

# Linking The Poverty Reduction Strategy Paper and Millennium Development Goals



## The Case of Uganda



African Forum and Network  
on Debt and Development

Linking PRSPs and the Millennium Development Goals  
The Case of Uganda

ISBN 0-7974-3218-3

© 2006

All rights reserved to AFRODAD

# About AFRODAD

## **AFRODAD Vision**

AFRODAD aspires for an equitable and sustainable development process leading to a prosperous Africa.

## **AFRODAD Mission**

To secure policies that will redress the African debt crisis based on a human rights value system.

AFRODAD Objectives include the following:

- 1 To enhance efficient and effective management and use of resources by African governments;
- 2 To secure a paradigm shift in the international socio-economic and political world order to a development process that addresses the needs and aspirations of the majority of the people in the world.
- 3 To facilitate dialogue between civil society and governments on issues related to Debt and development in Africa and elsewhere.

From the vision and the mission statements and from our objectives, it is clear that the Debt crisis, apart from being a political, economic and structural issue, has an intrinsic link to human rights. This forms the guiding philosophy for our work on Debt and the need to have African external debts cancelled for poverty eradication and attainment of social and economic justice. Furthermore, the principle of equity must of necessity apply and in this regard, responsibility of creditors and debtors in the debt crisis should be acknowledged and assumed by the parties. When this is not done, it is a reflection of failure of governance mechanisms at the global level that protect the interests of the weaker nations. The Transparent Arbitration mechanism proposed by AFRODAD as one way of dealing with the debt crisis finds a fundamental basis in this respect.

AFRODAD aspires for an African and global society that is just (equal access to and fair distribution of resources), respects human rights and promotes popular participation as a fundamental right of citizens (Arusha Declaration of 1980). In this light, African society should have the space in the global development arena to generate its own solutions, uphold good values that ensure that its development process is owned and driven by its people and not dominated by markets/profits and international financial institutions.

AFRODAD is governed by a Board of seven people from the five regions of Africa, namely East, Central, West, Southern and the North. The Board meets twice a year. The Secretariat, based in Harare, Zimbabwe, has a staff compliment of Seven programme and five support staff.

## **Acknowledgements**

AFRODAD wishes to acknowledge their great debt of gratitude to Mr. Warren Nyamugasira of the Uganda NGO Forum, and his research team for investing considerable time and effort in the research process of this report. Many thanks also go to those in the Ugandan government, civil society, the UN family, international financial institutions, donor community and private sector who contributed to the research outcome through interviews or responding to questionnaires. We also remain indebted to Vitalis Meja for helping in the final edit and proof-reading of this report.

The central support of Diakonia and Oxfam Netherlands (Novib) was invaluable to the project. The report benefited greatly from the facilitation of Mr. Tirivangani Mutazu at the AFRODAD Secretariat. Many thanks to many of our colleagues whom we cannot all name but whose input into the Lusaka rEgional Research Validation Workshop remain vital to this output.

## Preface


The relationship between growth and poverty lies at the heart of development economics. While many see aggregate growth as both necessary and sufficient for reducing poverty, and consequently focus their efforts on achieving the desired macroeconomic outcomes, others stress that the benefits from growth may not be evenly spread. In fact critics of globalization often point out that growth of the macro economy may well have an adverse effect on the most vulnerable members of society. Thus the distributional impact of growth, as well as its level, needs to be taken into account when considering the consequences for poverty.

The Poverty Reduction Strategy Papers (PRSPs) have a three-year lifespan after which they can be reviewed and updated on the basis of the annual evaluations. Donor funding for PRSP programmes has tended to be focused on these short-term timeframes making it difficult to plan, focus and budget resources beyond three years. This poses a challenge on predicting donor funding commitments and continuity after the three years. On the contrary, Millennium Development Goals (MDGs) are cast in the long-term, which would imply longer term project planning, implementation and longer-term donor funding commitments. Thus effectively the complimentary role of PRSPs to MDGs is being undermined by the disjoint in the timeframes between the two. Expanding the PRSP cycle to align it with the long-term vision of the MDGs would enhance the link between the two and increase their effectiveness.

Some quarters of civil society organizations have already recommended that if PRSPs do not help in attaining the MDGs then the PRSPs have to be done away with. All donors, even the US, have backed the MDGs, but have failed to translate this yet into aid allocation policies and practical poverty reduction actions. Nevertheless, similar to the PRSPs, the MDGs are one of the few frameworks donors could unite around and which could form the basis of the harmonization of aid policies and poverty reduction in Africa. It is therefore important to interrogate the divergences and convergences imbedded in the use of both the PRSPs and MDGs as planning tools at national level by focusing on how some African countries are handling both PRSPs and MDGs within the context of national plans and development strategies.

The case of Uganda as put in this study shows that the macroeconomic conditions underpinning the PRSPs, especially the restrictions on public spending, are a stumbling block to the attainment of the MDGs. Policy space in Uganda and indeed in many African countries still remains the preserved domain of the Bretton Woods Institutions. Sub-Sahara African countries will not attain the much talked about sustainable development unless that space is given back to the sovereign governments and civil society. The recent Multilateral Debt Relief Initiative (MDRI) of 2005 at Gleneagles will not be a panacea to Uganda's economic problems, even though it has been mentioned as a key beneficiary. The reason is that debt relief did not take into cognizance the need for new borrowing and debt sustainability in a country that is stuck with international trading bottlenecks. Uganda, like many African countries, still needs alternative revenue sources if the linkage between PRSPs and MDGs is going to pull it out of its development problems. The attainment of the MDGs will remain a mirage unless the Bretton Woods Institutions leave the required policy space for the national government to chart its own future.

This Ugandan case study raises a number of concerns. We do hope that both the IMF and the Ugandan government will take the findings of this report serious and address concerns aptly.



Charles Mutasa  
Executive Director  
AFRODAD

# Table of Contents

<b>List of Abbreviations</b>	<b>7</b>
<b>1.0 Introduction</b>	<b>8</b>
1.1 Background and Country Context	8
1.2 Uganda Country Context	8
1.3 Statement of the Problem	9
<b>2.0 Scope of the Study</b>	<b>10</b>
2.1 Objectives	10
2.2 Methodology	10
<b>3.0 Analysis of Findings</b>	<b>11</b>
3.1 Interface between MDGs and PRSPs in the National Policy Planning and Budget Processes	11
3.2 Relationship between the PEAP and the scale of spending needed to attain MDGs	15
3.3 The role of the World Bank and IMF in Uganda's PEAP and MDG Agendas	19
3.4 Donor Priorities versus National Priorities	21
3.5 Participation of Non State Actors in the PEAP and MDGs	22
<b>4.0 Conclusion and Recommendations</b>	<b>24</b>
<b>5.0 Annex I: Well intentioned policies which have anti - poor outcomes</b>	<b>25</b>
<b>6.0 Annex II: Elements of the Government's Strategy for the 2005/06 Budget</b>	<b>28</b>

## List of Tables

Table 1: How MDG targets compare with PEAD Targets	12
Table 2: Uganda's composition of external assistance as a share of GDP (1998/99 to 2004/05)	14
Table 3: Key Indicators of Uganda's External Debt	14
Table 4: Medium Term Expenditure Framework 1998/99 - 2006/07 (Excluding arrears and non-VAT taxes (Percentages)	16
Table5: Poverty Action Fund expenditures as a percentage of the discretionary government government of Ugandan expenditure	17

## List of Figures

Figure 1: Infant, Under-5 and Maternal Mortality	13
Figure 2: Trends in IDA approved loans to Uganda since 1986	14
Figure 3: Estimated Debt Service Payments for Uganda to IDA	15
Figure 4: Disaggregated inflation trends (Oct 2001 - March 2002)	25
Figure 5: Principal Economic Cost Terms of Uganda's Conflict	27

## List of Abbreviation

AAIUS	Action Aid International USA
CAS	Country Assistance Strategy
CPRC	Chronic Poverty Research Centre
CSO	Civil Society Organisation
DOD	Debt Outstanding and Disbursed
DRT	Development Research and Training
DSA	Debt Sustainability Analysis
FY	Financial/Fiscal Year
HIPC	Highly Indebted Poor Country
GDP	Gross Domestic Product
IDA	International Development Association
IMF	International Monetary Fund
MDG	Millennium Development Goal
MTEF	Medium Term Expenditure Framework
NGO	Non-Governmental Organisation
NPV	Net Present Value
ODA	Overseas Development Assistance
PAF	Poverty Action Fund
PEAP	Poverty Eradication Action Plan
PRGF	Poverty Reduction and Growth Facility
PRSC	Poverty Reduction Support Credit
PRSP	Poverty Reduction Strategy Paper
PSI	Policy Support Instrument
WHO	World Health Organisation
UNDP	United Nations Development Programme
USD	United States Dollar

# 1.0 Introduction

The macroeconomic policy that underpins Poverty Reduction Strategy Papers (PRSPs) in low income and highly indebted countries such as Uganda blocks such countries from spending what is needed to achieve the Millennium Development Goals (MDGs). While the Poverty Eradication Action Plan (PEAP) (Uganda's PRSP) has an appearance of being MDG-compliant, the scale of spending needed to attain them cannot happen within the current macroeconomic framework. In light of real constraints to raising domestic resources to fill the gap, given the country's indebtedness and the fragile nature and low export capacity of the economy, it is highly unlikely that the MDGs will be attained.

While Ugandan civil society considers that there is considerable policy space for engaging on PRSPs and MDGs and has registered some degree of success in influencing policy, 'policy space' for debating alternative macroeconomic policies is extremely limited or even non-existent, not only for civil society but for the Government as well. Because Uganda, like other low income countries, has lost the autonomy to choose its macroeconomic policy to stimulate aggregate demand or lower interest rates in order to encourage domestic investment, Civil Society Organisations (CSOs) must aggressively promote and find sponsors for the emerging alternative macroeconomic policies for scaling up resources for the attainment of the MDGs.

## 1.1 Background and Context

At the turn of the new millennium, a set of eight goals known as the Millennium Development Goals (MDGs) were established as monitorable benchmarks for tracking the ever-pervasive poverty. Heads of state and government, of 189 of the world's rich and poor countries alike made a commitment to eradicate extreme poverty and hunger, achieve universal primary education, promote gender equality and empower women, reduce child mortality and improve maternal health. They also committed to combat HIV/AIDS, malaria, tuberculosis and other diseases, ensure environmental sustainability and develop global partnerships for development. At about the same time, Poverty Reduction Strategy Papers (PRSPs) were introduced as the over-arching, comprehensive, country-owned policy framework to guide public action in generating economic growth and reducing poverty in highly indebted poor and low income countries.

The objective of this study is to determine the extent to which Uganda, one of the Highly Indebted Poor Countries (HIPC) will be able to attain some or all the MDGs within the framework of PRSPs in light of the constraints of a heavy debt burden, fragile economy, declining and unpredictable development assistance and deteriorating terms of trade, which militate against poverty reduction and sustainable development efforts. It is part of a study of five African countries<sup>1</sup> aimed at examining how PRSPs and MDGs are working at national level as tools for development and poverty reduction and how various stakeholders interact around these two frameworks.

## 1.2 Uganda Country Context

With a population of over 26 million, growing at 3.4%, a per capita income of USD\$250 (in 2004), and life expectancy at birth standing at 45 years (2003), Uganda is listed by the United Nations Development Programme (UNDP) and World Bank as one of the poorest and highly indebted countries in the world. Of its population, 38% lives on less than one dollar a day (2003), and 20% (or over 7 million people) are chronically poor<sup>2</sup> and inequality has been increasing while poverty has been deepening (PEAP 2004).

Millennium Development Goals (MDGs) were established as monitorable benchmarks for tackling poverty. At the 2000 United Nations Millennium Conference, all donors and aid receiving country governments agreed to tailor their future policies and expenditure priorities to meet the MDGs drawn largely from key commitments previously made at high level UN Thematic conferences during the 1990s. While the targets set in the MDGs apply primarily to the developing countries, they also emphasize the contributions that can be and should be made by wealthy countries through trade, aid, debt relief and access to essential medicines and technological transfer. This commitment was renewed in the Monterrey Consensus for Financing Development. Since then, bilateral and multilateral efforts to increase funding specifically for the fight against HIV/AIDS (known as the Global Fund) have also added significantly to increases in foreign aid levels in the recent past.

---

<sup>1</sup> In addition to Uganda, other countries covered by the study are Zambia, Ethiopia, Mali and Senegal.

<sup>2</sup> Chronic poverty occurs when individuals, households or regions are trapped in severe and multi-dimensional poverty for an extended period (usually 5 or more years) and where poverty is transmitted across generations (inherited), so that people are born in poverty, live in poverty and pass it on to their offspring (CPRC and DRT, 2005, p.5).

At about the same time as the establishment of the MDGs, Poverty Reduction Strategy Papers (PRSPs) were introduced. Since then, to obtain foreign aid, credit or debt relief, all Highly Indebted Poor Countries (HIPC) are required to have national Poverty Reduction Strategy Papers to demonstrate to donors, if not necessarily their citizenry, that they intend to utilize the donor support to reduce poverty.

The PRSPs identify poverty reduction priority areas for emphasis in budgetary allocations within existing and available resource envelopes. Further, the PRSPs are guided by three-year Medium Term Expenditure Frameworks (MTEF) which are programmed by the Ministry of Finance and the International Monetary Fund (IMF). The World Bank and the IMF made PRSPs a condition for lending to poor countries and have to be endorsed by the Executive Boards of the IMF and the World Bank before country Poverty Reduction Strategies (PRSs) can be supported by donors.

Because MDGs were decided upon by heads of state, they are a shared framework and an important reference for the donors. PRSPs are a crucial means, a 'roadmap' to translating MDGs into national realities. However, PRSPs have a three-year lifespan and are periodically revised and updated on the basis of annual reviews to reflect "changing circumstances and emerging priorities" (PEAP 2004). On their part, MDGs are cast in the long-term, which creates a disjoint in the timeframes between the two.

In Uganda, there is considerable convergence between the PEAP and MDGs. MDGs are aligned with and imbedded within PRSPs becoming more explicit with the successive revisions<sup>3</sup>. The PEAP itself captures them as the "the most high profile of the international initiatives ... which the country remains committed to achieving and (which) the PEAP Results and Policy Matrix reflects the priority given to them" (PEAP 2004, p.10). As a result, Uganda has experienced strong economic growth averaging 6.5% per annum. Since 2000, there have been major developments in the delivery of social services. Uganda has registered a rapid fall in income poverty, a dramatic increase in primary school enrolment and a considerable fall in the HIV/AIDS prevalence rates, among other achievements.

### **1.3 Statement of the Problem**

Despite rapid advances by some countries like Uganda that show that some MDGs are achievable, most countries in Sub-Saharan Africa are yet to mobilize enough financial resources and political commitment to meet and sustain all the MDGs. For many, HIV/AIDS remains an intractable challenge as is their weak and fragile economies. A 2003 UNDP review of Sub-Saharan Africa's social development indicators provides a bleak picture of the region's progress towards MDGs. The number of people living on less than a dollar a day is increasing; the prevalence of underweight children remained at nearly 50% even as there was a global overproduction of food.

Donors have backed PRSPs and MDGs although they have failed to translate this backing into aid allocation policies that result in sustained poverty reduction outcomes. This has raised questions regarding the role and usefulness of these frameworks in the process of allocating aid for poverty reduction. It is therefore important that the relationship between PRSPs and MDGs and their effectiveness in influencing pro-poor policy be examined.

---

<sup>3</sup> Uganda's Poverty Eradication Action Plan (PEAP) has undergone two revisions (2001 and 2004) since its formulation in 1997.

## **2.0 Scope of the Study (Terms of Reference)**

### **2.1 Objectives**

The main objective of the study is to determine the extent to which Uganda will be able to attain some or all the MDGs within the framework of using PRSPs to tackle the constraints of a heavy debt burden, fragile economy, declining and unpredictable development assistance and deteriorating terms of trade. The study seeks to understand the roles of both the MDGs and PRSPs in fighting these hurdles which generally militate against poverty reduction and sustainable development efforts.

To address the objective of the study, an attempt is made to address the following key questions and issues:

1. The extent to which MDGs and PRSPs have become rallying points for national development. How have MDGs been integrated into national policy, planning and budget processes?
2. The extent to which the relationship between the PRSPs and MDGs within the national context has been shaped and how/to what extent has the PRSP taken the MDGs into consideration? Is the PRSP supporting or undermining the MDG agenda?
3. The role of the World Bank and IMF in the MDGs agenda. Given the macro economic policy influence of the Bank and the Fund - has their advice influenced flow of resources for the MDGs (positively or negatively)?
4. Whether there is a coherent MDG message and programme of support from multilateral agencies. Is there donor emphasis on particular goals and if yes, is this consistent with national priorities? Does the MDG/Millennium Declaration agenda present any opportunities or challenges to moving forward on national priorities? Is the country demonstrating good practice in engendering national ownership of the MDGs? If yes, describe the process by which this was done, including any supporting institutional arrangements.
5. Whether MDGs have afforded better partnership between national stakeholders than have PRSPs. In particular assess the extent to which governments have been able to engage CSOs and the private sector in shaping the development agenda after the PRSP experience. To what extent have the MDGs been a tool for raising awareness, developing consensus and alliance building around national development/poverty eradication?
6. Discuss and critically analyze the extent to which the scope for CSOs to play a broader role in delivering the MDGs and PRSPs has been enlarged. Examine the extent to which CSOs have been engaged in policies, actions and even institutional arrangements for this to happen. What has the relationship between the PRSPs and the MDGs meant for the work and roles of CSOs?
7. Give recommendations on how the international community, national governments and other stakeholders should handle the PRSPs and MDGs as tools for development in Africa.

### **2.2 Methodology**

This study is based on a review of documents from various sources. It relies on reports by the Government of Uganda (Ministry of Finance Planning and Economic Development, the Central Bank and Sector Ministries), the IMF and World Bank, Civil Society publications and media reports. It also draws on the author's own extensive experience, knowledge and work on PRSPs and MDGs in Uganda and beyond. Information from these varied sources has then been subjected to critical analysis to draw conclusions in respect of the Terms of Reference given for this study. The report was discussed at a validation workshop held in Lusaka, Zambia on 8 - 9 June 2006 and thereafter amended accordingly.

## 3.0 Analysis of Findings

### 3.1 The Interface between MDGs and PRSPs in the National Policy, Planning and Budget Processes

While Uganda has Vision 2025<sup>4</sup>, the Poverty Eradication Action Plan (PEAP) is the main framework that guides government policy and action on poverty eradication. First formulated in 1997, it was revised in 1999 and then presented to the World Bank and the IMF Boards as Uganda's PRSP in 2000. Since then it has undergone another revision in 2003, based on three PRSP annual progress reports. The PEAP is prepared through consultative processes involving central and local governments, parliament, donors and civil society.

The 2001/2 PEAP had the following four pillars:

- Directly increasing the ability of the poor to raise their incomes;
- Directly increasing the quality of life of the poor;
- Creating an enabling environment for economic growth and structural transformation; and
- Ensuring good governance and security.

The 2004/5 PEAP has five pillars, restructured from the previous PEAP to group actions in a way that mirrors better the institutional structure of government and to reflect the importance given to civil society concerns such as enhancing production and productivity, conflict resolution and disaster management:

- Economic management (addressing maintenance of macroeconomic stability, fiscal consolidation and boosting private investment);
- Enhancing production, competitiveness and incomes (addressing the Modernisation of Agriculture, preservation of the natural resource base, development of infrastructure and enhancing private sector skills and business development);
- Security, conflict resolution and disaster management (key priorities being the ending of rebel insurgency - if possible by peaceful means, ending cattle rustling and dealing with internal displacement);
- Good governance (focusing on human rights and democratization, improvement of legal system, transparency, accountability and elimination of corruption) and
- Human development (focusing on primary and secondary education, improved health outcomes, improving the ability for planned families and community empowerment).

The PEAP also lists cross-cutting issues such as gender, HIV/AIDS, employment, social protection, population growth, regional equity and income distribution.

The PEAP is further guided by a three-year Medium Term Expenditure Framework (MTEF) which is a rolling set of indicative budget projections programmed by the Ministry of Finance and Economic Development based on projected revenue and aid; conservative estimates of external flows. Annually, these are translated into national budgets that set sector ceilings for the different ministries and expenditure centres and guide government expenditure. Most sectors now have Sector Investment Plans based on a Sector Wide Approach (SWAP). The PEAP also guides government-donor relations, as budget support to government is expected to be based on Partnership Principles and on priorities and actions spelt out in the PEAP and subscribed to by all development partners. While some donors still provide project support and ear-marked funding, key donors such as the World Bank, DFID, Ireland Aid, Danish Aid and a host of others provide their assistance through budget support. In general the MDGs have been integrated into the PEAP and are considered by the government to be "fully consistent with the national development priorities" (PEAP 2004, 10). Government is committed to achieving the MDGs as reflected in the 2004/5 PEAP Results and Policy Matrix. Like other development priorities, they are implemented through the MTEF, Sector budgets and the Annual Budget.

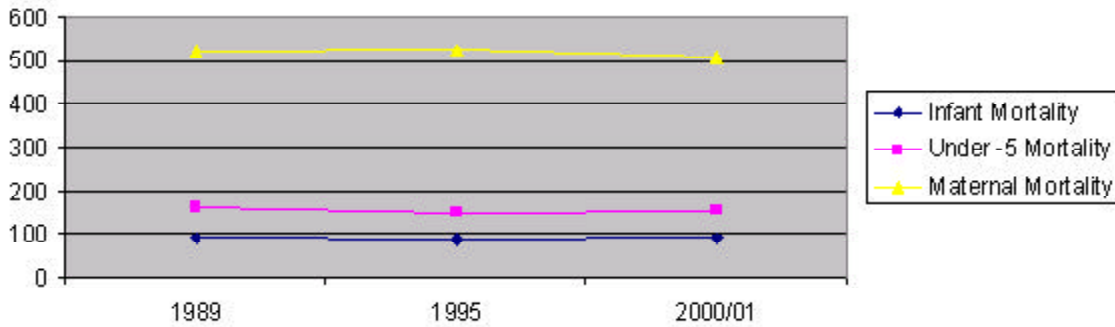
---

<sup>4</sup> Vision 2025 was prepared in the 1990s with support of the United Nations Development Programme. It is being updated to Vision 2035 by the National Planning Authority.

**Table 1: How MDG Targets Compare with PEAP Targets**

Millennium Development Goal and Targets	2004/05-2007/08 PEAP Targets	Remarks
Eradicate extreme poverty and hunger. Reduce by half the proportion of people whose incomes are less than 1 US dollar a day by 2015	Reduce income poverty and inequality for the proportion of Ugandans living below poverty line to less than 28% by 2013/4 and 26% by 2015	Uganda on course to meet this MDG. By 2003, the population of Ugandans living in absolute poverty was at 38%. However, experience shows that marginal gains are hard as one moves towards the core (chronically) poor. With conflict in Northern Uganda, and a number of other constraints, attaining the PEAP target to reduce poverty by 2015 to 28% is not guaranteed.
Achieving Universal Primary Education by 2015	Attain 100% net primary school enrolment by 2013/14.	At 85% now enrolment is on course. However, Realization of the PEAP target will depend on the education sector reforms focusing on improved outcomes including among the poorest pupils.
Achieving gender parity by 2005 and in all levels of education by 2015	Improve quality from 56% to 69% and post-primary and tertiary enrolment and quality disaggregated by gender	Uganda has registered success in achieving the gender parity for primary education The challenge is for reducing gender disparity at secondary education currently at the ratio of 43%. Improvements have been registered at university level.
Reducing under five mortality by two thirds by 2015; Halving the prevalence of malnutrition by 2015	78/1000 deaths by 2002 and 68/1000 deaths by 2008	Indicator stagnated in 1990s and reducing it by two thirds is highly ambitious. The government projections are promising. However, significantly more requires resources to achieve this target
Reducing maternal mortality by three Quarters by 2015.	505/100,000 by 2002/03 and 354/100,000 by 2007/08	Slow progress and unrealistic to achieve. Improved and expanded delivery of quality health care services and reproductive health services has stagnated for decades.
Halting the spread of AIDS and starting to reverse it by 2015	Reduce to 5% by 2008.	Good Progress made. The prevalence rate reduced from 20% in 1991 to 6.5 in 2001 and 6.4 by 2005. MDG target is already realised while the PEAP target is within reach. (current projection in the 2 <sup>nd</sup> Health Sector Strategic Plan is to bring it down to 3% by 2011)
Ensure environmental sustainability. Halving the proportion of people by 2015 without sustainable access to drinking water and improved sanitation. Achieve a significant improvement in the lives of slum dwellers by 2020	Increased access to safe water 100% (urban) and 90% (rural). Increased functioning water and sanitation facilities from 70% to 85% by 2015. Revitalized community development function	MDG target partly met with 55% of rural water coverage. PEAP target may be more difficult to meet. No target set on slum improvement.
Develop a global partnership for development	PEAP built on partnerships	Donors support 41% of Government budget and over 80% of the development budget

**Figure 1: Infant, Under-5, and Maternal Mortality**



Source: Uganda District Health Survey (1995, 2000/01) (cited in PEAP 2004/5)

Note: Infant and under-5 mortality rates are per 1000 while maternal mortality is per 100,000.

While its commitment is not in doubt, the Uganda government faces a host of challenges/constraints to meeting and sustaining MDGs and PRSP targets. These include:

- Relatively high attrition rates due to HIV/AIDS and malaria/TB infections and the impact on the economy;
- High dependency on primary commodities for exports;
- Deteriorating terms of trade;
- Donor dependence and influence; and
- Unsustainable debt.

Others are:

- High population growth rates;
- Risk perceptions concerning political and economic governance, conflict and corruption
- Capacity of the economy to absorb additional external aid flows without creating inflation;
- Weak infrastructure such as roads; and
- Technological challenges (Digital divide)
- Acute energy shortage
- Conflict in the Northern part of the country.

As a consequence of the above challenges, 38% of Uganda's population lived on less than one dollar a day in 2003, up from 34% in 2000, with 20% (or over 7 million people) chronically poor. Uganda is listed by the UNDP and World Bank as one of the poorest and highly indebted countries. And at a gini co-efficient (reflecting the extent of inequality) of 0.4, up from 0.34, poverty in Uganda has not only been increasing since 2000 but it has also been deepening. The average population growth rate is 3.4% per year, while fertility is 6.9 children, making it one of the fastest growing populations in the world. At the same time, infant and child mortality has not improved over the past decade and stays at 80 and 100 per 1,000 live births respectively.

Poor hygiene contributes to a high incidence of disease and death. About 2.9 million households are still unable to afford a separate blanket for every child (Background to the Budget 2005). While it is estimated that 13% of households possess a mosquito net, only 8% of under-fives usually sleep under one (Muwanga-Zake cited in NGO Forum 2005).

From the challenges above, we discuss further dependency on primary products, debt and debt servicing, donor dependency, which are of immediate relevance to the objectives of this study.

In terms of livelihoods, while industry and services have been expanding considerably (until the onset of the power crisis), agriculture still accounts for the livelihoods of a very large proportion of the population. It employs over 68% of the population, implying that improvements in the sector would be of great significance to poverty reduction. However, the share of agriculture to GDP has continued to decline from 51% in 1991/92 to 36% in 2004/05, reflecting there have been productivity constraints as well as declining rate of growth. In addition to changing climate and antiquated farming practices, the declining growth of the sector can be attributed to minimal public investment, where for instance, the agriculture budget was only 4.0 % of the total budget in 2002/03.

A key challenge to implementation of poverty reduction programmes is the high dependence on primary commodities and on donors for assistance which averages about 12% of Uganda's GDP as shown below.

**Table 2: Uganda's composition of external assistance as a share of GDP (1998/99 to 2004/05)**

	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
<b>Total</b>	12.12	10.00	13.12	13.52	13.12	13.44	12.09
<b>Loans</b>	4.18	2.95	3.59	5.17	4.90	3.26	3.08
<b>Grants</b>	7.95	7.05	9.54	8.36	8.22	10.18	9.01
<b>o/w HIPC</b>	0.67	0.68	0.89	0.97	1.00	1.08	0.71

Source: Ministry of Finance, Planning and Economic Development (cited in Egesa 2005)

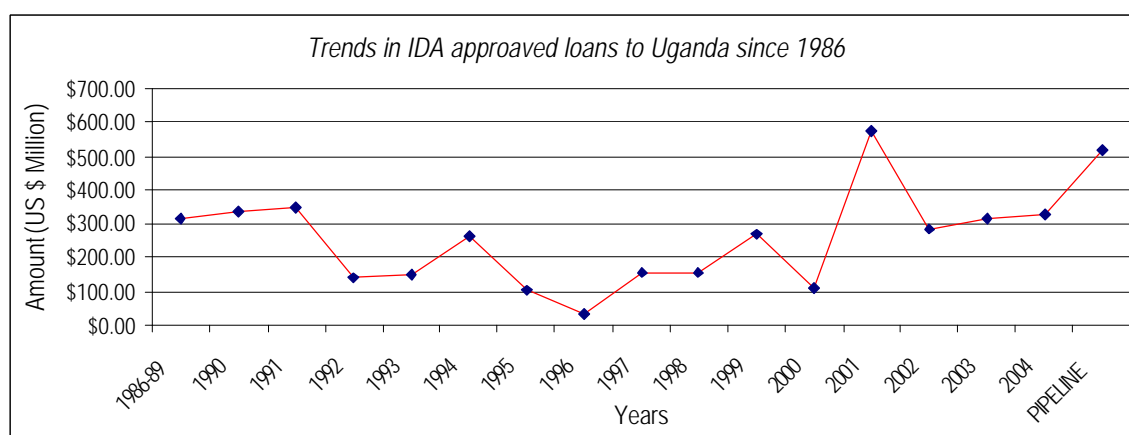
### Uganda's Debt stock and Debt Service

**Table 3: Key Indicators of Uganda's External Debt**

Fiscal year	Total debt stock in US\$ millions	Total debt service (US\$ millions)	Ratio of Debt stock to GDP
2000/01	3,574.8	164.7	63.2%
2001/02	3,785.8	133.6	64.8%
2002/03	4,284.2	172.0	68.5%
2003/04	4,510.0	179.7	63.2%
2004/05	4,874.9	192.1	56.2%

Source: Background to the Budget 2005/06

Much of the debt is owed to multilateral creditors. For example, as of end of June 2002, Uganda's outstanding stock of external debt amounted to US\$4.1 billion, comprising of Debt Outstanding and Disbursed (DOD) amounting to \$3.69 billion, IMF credit worth \$257 million and short-term debt<sup>5</sup> worth \$153 million. Of that total DOD, 86% was owed to official multilateral creditors while the debt top official bilateral and private creditors accounted for 13% and 1% respectively.



<sup>5</sup> Short term debt consists of debt that has not been repaid to creditors with whom agreements on HIPC relief to be provided have not been reached

## Debt Relief

In April 1998, Uganda was the first country to benefit from debt relief under the HIPC Initiative. In May 2000, it reached the Completion Point under the Enhanced HIPC Initiative. Of the debt-service relief under (HIPC) of US \$2 billion, the World Bank's IDA is providing nearly US \$1 billion (US \$517 million in Net Present Value (NPV) terms). Part of this was by way of an IDA grant of US \$75 million allocated for the Universal Primary Education Program.

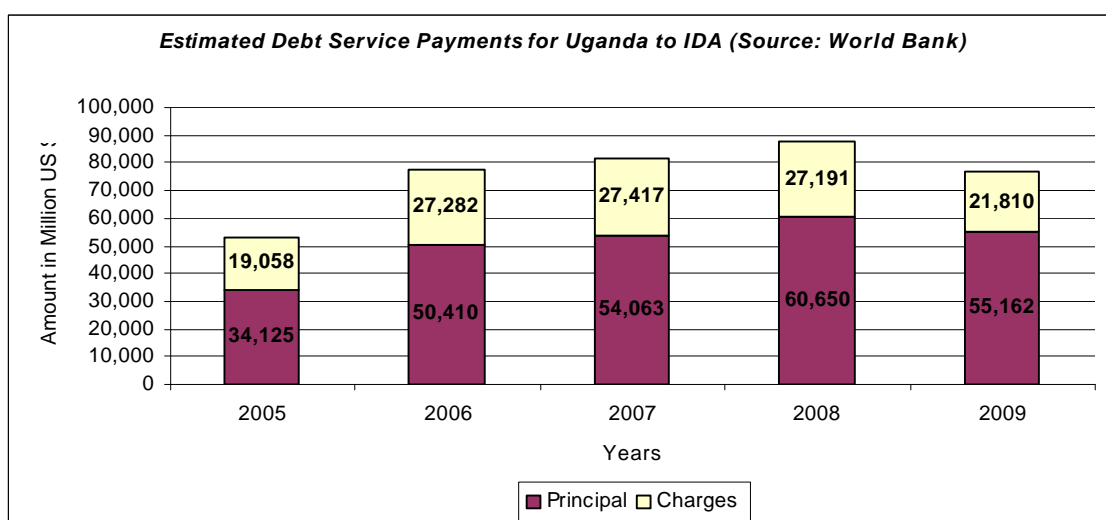
Under the recently agreed Multilateral Debt Relief Initiative (MDRI), the IMF has provided 100% debt relief on all debt incurred by Uganda to the IMF before January 1, 2005 that remains outstanding. This amounts to approximately US\$126 million. According to a press statement by the IMF, "the international community has made these additional resources available to help Uganda make progress toward its MDGs". It further states "Uganda has qualified for IMF debt relief because of its overall satisfactory macroeconomic performance, and progress in poverty reduction as well as improvements in public expenditure management. Performance in these areas provided assurance that resources made available under the MDRI will be used effectively".<sup>6</sup>

There is fear (even within government cycles) that the 100% debt cancellation may be accompanied by a corresponding dollar for dollar reduction in gross assistance flows to the country. While Uganda may still receive new grants, it is highly unlikely to be as much as the country has been getting.

## Debt Sustainability

According to MFPED (Background to the Budget 2005/06), Uganda's debt remains unsustainable as measured by the Net Present Value (NPV) of debt-to-exports of goods and services, which was calculated to be 279.5% in 2004. This is far above the HIPC threshold of 150%. The situation might even get worse given the current low level of export growth and declining rates in economic performance.

However, the ratio of debt service after HIPC assistance to exports and government revenue were both 9% and considered to be within "acceptable and manageable ranges" as actual cash payments of debt service in 2004 amounted to US\$68 million (Agesa 2005). However, projections of debt indicators show that the debt sustainability situation is expected to deteriorate further in the medium term (Egesa 2005). Curiously, the criterion for calculating DSA is being altered from NPV of debt to three-year exports framework to one-year's exports ratio. This way, a ratio of 229% would become 179%, below the 200% threshold. This will allow Uganda to borrow \$400 million to accommodate the financing of a new hydro-electric power station (Uganda-European Commission 2005).



## 3.2 The relationship between PEAP and the scale of spending needed to attain MDGs

Among other things, this study seeks to interrogate the divergences and convergences imbedded in the use of both the PRSP and MDGs as planning tools for national development.

<sup>6</sup> IMF Press Statement , Kampala December 23, 2005

One common feature of all PRSPs is that they have to feature prudent fiscal policy, including a balanced budget coupled with a commitment to generate higher public revenues through tax reforms and to re-allocate spending towards poverty reduction activities. At the budgetary level, therefore, proposed spending plans arising from PRSPs appear to have a clear pro-poor bias. Many have also been formulated with increasing participation from civil society, thereby improving their transparency and effectiveness and those of the social programmes implemented as a result, making them MDG-compliant.

However, there is still a problem. While budgetary priorities vary from country to country, most PRSPs are stuck in low-spending/low growth modes. Needless to say, while most PRSPs could be said to be 'MDG-compliant', the scale of spending needed to achieve the MDGs simply cannot happen while complying with the PRSP funding constraints. As correctly put by Dr. Sergio Spinaci of the Coordination of Macroeconomics and Health Support Unit of the World Health Organisation, "It is not easy within present budgetary constraints to invest more ... especially if you have a large proportion of the budget invested in debt repayments and a macroeconomic policy focused on containing even the slightest of inflation and setting spending ceilings for social sectors" (AAI 2005:10). For example, a 2004 study of 21 PRSPs by the WHO<sup>7</sup> found that despite their supposed emphasis on combating poverty, PRSP health strategies are becoming neither more nor less 'pro-poor' over time.

So while PRSPs usually reflect the language and goals of MDGs, there is no question that the high degree of budget austerity is directly at odds with the spending increases needed to achieve them.

There is considerable convergence between Uganda's PEAP and MDGs. Technically speaking there is one comprehensive development planning framework in Uganda and it is the PEAP. MDGs are not and were never intended to be a framework for development separate from the country's PEAP. Instead they are but a "tool for analyzing a country's development goals". MDGs do not prescribe the means by which a country attains its goals (Dr. Aboagye of UNDP Uganda Country Office). The PEAP captures the MDGs as "The most high profile of the international initiatives ... under which a number of targets have been set that both developing countries and development partners are committed to achieving by 2015. The country remains committed to achieving these targets and the PEAP Results and Policy Matrix reflects the priority given to them" (PEAP 2004, p.10).

As already demonstrated above, in the PEAP matrix, both in general as well as in the details, the MDGs are well articulated. The targets in the matrix are even gender-disaggregated. In an assessment of the earlier version of the PEAP, (see MDGs and PEAP at a Glance) CSOs concluded that some of the PEAP targets such as HIV/AIDS were even more ambitious than those of the MDGs.

Even in the allocation of resources, a number of MDGs are prioritized. For example, education, health and to some extent, water and sanitation are allocated considerable portions of the National budget as illustrated in table below.

**Table 4: Medium Term Expenditure Framework (MTEF) 1998/99 -2006/07 (excluding arrears & non-VAT taxes) (Percentages)<sup>8</sup>**

Sectors	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07 Projected
Education	20.3%	20.3%	19.7%	18.9%	20.5%	19.9%	18.8%	17.1%	18.3%
Health	11.6%	11.1%	11.0%	11.6%	13.9%	12.2%	10.9%	13.7%	9.7%
Water	0.0%	4.6%	6.1%	5.3%	3.3%	4.6%	3.2%	3.0%	2.6%
Roads and Works	12.7%	13.0%	13.9%	12.8%	8.2%	11.5%	11.9%	10.1%	11.3%
Agriculture	3.7%	4.1%	4.4%	5.0%	4.2%	4.8%	3.6%	4.0%	3.5%
<b>Sub-total</b>	<b>48.4%</b>	<b>53.1%</b>	<b>55.2%</b>	<b>53.5%</b>	<b>50.0%</b>	<b>53.0%</b>	<b>48.3%</b>	<b>47.8%</b>	<b>45.4%</b>
Security	11.1%	10.8%	9.3%	8.4%	10.9%	9.5%	11.1%	10.1%	9.6%
Public Administration	14.8%	14.5%	13.0%	13.0%	14.4%	13.8%	13.3%	13.6%	13.0%
Others <sup>1</sup>	25.8%	21.6%	22.6%	25.0%	24.7%	23.8%	27.3%	28.5%	32.0%
Sub-Total	51.6%	46.9%	44.8%	46.5%	50.0%	47.0%	51.7%	52.2%	54.6%
<b>Grand Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: MFPED (Background to the Budgets, Approved Estimates of Revenues & Expenditures for various years)

Education takes the largest share of the spending in the social sector. Tracking and value for money studies have established that currently 90% of the funds allocated in the budget for education are actually reaching the schools, up from 36% in 1995. In nominal terms, the budget for health has trebled over the past four years. In the health budget there has been sharp realignment to primary health care from 5% to 22%. Even the budget for water has also increased exponentially from 1% to 3% over the last four years. However, despite nominal value increases, the percentage share of spending on social sectors has declined from 55% in 2000/01 to 47% in 2005/06 while there have been corresponding increases in non-MDG, non-directly poverty reducing sectors, such as public administration.

The Poverty Action Fund (PAF), created in the wake of the HIPC debt relief initiative to receive debt relief savings for transparent allocation to poverty reducing activities, has increased from 25% of the discretionary government of Uganda expenditure<sup>10</sup> in 1998/9 to 37.9% in 2004/05. And because of its openness to civil society scrutiny<sup>11</sup>, it has performed relatively well to the extent that it has attracted considerable additional resources from donors. Even social protection has been given consideration in recently concluded revision of the PEAP as has been income redistribution and regional equity.

**Table 5: Poverty Action Fund expenditures as a percentage of the discretionary government of Uganda expenditure<sup>12</sup>**

1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06 Projection
25.4	26.5	31.30%	33.80%	35.20%	37.30%	37.90%	37.90%

Source: MFPED

The area of real divergence between PEAP and the MDGs is in the PEAP statement that "the relative speed at which any particular target is approached will reflect the particular constraints and the trade-offs that the country faces" (PEAP 2004, 10). This is a coded reference to the structural constraints imposed by the macroeconomic framework underpinning the PEAP. To achieve the MDGs, including those to which Uganda is seemingly totally committed to achieve, Uganda needs to mobilize substantially more additional resources and distribute them more equitably across regions, social sectors and social strata. The government, World Bank and IMF rhetoric on this point can be tricky. As argued by Action Aid US, when it says it is in favor of increased social spending, this is technically true. "But the 'increases' allowed for are nowhere near the levels projected to achieve the MDGs". Permitted increases in public expenditures are 'controlled' carefully to stay within the confines of the pre-defined 'macroeconomic stability'. IMF policy statements are also generally supportive of increased aid but only "if they can be effectively absorbed and utilized without endangering macroeconomic stability" (AAI US 2005, 12). Underlying the PEAP, the main thrust is achieving macroeconomic stability - maintaining very low levels of inflation, limiting government expenditure and floating the rate of exchange. Therefore the need for additional resources is almost in direct conflict with the so-called 'absorption capacity' of the economy, or its ability to take in and utilize more aid inflows or for significant increases in public expenditure needed to realise the MDGs. The PEAP identifies priority areas for poverty reduction but can only make budgetary allocations "within existing and available" resources.

Now, Uganda undertook an MDG needs assessment the outcome of which implies huge increases in both aid and public expenditures, estimated in the region of US\$33.5 billion for the next ten years up to 2015. This translates into per capita requirement of \$92 of which it is estimated that \$42 will be financed domestically through household and government contributions. Therefore ODA commitments are estimated at \$50 per capita for the next ten years, excluding expenditures for disaster responses, improvements for slum dwellers, higher education, information technologies and Research and Development. So far donor assistance has been in the region of US\$ 35-42 per capita. Of this an estimated \$21 does not go towards MDGs. This allocation will have to be improved considerably if Uganda is to attain the MDGs [Muwanga-Zaake cited in NGO Forum 2005, pp 22 to23].

<sup>7</sup> PRSPs: Their Significance for Health: second synthesis report, World health Organisation 2004

<sup>8</sup> This total amount include Donor project funding

<sup>1</sup> Justice, Law & Order; Accountability; Economic Functions & Social Services and Interest Payments

<sup>10</sup> Discretionary Expenditure excludes interest payments and donor projects

<sup>11</sup> Civil Society PAF monitoring ([www.udn.or.ug](http://www.udn.or.ug))

<sup>12</sup> Discretionary Expenditure excludes interest payments and donor projects

Sector ministries prepare investment plans such as the Health Sector Strategic Investment Plan, the Education Sector Investment Plan and the Social Development Sector Investment Plan, painstakingly working out the resources needed to realise such plans only to be frustrated by the sector ceilings set under the Medium Term Expenditure Framework<sup>13</sup>.

For example, the Health Sector Strategic Plan requires US\$28 per capita against the current investment of US\$ 12 (of which government provides US\$6). But this is way beyond the sector ceiling for health.

And it is not a question of the unavailability of the needed resources. In Uganda, the availability of additional, earmarked grant funds for HIV/AIDS, Malaria and Tuberculosis from the Global Fund has led to considerable tension between budget caps for the health sector and the need for additional resources. (For an extended argument, see Nyamugasira and Rowden 2002). The tension can be summed up as the 'logic of need' versus the 'logic of the available'. And this does not only hold true for those investments for directly improving the quality of life of the poor but also for those necessary for increasing the ability of the poor (and the economy as a whole) to raise their incomes, both of which are 'cornerstones' of the PEAP. Therefore the real threat to the realisation of the MDGs is not so much the declining ODA as it is the macroeconomic policy frameworks that fail to provide for the necessary scaling-up of aid and public expenditure projected to achieve the MDGs.

The second critical issue is that of Uganda's export base which remains narrow and dependent on raw materials such as coffee, tea, flowers, fish, hides and skins. This is aggravated by the economy's exposure to shocks and the effect of structural factors that limit its capacity to adjust quickly. This means that the economy has not developed the capacity to fund the MDGs without substantial external support in form of loans and grants. This is partly due to the international community's failure to concede to a fairer trade regime for the poorer countries. For while total exports of goods and non-factor services for the FY 2003/04 grew by 28% from US\$766 million to US\$979 million, the volume of coffee exports, beans and cobalt registered declined. Coffee export volumes declined by 15% although its value rose slightly. The economy remains fragile. Equally important, however, is the very low level of public investment in productive activities which grew marginally from 4.7% to 5% in the last two years.

This situation takes us to the issue of debt sustainability and resource flow for poverty reducing expenditures. Analytically, there are three key determinants of debt sustainability, regardless of which indicator is used. These are:

- The existing stock of debt and its repayment terms;
- The development of the country's fiscal and external repayment capacity, i.e. the growth of income, exports and fiscal revenues;
- The growth, composition (the mix of grants and loans) and terms of new external financing.

The susceptibility of a country like Uganda to external shocks, although not a separate factor, has important implications for disruptions in its capacity to service debt, repay loans as well as provide for growth and poverty reduction. These key determinants are in turn, closely inter-related and are linked to domestic and external policies. According to Egesa (2005), the existing stock of debt and associated debt service reflect past policies and are starting points for determining long-term debt sustainability. The growth of income and exports and new flows of external finance are also important for long-term debt sustainability, and depend to a large extent on present and future policies. Higher export growth typically leads to higher GDP growth, and the latter can lead to stronger revenue growth provided that adequate revenue collection mechanisms are in place. Similarly, the terms under which new external financing is contracted will have an effect on future growth through the returns to investment and the impact on taxation.

In short, sustained robust export is needed to strengthen HIPC's external payment capacity and help create additional income and resources for growth and poverty reduction by creating jobs for raising incomes. While it is true that debt relief has released additional resources for poverty reducing expenditure areas under the MDGs and in the PEAP as demonstrated by the success of the Poverty Action Fund in Uganda (Keith Muhakanizi<sup>14</sup>), HIPC has not reduced the need for new borrowing, which keeps the country's debt stock rising. Neither has it resulted in debt sustainability, a primary and fundamental objective of HIPC. This is largely because Debt Sustainability Analyses (DSAs) prior to HIPC tended to over-estimate export growth and under-state future debt stocks and debt service payments [Egesa 2005, p. 17].

---

<sup>13</sup> In addition to the "Medium-Term Expenditure Framework" (MTEF) Uganda also has a "Long-Term Expenditure Framework" (LTEF) but it too lies squarely within the same "macroeconomic stability" confines as the MTEF: commitment to maintaining inflation at 5%, reducing fiscal deficit and containing government expenditure at 22.3% of GDP.

Therefore the country needs to search for alternative revenue sources. Alternative sources of revenue bring us to the issue of increasing government spending. As Fernando Cardim de Carvalho (AAI US 2005, p.14) argues, put simply, there are two ways of looking at the world of economic policy making and increasing government spending or what is also called the concepts of 'crowding out' and 'crowding in'.

The current approach to economic policy making regarding government spending is that government expenditure is constrained by its current source of revenue so that to spend more money, it requires either cutting a corresponding amount from expenditure on something else or raising additional revenue from new taxes.

Otherwise, increasing Government expenditure simply crowds out the private sector through higher inflation and increased cost of borrowing.

However, there is another way of looking at it: Instead of government expenditure 'crowding out' private sector spending, it could result in the creation of new income by inducing increased production. This would bring about new jobs and lead to increases in private spending as people who earn salaries and sell goods and services to government spend their income on other goods in a "second round" of spending. This is particularly so where there is excess capacity in the economy. This then has 'multiplier effect' of creating new jobs and income for other sectors of the economy and generating new tax revenues for the government. This is a worthwhile option in economies like Uganda's where the gap between current and potential level of economic output is considerably big. The actual problem has been that additional government spending has resulted in increased consumption of imported goods and services which means exporting the positive effects of such spending. This aspect of 'the macroeconomics of scaling up' needs serious consideration instead of excessively constraining or tightening public expenditure in the face of enormous need for increased spending to meet the MDGs.

### **3.3 The Role of the World Bank and the IMF in Uganda's PEAP and MDG Agendas**

In November 2000, the World Bank's Board approved a Country Assistance Strategy (CAS) for Uganda. According to the work plan for World Bank involvement in Uganda, the objective of the Bank's strategy is "to support Uganda's economic transformation and poverty reduction strategy as spelt out in the government's PEAP". While the work to maintain macroeconomic stability (begun in the context of the previous CAS) continues, the emphasis in assistance under the present CAS has shifted to the sector levels, e.g. agriculture, health, education, water and sanitation, and to cross-cutting public sector management issues. In line with the just concluded PEAP revision process, the Bank has recently developed a new CAS (December 2004).

According to the World Bank, addressing these issues and facilitating economic transformation calls, first, for broadening the decision making process to involve all key stakeholders, particularly the sector ministries and civil society. Secondly, it calls for a change in the Bank's lending modalities; specifically for a departure from the traditional combination of adjustment operations and discrete investment programs, toward a comprehensive reform program financed through budget by means of a series of Poverty Reduction Support Credits (PRSCs). PRSCs provide external finance through the budget in support of the government's commitment and implementation of a far-reaching reform agenda based on the PEAP. The first PRSC (each PRSC so far is in the amount of US\$150 million) was approved by the World Bank Board of Directors in 2001, and focused on measures to improve public services delivery and address cross-cutting public sector issues. The second PRSC was approved in July 2002, and expanded on the scope of PRSC 1, by introducing measures aimed at strengthening rural development. The third PRSC (disbursed as a 100% IDA grant) was approved in September 2003 and the fourth PRSC one year later, in September 2004.

The most recently approved projects/programmes were Road Development Programmes (phase 3) Project (US\$107.6 million, including a US\$40 million grant), Poverty Reduction Support Credit Project (4) (another US\$150 million grant), and the Private Sector Export Competitiveness (2) Project (US\$70 million). During 2003, the World Bank approved another grant for Sustainable Management of Mineral resources project (US\$25million) and Local Government Development Programme II of US\$125 million, with a grant component of US\$75 million. Clearly these resources give the Bank a lot of leverage over policy in Uganda.

---

<sup>14</sup> Keith Muhakanizi is the Deputy Secretary to the Treasury, Ministry of Finance, Planning and Economic Development and was quoted in the Daily Monitor article by Andrew Mwenda, a political and economic analyst and critic of the current Government economic policy.

The Poverty Reduction and Growth Facility (PRGF) is the IMF's main instrument for supporting low-income countries like Uganda. Financing is provided through three-year, concessional lending arrangements in support of economic programmes targeted at macroeconomic stabilization and structural reform. Uganda has pursued a number of such borrowing arrangements, on a more-or-less continuous basis, since the 1980s. The financing is used to support Uganda's international reserves, which have risen from virtually nothing in the late 1980s to its current figure of over \$1,300 million.

According to the IMF itself, as Uganda's reserve position has strengthened, its need for new IMF financing has diminished and has ended.

The main benefits of the PRGF have been to:

- Permit a close and continuous economic policy dialogue between the government and the IMF;
- Establish a macroeconomic policy framework that ensures coordinated and prudent budget and monetary policies; and
- Provide for policy monitoring by the IMF and preparation of bi-annual program reviews critical to other development partners.

With the ending of the PRGF programme in Uganda, the Policy Support Instrument (PSI), a brand-new facility established by the IMF on October 5, 2005 has been introduced in Uganda. Its goal is "to continue to provide the services to low income members that were available under the PRGF, but to eliminate the complications associated with borrowing for such countries like Uganda, that do not need, or want, to borrow" (IMF Press Statement, December 23, 2005). Thus it will have many of the same features as the former PRGF programs, including:

- A macroeconomic framework to guide budget and monetary policy implication;
- A timetable of supporting structural reforms;
- A semi-annual schedule of macroeconomic reviews by the IMF Executive Board; and
- Publication of these reviews, with government approval.

According to the IMF Press Statement (*ibid*), the policies pursued under the PSI will have the same goals as those under the preceding PRGF. That is, promoting sustainable strong growth and poverty reduction. The PSI will support the poverty reduction strategy laid out in Uganda's Poverty Eradication Action Plan (PEAP).

According to the IMF, it is the Uganda government that has decided to take advantage of the PSI; and the associated macroeconomic program that covers the next 12-month period from January to December 2006, has already been developed with the IMF staff. Uganda's participation so soon after establishment of the PSI will, according to the IMF, be regarded as a very positive step by the international community. "It marks Uganda's graduation from financing by IMF, and caps a strong track record of macroeconomic stability and structural reform". While Uganda is the second country after Nigeria to pilot the PSI, "its early participation is consistent with its history of being the first country to qualify for the debt relief offered to low-income countries under both the 1997 and 2000 HIPC initiatives".

The PRGF programme in Uganda may have come to an end, but the central role of the IMF in policy setting remains intact. According to the IMF the PSI is designed to promote a close policy dialogue between the fund and the member country; to provide more frequent fund assessments of the member's economic and financial policies and to deliver clear signals to donors, creditors, and the general public on the strength of these policies. The PSI has no added value to Uganda's growth. It is being proposed so that the IMF finds a new way to control and determine Uganda's economic policy choices. It is more straightforwardly seen as before that the Fund will be available to impose its views on Uganda even if the country manages to extricate itself from both multilateral debt and IMF programs.

His chickens were dying, in droves. The farmer went to a witchdoctor to seek advice on how to stop this. The witchdoctor told the farmer, "pray". The farmer prayed but the chickens continued dying. He went back for more advice and the witchdoctor said "perform these rituals", handing him a things-to-do list.

The farmer obliged but the chickens kept dying. Once again the farmer visits the witchdoctor, but for a different matter altogether and the latter inquires "How are the chickens?" "They are all dead now" replies the farmer. "What a pity", reacts the witchdoctor, "I still had much more advice to give you" [Strategika pg1].

### 3.4 Donor Priorities versus National Priorities

As alluded to in the PEAP, "some instruments such as IMF programmes and the World Bank's Poverty Reduction Support Credit often involve commitments which go into more detail than the PEAP" and which are not always mutually consistent nor consistent with the country's priorities but with which government has to cooperate (2004/5 PEAP, 10). This means that often government is not free to explore other alternatives different from those prescribed by the two Bretton Woods Institutions.

Basing economic policy around meeting MDGs seems the best way forward. Closely related to this argument is an initiative by the UNDP to devise a more robust and ambitious economic policy framework for meeting MDGs. UNDP has been exploring the implications for economic policies of basing the PRSPs of developing countries on what is needed to achieve the 2015 MDGs. Its key objective is to open up the dialogue on the policy content of PRSPs and promote greater policy choices for national policy makers (AAI US). For example, UNDP officials are arguing for an increased emphasis on raising domestic revenue and financing extensive public investment programs essential to raising a country's productivity.

UNDP's approach counters the view that a large influx of foreign aid will necessarily appreciate a country's exchange rate and make its exports less competitive. If countries lack the "absorptive capacity" to effectively disburse development assistance, UNDP argues that resources should be directed, early on, towards developing such public sector capacity. The agency also contends that monetary policies should provide support to specialized institutions, such as rural banks and development banks, which can promote long-term investment and provide equitable access for poor people to financial services. The UNDP also warns that privatization programs strongly supported by donor nations, have failed to provide equitable and affordable access to essential public services.

In support of this warning, Christian Aid, in 'Economics of Failure: The real cost of free trade for poor countries (June 2005)', has attempted to put a figure to what trade liberalization has cost Uganda since 1991:

*"Uganda began to liberalize trade in 1991. In 2000, its GDP was nearly US\$6 billion. If the country had not liberalized, our model suggested that its GDP in 2000 would have been US\$735 million higher than it was - more than what Uganda spent on health and education combined that year. Adding the loss every year from 1986 to 2001 (the last year for which data was available), gives a total loss of almost US\$5 billion, or eight per cent of Uganda's GDP over that period. In 2000, Uganda lost US\$32 for every one of its 23.3 million people, thanks to trade liberalization. In the same year, the country received aid worth just US\$ 35 per person. Over the ten years since trade was liberalized, Uganda has lost US\$204 per person-compared with a per capita GDP in 2000 of US\$253. It is as if every one in Uganda stopped working for ten months".*

Another issue is that of policy space. One of the objectives of this study was to determine the extent to which PRSPs and MDGs have enhanced partnerships with a range of stakeholders at national level, and establish the extent to which governments have engaged civil society organisations and whether the scope for civil society organisations to play a broader role in delivering MDGs under the PRSP has been enlarged.

An analysis of the documents consulted for this study and the personal experience of civil society participation in the PEAP formulation process has led to the conclusion that, as succinctly put by Michel Camdessus<sup>15</sup>, "the globalization of the world's financial markets has sharply reduced the scope for governments to depart from traditional policy discipline" (AAI US 2005, 41). This, in turn, limits the space within which the other stakeholders can influence policy at the national level. Because many low income countries have lost a tremendous amount of domestic political autonomy within which to choose their macroeconomic policies, policies that stimulate aggregate demand or lower interest rates to encourage domestic investment are no longer an option. This means that stakeholder participation translates into 'choosing from a set menu' or compiling a shopping list with no slightest hope of being implemented.

In a study conducted by Action Aid International USA during 2005 to examine the extent to which there was 'policy space' for debating macroeconomic alternatives within five countries of Bangladesh, Malawi, Uganda and Zambia, it was discovered that apart from Bangladesh, most officials of the Ministries of Finance and the Central Banks reflected an unwillingness to consider other policies other than those set by the IMF within 'the logic of availability'.

---

<sup>15</sup> Michel Camdessus is the former Deputy Managing Director of the IMF

Most agreed with the IMF that inflation should be driven from moderate levels down to the lower single digits (usually 3-5%); the donors' fear of 'slippage' has been thoroughly accepted and most argue that "we can't spend what we don't have - there is no two ways about it", which is self-censorship. Apart from Bangladesh, there was total lack of independence, aggravated by the independence of the Central Bank from democratically elected politicians such as Parliament but totally dependent on IMF policy advisers.

In Uganda, which has been described as being more conservative on maintaining rock-bottom inflation than the IMF itself, the PEAP has box on "inflation versus growth"<sup>16</sup> in which government reiterates its commitment to keeping inflation at 5% per annum or less, arguing that raising inflation is not a viable policy option: "Raising inflation from the current level, either in an attempt to generate economic growth or to accommodate a more expansionary fiscal policy is not a viable policy option. ... Allowing the inflation rate to rise (even modestly - emphasis here is author's), would undermine the credibility of government's macroeconomic policy which has been painstakingly built up over the last 10 years" (PEAP 2004/05, p.37). According to the Ministry of Finance, "low inflation has contributed to high levels of GDP growth and international evidence does not imply higher growth if inflation is above 5%" (MFPED 2004). This despite Milton Friedman's assertion that "Historically all possible combinations have occurred: inflation with and without economic development and no inflation with and without economic development" (AAI US 2005, 31). And as the UNDP points out, "there is no strong evidence in support of the argument that very low inflation is either pro-growth or pro-poor" (ibid). Ugandan CSOs themselves have demonstrated, using credible empirical evidence from the Makerere-based Economic Policy Research Centre, that government's maintenance and celebration of low levels of inflation has been at the expense of the poor who are the producers of food crops whose ever deteriorating terms of trade against manufactures has been the most important factor in keeping underlying inflation so low. Low inflation actually hurts the poor very much. (For the full discussion see Annex 1).

### **3.5 Participation of Non-State Actors in the PEAP and MDGs**

PEAP has always specified the roles to be played by different stakeholders. Previously the role identified for civil society was service delivery. In the current PEAP there is a section on roles that spells out the roles of the state and non-state actors (2004/5 PEAP, 8). These roles have emerged as a result of "all sectors being asked to analyse the public sector's role in their submissions for the PEAP revision". Accordingly, the role identified for the state is to be responsible for ensuring a basic framework of legality, rights and freedom, and intervening in the economy to promote economic efficiency, equity and growth. This way government will ensure that public goods are supplied, that incentives for the private operators are in place and inequality is reduced.

For the private sector, PEAP states: It is the private sector that is responsible for the majority of productive investment. This is based on the premise that the motivation for investment is essentially commercial. Although in some cases it may be for altruistic reasons. For the first time, private sector is defined to include "the many small-scale farming households" (PEAP, 9).

Under civil society, government confirms that, "it is essential to the concept of civil society that its actions are not planned or dictated by government. Government enjoys productive partnerships with civil society in a number of areas, four of which are spelt out:

- Advocacy, particularly for interest groups who might otherwise be neglected;
- Voluntary financing of service delivery in sectors not covered by government programmes;
- Subcontracting of government-financed service delivery;
- Support to conflict resolution; and
- Independent research on key policy issues.

Furthermore, civil society, it is stated, has made a substantial input into the policies proposed in the current PEAP, including the structure of the document (2004/5 PEAP, 9).

---

<sup>16</sup> The 2004/05 PEAP has two other boxes on 'the cost of domestic protection' and 'why government does not fix commercial bank lending rates'. In the former, it argues that benefits from jobs created by protected industry are off-set by welfare loss of other consumers and that protection hurts the poor disproportionately. The latter argues that lending rates are best when market-determined. All these arguments are part of the IMF macroeconomic dogma which have set Uganda apart as having "a strong track record of macroeconomic stability and structural reform" (IMF press statement, 2005).

Civil society contribution was based on its experience of service delivery, its extensive advocacy and monitoring work and on its research in alternative ways to more effectively design and implement policy. For example, in preparation for the PEAP revision, NGO Forum collated poverty related research, including one undertaken on chronic poverty and synthesized it for input, making civil society input a lot more credible<sup>17</sup>. Further research was conducted to fill identified gaps. Thematic area consultations were conducted and input fed into the PEAP revision process. It is even correct to state that it was civil society that has pushed for the inclusion of MDGs into the PEAP more explicitly. Currently, civil society organisations are pushing for district MDG profiles, districts being the level where policy is implemented, with civil society organisations as key players.

CSOs are particularly active in areas affected by conflict, among orphans, in environment and in providing micro-credit. In very significant ways MDGs and the PEAP have permeated the CSOs agenda in Uganda. It is difficult to find an elite NGO that does not mention MDGs in its profiles.

But it is also important to admit that civil society participation in both the PEAP and the MDGs has been within constrained policy spaces. Because of those constrained policy spaces, Ugandan civil society has sometimes had to create some controversy over things where consensus had bred complacency. For example, while the policy of Universal Primary Education has been fully supported by the CSOs, the fact that its quality leaves a lot to be desired and its results end up as 'dead stock' because they are not easily integrated back into the economy has created political controversy. For although education is always on the political agenda, deploying its products back into the economy never is. As a result, products of the heavy investment in education end up without contributing to the strengthening of the economy for self-sustenance. Likewise they have challenged the efficacy of programmes such as the Plan for Modernisation of Agriculture, designed to increase the ability of the poor to raise their incomes.

Despite this progress by civil society in influencing policy, generally, civil society participation in the official consultations for PRSPs have not allowed discussion of alternative macroeconomic policies (AAI US 2005, 9), which, from the foregoing, is where the battle lies. This is beginning to change. For example, Ugandan CSOs have been gratified by the positioning of the new Minister of Finance, Planning and Economic Development on the strategy to address the main challenges facing Uganda's attempts to reduce poverty which forms the basis for the 2005/06 budget strategy. The strategy focuses on Rural Development and Industrialization Strategies as the vehicles for increasing output and incomes of the 3.8 million agricultural households over the medium term.

The strategy, which signifies a shift away from the standard IMF/World Bank policy advice, places emphasis on government's role in expanding agricultural output, provision of support to farmer associations, enhancing rural financial services and market access and establishing a community information system for monitoring of poverty reduction at household level, among other things. It proposes to do this concurrently with the development of agro-processing to absorb the expected increase in national agricultural output. Key programmes for social and economic development during the 2005/06 budget include those that relate to the implementation of the Rural Development Strategy, and programmes for the provision of social services and other critical public expenditures. Critically, the strategy commits government to providing increased resources to make this happen, very much in line with the submissions of civil society during the PEAP revision process. CSOs perceive the "Suruma<sup>18</sup> Strategy" (as the Rural Development Strategy is popularly known), as being a step in the right direction for attainment of MDGs, if it is not a politic gimmick in an election year. The major elements of the Rural Development Strategy are reproduced in Annex 2.

---

<sup>17</sup> See for example their input into the 2003/04 PEAP revision process titled: In Search of A New Development Path for Uganda, April 2004

<sup>18</sup> Dr. Ezra Suruma, the new Minister of Finance, Planning and Economic Development, is a seasoned economist who holds different views on government spending crowding out the private sector

## 4.0 Conclusion and Recommendations

From the foregoing, we make the following conclusions and recommendations:

It is clear that Uganda has used both the PEAP (Uganda's PRSP) and the MDGs and there is striking convergence, coherence and alignment of the goals and targets. MDGs are fully integrated into the PEAP, the country's overarching development framework, with a clear results and policy matrix of how they are prioritized and are to be attained. On a number of MDGs, Uganda is on course to meet the set targets. However, there is also, in almost equal measure, a distinct disjuncture between them, mainly as a result of PRSPs being embedded within a macroeconomic policy framework that is completely at odds with the kind of scaling up of public expenditures necessary to attain and sustain all the MDGs. Plans to scale up sector strategies for meeting PEAP and MDG targets cannot be implemented due to budget caps designed to "maintain macro-economic stability". Because of the fragile nature of the economy, whose debt is again unsustainable even after various debt relief initiatives, and the adverse terms of its trade, (Uganda deals mainly in primary commodities), the country is unable to generate internal resources sufficient to put public expenditure at the level necessary to attain the MDGs.

While debt relief has released additional resources for poverty reducing expenditure areas under the MDGs and the PEAP as demonstrated by the success of the Poverty Action Fund in Uganda (Keith Muhakanizi<sup>19</sup>), HIPC has not reduced the need for new borrowing, which keeps the country's debt stock rising. Neither has it resulted in debt sustainability, a primary and fundamental objective of HIPC. And while the resource gap could and needs to be filled with additional ODA in the region of US\$30 per capita, Uganda's macroeconomic framework is such that the economy lacks the capacity to absorb it.

Therefore, the real threat to the realisation of the MDGs in Uganda is not so much the declining ODA, as it is the macroeconomic policy framework that fails to provide for the necessary scaling-up of additional resources and public expenditure projected to achieve them. The situation is compounded by other factors such as conflict in the north of the country, declining productivity, inadequate infrastructure, high population growth rates and high levels of corruption. Under these circumstances, it becomes unrealistic for the government to meet the goals, which CSOs have often criticized as being the mere minimum. Even those MDGs where PEAP is more ambitious and where government seems to be on target to meet them, such as universal primary education and halting the spreading of HIV/AIDS, it will be difficult for the government to sustain them.

The way forward for the government is to re-think the macroeconomic policy framework. CSOs must continue to advocate and lobby for a more robust needs-based approach to macro-economic stability, aid absorption and debt sustainability. In addition, if MDGs are to be attained, we need government injections that stimulate demand. Also, alternative sources of funding need to be found. Possible sources include, inter alia, mobilization and incorporation into national accounts of community contribution to the sustenance of the economy; remittances from Ugandans working abroad; building strong public/civil society partnerships and reducing leakages through avenues such as corruption. We could also better utilize domestic savings such as National Social Security Funds

---

<sup>19</sup> Keith Muhakanizi is the Deputy Secretary to the Treasury, Ministry of Finance, Planning and Economic Development and was quoted in the Daily Monitor article by Andrew Mwenda, a political and economic analyst and critic of the current Government economic policy.

## 5.0 Annex 1

### Well-intentioned policies that have anti-poor outcomes

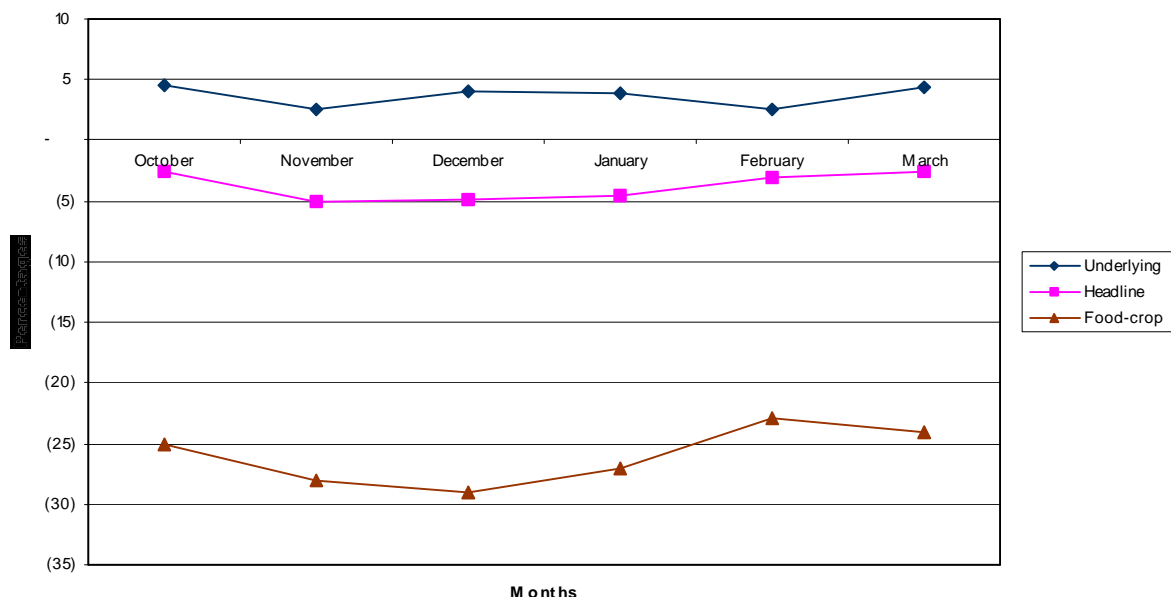
Excerpts from "Creating An Enabling Environment For Rapid And Sustainable Economic Growth And Structural Transformation"

By Warren Nyamugasira, Uganda National NGO Forum

#### I. Low Headline Inflation

There is no doubt that low and stable inflation is good for the economy. It encourages investment and stimulates domestic savings. Uganda has kept inflation in single digits for the last 10 years. But as it has turned out, not all low inflation is pro-poor. In Uganda low levels of inflation have been due, at least in part, to producer prices for commodities produced by the poor declining faster than those of non-food items. This has led to adverse terms of trade for the majority of the rural poor. For example between July 2001 and June 2002, underlying inflation declined to 3.4% (which was well within the set target) but owing to a sharp drop in food crop prices, particularly maize, as a result headline inflation fell to negative 1.8%. (See chart below)

Disaggregated inflation trends (October 2001 - March 2002)



Source: Dr. Fred Muhumuza (Economic Policy Research Centre): "Macroeconomic Implications of Implementing the Current Poverty Eradication Action Plan" Sept. 2002

This means that the poor lost out when inflation was so low. When producer prices re-bounded, the poor continued to lose out because it usually meant that the harvest is poor and there is scarcity. To survive the poor are forced to buy food at market prices far higher than they sold theirs.

Civil society actors have always taken it for granted that maintaining artificially low rates of inflation was the advice of the IMF. Recently it has come to light that it is the Ministry of Finance that is overcautious about maintaining very low levels of inflation but without ever instituting safeguards to protect the rural poor against being hurt by low headline inflation. To this end, there is need to go beyond such short-term inflation control measures and establish more growth-oriented inflation targets. There is evidence to suggest that poverty reduction is to some extent inflationary. In the short term, this issue (of very low inflation hurting the poor) could be addressed by allowing more shillings into the economy. This does not necessarily mean printing more shillings but, say, by accepting more aid inflows and relaxing the processes of sterilization (mopping up) of the "excess" liquidity.

In addition, there should be both a ceiling and a floor (i.e a flexible range) within which inflation can oscillate. And as is already the case for the ceiling, the floor should be tenaciously guarded. Every good and solid house must have both a floor and a roof. Fiscal deficit and levels of inflation vis-à-vis their impact on growth and the poor has already been identified for a Poverty and Social Impact Analysis (PSIA) in order to assess the allowable band within which inflation can oscillate before it hurts either growth or the poor. It would be good if this were done before the 2004/05 programme to be supported by a new PRGF arrangement and which aims to hold annual inflation at 3.5%.

## **II. Debt management strategies that increase indebtedness**

Uganda's debt management strategy is to avoid rash borrowing. We know that Government has borrowed in the region of \$2billion since it started benefiting from the HIPC debt relief initiative in 1998. Worse still, with the external debt to exports ratio slipping from 150% to 195% in the recent past, Uganda's external debt has once again become unsustainable.

Furthermore, the HIPC debt relief Initiative has been unable to help Uganda to secure debt relief from some of its non-Paris Club creditors. We have seen several commercial creditors and one official bilateral creditor successfully sue the Government in our own Ugandan courts for payment claims, including high interest charges totaling to \$40million.

Despite these developments, we know that Uganda has often been advised not to take certain aid, even that coming in the form of grants, because if it is ear-marked, it is not good for the maintenance of intermediate macroeconomic targets. Yet it must continue to take loans. [There was a time when some officials in Government were wondering whether Uganda actually needed the PRGF as there were enough grants on offer at the time]. We demand for a credible explanation as to why a poor country like Uganda would be advised to reject grant aid (on macroeconomic stability grounds) and take loans instead.

## **III. Public investments that end up as 'dead stock'**

In Uganda enough care seems not to be taken to ensure that all public investment translates into demonstrable poverty-reduction outcomes. For example, a lot of public and private investments pumped into the education sector have led to construction of new classrooms, impressive enrollment rates, lower pupil to teacher ratios, etc.(quality issues notwithstanding) but they have not been translating into increased jobs, improved productivity, increased tax revenues or expanded tax base. This, by any description, is "dead stock" investment.

Now, the problem is not that social sector investment is too high. On the contrary, Uganda needs to intensify investments in human capital - particularly health and education - if it is to achieve the MDGs and fulfill its potential as a success story in economic development. The problem arises from inadequacy in the planning process that would ensure, among other things, that at the other end of any investment there are returns. If some extra resources are needed to make that happen, donors should be prepared to put them in since, in the long term, there is bound to be reduced demand for their support.

To this end we commend Government for enacting the National Planning Authority Act 2002, molded around public/private sector/civil society partnership. We call upon it to move faster to make it operational so as to introduce the much needed 'visible hand' that can turn the excessive dead stock into economic flows.

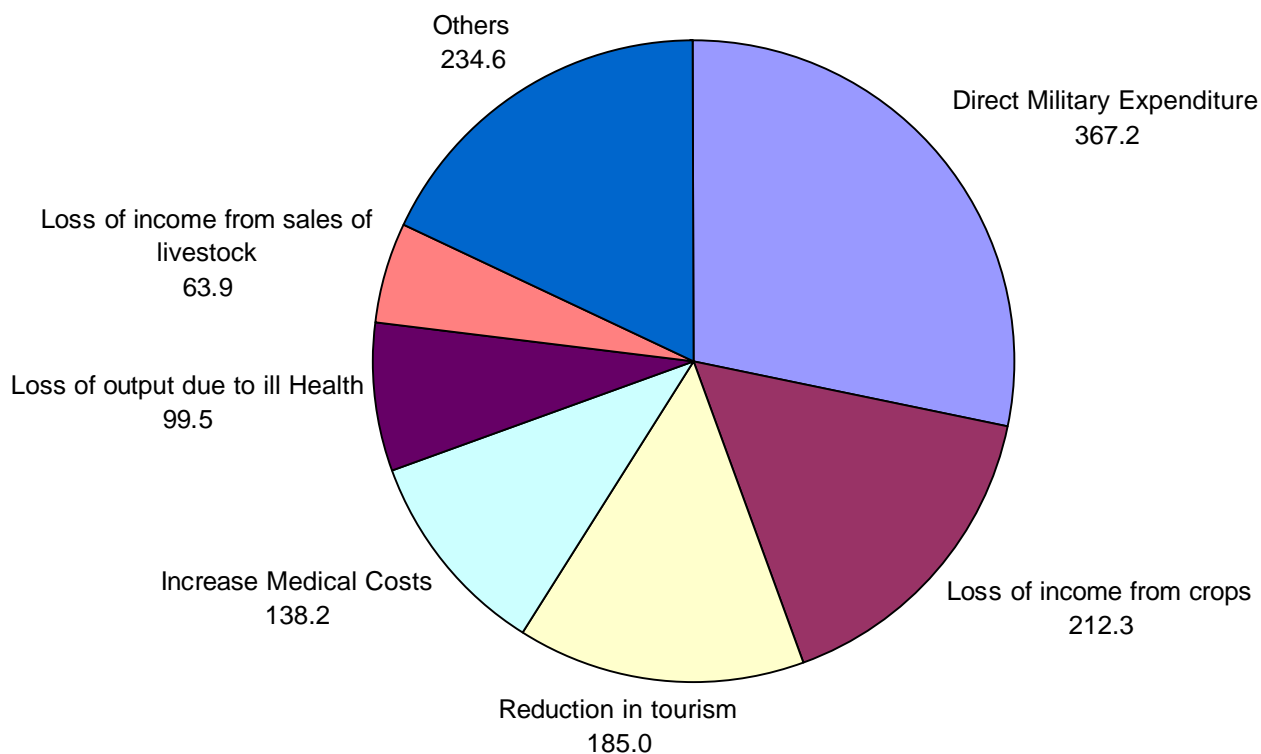
A study undertaken in September 2002 by Civil Society Organisations for Peace in Northern Uganda put the economic cost of the conflict over the past 16 years at over \$1.33 billion, equivalent to 3% of GDP. This is too high a cost to be disregarded.

The chart below shows how this figure was computed<sup>20</sup>. Through the multiplier effect, resolving the conflict would boost the economy by much more than it is costing it. More importantly, without resolving the conflict, it is very clear that there is no way Uganda will attain the various PEAP and MDG targets. In our view, donors share with Government the obligation to resolve this conflict. Some donor representatives work so closely with the Government - actually within the Government, where they frequently have a seat at the policy table, and exert both technical and political influence - that they share the obligation to fill the breach, in cases where the Government is unable - due to institutional weakness, capacity constraints, etc.

---

<sup>20</sup> For actual data and analysis, see "The Net Economic Cost of the Conflict in the Acholiland Sub-Region of Uganda" by Dr. Jeff Dorsey and Steven Opeitum, September 2002 (A study Commissioned by CSOs on Peace in Northern Uganda).

## Principal Economic Cost Items of the Conflict in Northern Uganda in millions of US dollars



### Others:

Loss of livestock (Cattle)	34.80
Loss of Life	34.30
Costs Related to West Nile	32.20
Loss of Foreign Exchange Earnings	30.30
Loss of Houses	19.40
Loss of Tax Revenue	18.90
Loss of Donor Funds due to conflict	13.40
Loss of Crop due to Forced Move to Camps	13.30
Loss of Household Goods and Tools	13.10
Loss of Investments due to Illiteracy	6.60
Loss of production/ income due to illiteracy	6.60
Cost of Externalising Debt	3.50
Impact of war related to Lira District	3.20
Environmental and land Degradation Costs	1.70
Frozen Investments in IDP Camps	1.50
Roads and Bridges Destroyed (Gulu Only)	1.30
Out-migration	0.40
Cost of Government offices Destroyed	0.10

## 6.0 Annex II

### Elements of the Government Strategy for 2005/06 National Budget

The above challenges form the basis for the 2005/06 budget strategy. It focuses on Rural Development and Industrialization Strategies as the vehicles for increasing output and incomes of the 3.8 million agricultural households over the medium term. The strategy places emphasis on expanding agricultural output, concurrently with the development of agro-processing to absorb the expected increase in national agricultural output. It also puts emphasis on improvements in infrastructure. Key programmes for social and economic development during the 2005/06 budget include those that relate to the implementation of the Rural Development Strategy, the development of Public Infrastructure and programmes for the provision of social services and other critical public expenditures. The major programmes are the following:-

#### 1. Rural Development Strategy

The strategy is basing on three critical inter-linked objectives, namely:

- (a) Increasing farm productivity of selected commodities produced by agricultural households,
- (b) Increasing household outputs of selected agricultural products, and
- (c) Adding value and ensuring a stable market for agricultural products.

It covers the following actions:

- a) Provision of support to Farmers' Groups/ Associations for capacity building in among others- improved management and record keeping, production planning, savings and credit mobilization, produce handling/ storage and quality control, as well as marketing,
- b) Enhancing Rural Micro-Finance Services Provision through institutional capacity building for savings and credit mobilization, planning and assessment in collaboration with external workers,
- c) Establishing of a community Information System report regularly on the land holding, land utilization rates and output of various crops, livestock, fisheries, pests/ diseases by each household seasonally, and other social statistics,
- d) Enhancing of Market Access for Agricultural Produce through the active linkage of farmer groups and processors/ produce buyers,
- e) Facilitation of delivery of Agricultural inputs through market mechanisms, including produce dealer/ processor credit;
- f) Enhancement of Agricultural Productivity through demand driven agricultural extension,
- g) Agro-Industrial Development through enhanced support to research and development of agro-processing prototypes and implementing appropriate processor - producer linkages, and
- h) Enhancing of quality control and assurance through support to the Uganda National Bureau of Standards

#### 2. Industrial Development

A key policy issue for industrial development in the budget strategy for 2005/06 is the development of industrial capacity. The actions for enhancing Industrial Development in this respect include the following:

- (a) Creation of the Innovation and Industrialization Fund; a research and development fund. In 2005/06 financial support will be extended for the commercialization of value-addition for coffee, banana and cotton. Emphasis will also be placed on development and commercialization of suitable proto-types. This activity will be coordinated by the Uganda Industrial Research Institute (UIRI) and funding will be provided for in the budget for this purpose. An appropriate criteria and framework for accessing firms on merit for this fund will be developed.

- (b) A provision is to be made to support the development of standards for Uganda products through improving quality assurance, product certification, laboratory testing, and the development of regional and international standards for agricultural produce.
- (c) A provision is to be made towards further development of the Namanve Industrial Park.
- (d) A provision will be made for supporting artisan development through improving artisans' work places and provision of infrastructure and equipment to enable improvements in the quality of their products and marketing.
- (e) Establishing a mechanism for technological development and implementing an industrialization policy to promote technical transformation.

## 7.0 References

- Action Aid International USA (2005): Changing Course; Alternative Approaches to Achieve the Millennium Development Goals and Fight HIV/AIDS.
- Christian Aid (2005): Economics of Failure: The Real Cost of Free Trade for Poor Countries.
- Chronic Poverty Research Centre and Development Research and Training (2005): Chronic Poverty in Uganda: The Policy Challenges.
- Commonwealth Foundation (2005): Breaking with Business as Usual; Perspectives from Civil Society in the Commonwealth on the Millennium Development Goals
- CSO PEAP Revision Liaison Office (2004): In search of a New Development Path for Uganda; Civil Society input into the 2003/4 PEAP Revision Process.
- Egesa, K. A. (2005): Why has Uganda's External Debt remained unsustainable after HIPC? Bank of Uganda Working Paper.
- Ministry of Finance, Planning and Economic Development (2005): Background to the Budget for Financial year 2005/06; Increasing Investment, Employment, Productivity and Household Incomes through Public Expenditure.
- Ministry of Finance, Planning and Economic Development (2004): Poverty Eradication Action Plan 2004/5 - 2007/8.
- Monitor Online, "Uganda's Debt Trap" by Andrew Mwenda
- Nyamugasira, W. and Rowden, R. (2002): Poverty Reduction Strategies and Coherency of Loan Conditions; Do the new World Bank and IMF loans support countries' poverty- reduction goals? The case of Uganda
- Strategika, A Bulletin of the Advocacy Centre for Strategic Social Change, Issue 4, March 2003
- Uganda - European Commission (2005): Joint Annual Report
- Uganda National NGO Forum (2005): A Long Way to go; Civil Society perspective on the progress and the challenges of attaining the Millennium Development in Uganda.
- Uganda National NGO Forum (undated): Millennium Development Goals and Corresponding PEAP Targets at a Glance; an information leaflet to popularize MDGs among CSOs, the public and other stakeholders.
- Uganda National NGO Forum (2003): Voices for the Public Good; Civil Society input into the 2003 Consultative Group Meeting.

African Forum and Network on Debt and Development

31 Atkinson Drive, Hillside,  
PO Box CY1517, Causeway, Harare, Zimbabwe  
Telephone 263 4 778531, 778536 Telefax 263 4 747878  
E-Mail [afrodad@afrodad.co.zw](mailto:afrodad@afrodad.co.zw)  
Website: [www.afrodad.org](http://www.afrodad.org)

