministry of Agriculture, Animal Industry and Fisheries; MOFPED= Ministry of Finance, Planning and Economic Development; MOPS= Ministry of Public Service; MOWLE= Ministry of Water, Lands and Environment; MTEF= Medium-Term Expenditure Framework; NWSC= National Water and Sewerage Corporation; PEAP= Poverty Eradication Action Plan; PER= Public Expenditure Review; PMA= Plan for Modernization of Agriculture; PRSC= Poverty Reduction Support Credit; PRSP= Poverty Reduction and Strategy Paper.

Annex F: Government Comments

No comments have been received from the Government.

Annex G: List of People Contacted

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Mr. Enid Edroma, Legal and Regulatory Manager

DFCU Bank
Mr. Moses Kibirige, Executive Director

Orient Bank Ltd.
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Private Sector Foundation of Uganda (PSFU)
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Roads Agency Formation Unit (RAFU)

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Uganda Debt Network

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Uganda Manufacturers Association
Mr. James Kalibbala, Chairman, UFA
Mr. Andrew Luce Kaggwa, Policy Officer
Mr. Sikander Lalani, Chairman & Managing Director, Roofings Ltd.
Ms. Jocelyn K. Ucanda, Chief Manager Marketing, National Insurance Corporation

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UMEME
Mr. Ian Williams, Managing Director
Mr. M. Francis, Chief Technical Officer
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Endnotes

Chapter 1

1. The National Resistance Movement took power in 1986. Under the National Resistance Movement government's Economic Recovery Program, Uganda began a period of improved macroeconomic stability (see Collier and Reiniker 2001).

2. During 1990-2006, average per capita growth for Uganda was estimated at 2.9 percent compared to 0.5 percent for sub-Saharan Africa. Reserves, measured in months of imports, increased from 0.7 in 1990 to a peak of 7.0 in 2001, and are estimated at 6.2 in 2006 (World Bank Development Indicators, April 2008).

3. Internal conflicts have persisted even under the National Resistance Movement regime, among them the Intongwa conflict in the Buganda region; the Allied Democratic Forces conflict in the Western Region; the People's Redemption Army uprising in the South-Western Region; and limited conflicts in the Western, West Nile, and Northern Regions, including the ongoing Lord's Resistance Army-led conflict. For the Northern Region, a Peace Recovery and Development Plan was prepared in 2007, but effective implementation of this plan will depend on the signing of a durable peace accord.

4. Consultations were held with the other partners in the UJAS. Although their participation in the evaluation could not be worked out for a variety of logistical and scheduling reasons, they responded favorably to contacts by the evaluation team. Looking forward, several other partners have now joined (or expressed a wish to join) in the UJAS. In general, although one would expect that joint evaluation is more cost-effective than the equivalent separate evaluations, it is also probable that, as the number of partners increases, transactions costs would also increase and eventually become prohibitive, outweighing the advantages of joint evaluation. A priori, it is difficult to generalize as to the number of partners needed to reach the point of diseconomies of scale, as the point at which this happens is likely to be context-specific.

Chapter 2

1. The fiscal year of the World Bank begins on July 1 and ends on June 30 and that of the AfDB begins on January 1 and ends on December 31 (that is on calendar year basis).

2. The UJAS was prepared in 2005 by the World Bank, the AfDB, and five other development partners: Germany, the Netherlands, Norway, Sweden, and the United Kingdom (Department for International Development (UK)). Austria, Denmark, the European Commission, and Ireland have also signed on to the strategy.

3. Implementation of the World Bank-CAS was extended by two years due to delay in the preparation of the government's updated Poverty Eradication Action Plan (PEAP), and the longer drafting period required for the UJAS given the need for close coordination among the development partners on the new strategy.

4. The IFC's strategy under the UJAS, evaluated in Chapter 6, also seeks to: (i) improve the investment climate; (ii) build the capacity of SMEs and microenterprises, as well as the capacity of the institutions that support them; and (iii) provide proactive support for project development in the financial, agribusiness, and infrastructure sectors.

5. It is not clear what criteria were used by World Bank in selecting its areas of focus. A division of labor exercise is underway to specify the areas of focus of the development partners in Uganda in order to ensure complementarities among programs (see Chapter 6).

6. Cost data are easily available; however, output data are not.

7. The policy dialogue and associated measures supported (prior actions) under the PRSC centered, for the most part, on public sector reform, especially public expenditures. Regarding the use of resources, the

focus of the PRSCs was to increase allocation to the Poverty Action Fund. It should be noted that the allocation of PRSC resources is notional and that some of the sectors received significantly more limited funding from the budget than indicated in table 1.

Chapter 3

1. The government identified the following elements of political governance: prevention and reduction of intra- and inter-state conflicts; constitutional democracy, promotion and protection of rights; upholding of the separation of power; the promotion and protection of the rights of women as well as children and young people; and the promotion and protection of the rights of vulnerable groups, internally displaced persons, refugees, and disabled persons (see New Partnership for Africa's Development (NEPAD) 2007).

2. The result of the procurement reform included: (i) the establishment of the Contract Committee at the sectoral level; (ii) the harmonization of local government procurement regulations with those of the central government; (iii) the creation of procurement units in all ministries, departments, and agencies; and (iv) the incorporation of procurement plans in the expenditure programs of the sector ministries.

3. The Worldwide Governance Indicator project reports aggregate the individual governance indicators for 212 countries and territories over the period 1996-2006 for six dimensions of governance: voice and accountability, political stability and absence of violence, government effectiveness, regulatory quality, rule of law, and control of corruption. Refer to: www. worldbank.org/wbi/governance.

4. Transparency International's Corruption Perception Index (CPI) also indicates that Uganda's ranking improved in a limited way from 1.9 out of 10 in 2001 to 2.8 out of 10 in 2007, though this is still very low. The CPI ranks countries in terms of the degree to which corruption is perceived to exist among public officials and politicians. Refer to: www.transparency.org/policy_research/surveys_indices/cpi

Chapter 4

1. The World Bank Country Economic Memorandum (World Bank 2007a, paragraph 1.38) reports that the incremental capital-output ratio (ICOR) for the period 1992-96 was 1.8. This increased slightly to 2.2 for the period 1996—2004. It concluded that the ICORs are very low and are likely to increase rapidly with improved utilization of capacity.

2. The Country Economic Memorandum (World Bank 2007a) was prepared jointly with government authorities and local researchers. It had been 10 years since the last Country Economic Memorandum had been prepared. The Country Economic Memorandum explored constraints to growth, putting the World Bank again in the forefront of thinking about economic growth in Uganda. The analytical work concurs on the need to give economic growth a higher priority and suggests a focus on removing growth constraints. The Country Operations Unit of the World Bank has underscored that because of the participatory approach adopted in preparing the Country Economic Memorandum, although completed late in the period under review, it did contribute significantly to the growth discussion for the 2004 PEAP and subsequent UJAS.

3. Some stakeholders interviewed by the IEG/OPEV team noted that there were many irregularities associated with the privatization process and felt that the people of Uganda lost a great deal of funds in the process.

4. These include: promoting private sector competitiveness, increased agriculture production, increased and more effective production of nonagriculture goods and services, strengthened infrastructure in support of increased products of goods and services, strengthened environment and natural resources management, and strengthened financial sector.

5. The documentation for Power IV presented a risk analysis of the electricity expansion plan under implementation and noted that the energy balance would be tight until the completion of the Bujagali hydroelectric power plant. Construction of complementary thermal capacity was considered and dismissed. The internal documentation is ambiguous and often misrepresents the true contribution to capacity of the extension of Owen Falls. The UJAS, coming after the postponement of the Bujagali hydroelectric power plant initiative, did put forth a strategy on energy concomitant with the magnitude of the risk and the crisis. Oddly, the results matrix emphasizes rural electrification and the production of alternative energy. In addition, there was no analysis of the risks implicit in the proposed overhaul of the institutional framework.

6. If fishing (mostly monetary) is added, the percentage increases to 15 percent of GDP. The rest of the production is mixed between monetary and nonmonetary. For food crops, which comprise the bulk of the production (64 percent of the total agriculture value added), 47 percent of the production is monetized.

Chapter 5

1. The four-child limit was soon abandoned, and today all school-aged children are eligible for free primary education.

2. These initiatives were supported by the Education Strategic Investment Plan of 1998-2003 (ESIP) and the Education Sector Strategic Plan of 2004-15 (ESSP), both of which were anchored in the PEAP.

3. The World Bank PRSC Stocktaking Paper; Lister et al. (2006); Joint Evaluation of General Budget Support, 1994-2004, Uganda Country Report; and the draft PPAR for PRSCs I-IV.

4. The HIV/AIDS Control Project became effective in fiscal year 2001, and at that time was the only major source of external funding for HIV/AIDS. That changed when the Global Fund and, later, PEPFAR (U.S. President's Emergency Plan for AIDS Relief) took up operations in Uganda.

5. Education II was preceded by Education I (1990), which supported the improvement of the quality of scientific and technical teacher training.

6. It should also be noted that government data tend to overstate achievements compared to results from household surveys. This is true for the contraceptive uptake indicator "couple years of protection," for example. The latest Demographic and Health Survey does not indicate any significant increase of contraceptive prevalence, and the PEAP indicator has steadily gone up. Similarly, vaccination rates look better in government tabulations than in household surveys.

7. The Bank is represented in 3 of 10 sector working groups under the division of labor exercise.

8. Figures vary somewhat, but this is the most frequently quoted one for 2005 (Uganda Demographic and Health Survey 2006, United Nations Development Programme Human Development Report 2007, United Nations Population Division database). Other sources quote up to 7.1 births per woman (World Bank World Development Indicators Database for 2005).

Chapter 7

1. OECD-DAC figures tend to underestimate aid flows in recent years because of delays in reporting. Figures tend to be larger than similar information obtained from government sources because of some disbursements attributable to the country, especially from regional programs that are undertaken outside the country.

2. In Uganda, general budget support includes: sector budget support that is notionally earmarked to a particular sector, such as SWAps; support that is notionally earmarked to the PAF; and support that is not earmarked to any sector, such as the World Bank PRSC (Refer to OECD-DAC2006, p. S3).

3. General budget support was first used in Uganda in 1998 with the funding of the PAF. The introduction of the PRSC by the World Bank in 2001 marked the first full general budget support designed specifically to support Uganda in the implementation of the PEAP and is not earmarked to any sector.

4. Refer to PEAP Volume 3, Annex I (2001). The undertakings in the Partnership Principles by the Development Partners predated the Paris Declaration of 2005.

5. See the 1998 report commissioned by the two banks, *Study on Strategic Partnership between the World Bank and the African Development Bank*, and follow-up Memorandum of Understanding of March 2000 and related evaluation reports by Dove, Ransom, and Sherer 2003.

6. Since the presentation of the Uganda PEAP (PRSP) to the Boards of the World Bank and IMF in May 2000, the latter has provided support through PRGFs.

7. Subsequently, Austria, Denmark, the European Commission, and Ireland have signed up to UJAS.

8. The idea of preparing a joint strategy was first discussed in the fall of 2003, ahead of the PEAP of 2004. The first comprehensive draft was shared with government, civil society, and other development partners in April 2005, and the final UJAS was issued in December 2005 (refer to World Bank 2005a, p. viii). Part of the delay in completing the UJAS was caused by the delayed PEAP.

9 In effect, the AfDB Board of Governors has adopted a resolution to remove this procurement restriction, which became effective in March 2009.

10. The Uganda Partner Division of Labor Exercise was first undertaken during June-December 2006. It builds on harmonization and alignment activities underway in Uganda since the 1990s.

11. The Progress Assessment Framework is the matrix used by the UJAS partners in assessing the contributions of their specific interventions to outcomes. The UJAS matrix is fully consistent with the PEAP result matrix, but also contains milestones that are specific to the partners' interventions.

12. An example is the case with the follow-up Technical Assistance for Makarere University for local government capacity building.

Annex B

1. In this note, assistance program refers to products and services generated in support of the economic development of a client country over a specified period of time, and client refers to the country that receives the benefits of that program.

Annex C

1. A subset of PEAP policy actions from annual PEAP results and policy matrix.