



Political Economy Thematic Report

Mid-Term Review of the Uganda
National Development Plan

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Association with REEV Consult for
the National Planning Authority

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ACRONYMS

APRM	Africa Peer Review Mechanism
BFP	Budget Framework Paper
BOU	Bank of Uganda
CAO	Chief Administrative Officer
CNDPF	Comprehensive National Development Planning Framework
COMESA	Common Market for East and Southern Africa
CSO	Civil Society Organisation
DDP	District Development Plan
DNMC	District NGO Monitoring Committee
DTM	Data Tracking Mechanism
EAC	East African Community
EITI	Extractive Industries Transparency Initiative
EPRC	Economic and Policy Research Centre
GAPR	Government Annual Performance Review
GoU	Government of Uganda
HIPC	Heavily Indebted Poor Country
ICSC	Implementation Coordination Steering Committee
ICT	Information Communication technology
IFI	International Financial Institution
IGG	Inspectorate General Government
IMF	International Monetary Fund
JSC	Judicial Service Commission
KIDDP	Karamoja Integrated Disarmament and Development Programme
LCIII	Local Council III
LCV	Local Council V
LGFC	Local Government Finance Commission
M&E	Monitoring and evaluation
MDA	Ministry/ Department/ Agency
MoFPED	Ministry of Finance and Economic Planning
MoGLSD	Ministry of Gender Labour and Social Development
MoLG	Ministry of Local Government
MoWT	Ministry of Works and Transport
MP	Member of Parliament
MTEF	Medium term expenditure framework

MTR	Mid-term Review
NDP	National Development Plan
NPA	National Planning Commission
NRM	National Resistance Movement
NTB	Non-tariff Barrier
NUREP	Northern Uganda Rehabilitation Programme
NUSAF	Northern Uganda Social Action Fund
OAG	Office of the Auditor General
OBT	Output Budgeting Tool
OPM	Office of the Prime Minister
PAF	Poverty Action Fund
PCC	Policy Coordination Committee
PEAP	Poverty Eradication Action Plan
PRDP	Peace and Recovery Development Plan
RDC	Resident District Commissioner
RLDP	Rwenzori-Luwero Development Plan
SNMC	Sub-county NGO Monitoring Committee
SWG	Sector Working Group
TICC	Technical Implementation Coordination Committee
ToR	Terms of reference
UPPAP	Uganda Participatory Poverty Assessment Programme

EXECUTIVE SUMMARY

The National Development Plan (NDP) is the latest in a long history of development plans in Uganda. The NDP replaced the previous Poverty Eradication Action Plan (PEAP) which, despite its success in reducing poverty, was seen as giving insufficient attention to economic growth and transformation.

Since the NDP was launched, there has been evidence of strong support for the Plan within the Cabinet and Parliament. However, despite this support, there are still constraints relating to NDP implementation, such as inadequate capacity to effectively implement planned activities under the NDP. In addition, there is lack of direct linkage between the local planning authorities and the National Planning Authority. These issues have inevitably limited the availability of financial resources available to deliver the NDP.

While there was expectation for the private sector to be engaged in implementation of the NDP, the private sector has not been sufficiently engaged in the implementation of the plan. Public Private Partnerships (PPPs) were expected to be an important source of private sector financing for the NDP, however, the mobilization of the private sector and requisite incentives have been insufficient to fulfil this role. The Private sector was expected to be an important source of financing for the NDP. However, this financing was not realized due the slow attraction of FDIs and this was attributed to the global recession during the NDP period.

Furthermore, according to many key stakeholders, development partners and civil society organisations (CSOs) were not as adequately involved in design and implementation of the NDP.

In terms of finance, domestic revenue collection remains low. There are various reasons of political nature which have constrained the widening of the tax base. Prominent among these include: the proliferation of tax exemptions; the continued politicization of local revenue sources; failure to implement property taxes to generate revenue for local development partly attributed to self-interest of the elite and the politicians. In addition, revenue enhancement is discounted by the small formal sector due to inadequate deliberate effort to provide incentives for SMEs to formalize. Low levels of domestic revenue mobilisation has implications for the ability of GoU to finance the NDP and development programmes, but it also reflects a larger issue around the capacity of the state to legitimately generate revenue. Of the revenue that is available, small amounts flow to the districts for front-end service delivery. This situation has been exacerbated by low staffing levels and a

shortage of skilled and experienced staff at a local level. Some districts were observed to operate below 20 per cent staff capacity.

At the start of the NDP period, large inequalities were apparent and there is evidence that these gaps have increased during the NDP period. The NDP is based on a twin track approach to economic growth and poverty reduction and there is evidence of a significant focus of budget allocations to high growth sectors of the economy, such as transport and energy. It is too soon to assess the impact of this, but significant sections of the Uganda's population continue to live below the poverty line. As economic development is apparent on relatively few geographical areas, these imbalances may become more pronounced unless carefully managed.

Like most other countries, Uganda's economy was adversely affected by the global economic crisis. There have been other regional political events that have adversely affected implementation of the NDP. These include conflict in Eastern DRC, South Sudan and Somalia. Greater regional integration provides much scope for growth, but there are still constraints preventing these opportunities being more fully exploited such as non-tariff barriers (NTBs) and high transport costs.

In terms of going forward, implementation of the NDP would be enhanced by increase of state capacity to deliver structural transformation, including enforcing accountability through addressing corruption. The biggest challenge to addressing accountability is the institutionalization of corruption, which has become a way of life. A cross-section of surveys have established that services are valued only to the extent to which people have paid either officially or unofficially for them (IG 2013, EPRC 2013, UBOS 2013). This creates a crisis of confidence for institutions to provide services. Government needs to develop and inculcate a value system that cherishes ethics in public service delivery.

There is a need for the NPA and NDP to engage more fully with the private sector and civil society to make implementation more inclusive and to take advantage of PPP in service delivery. Care also needs to be taken to ensure that the benefits of structural transformation are inclusive and accrue to society as a whole, especially the poorest.

To make progress on regional integration, key constraints, such as non-tariff barriers (NTBs) and high transport costs, need to be addressed. Uganda would benefit by focussing on trade beyond East Africa Community (EAC) markets, in addition to continuing with EAC integration, and also moving beyond food crops to goods with more value addition.

A number of cross-cutting issues were identified and found to be critical for the implementation of the NDP. These include; environment, fundamental human rights and freedoms, child rights and gender.

Regarding environment, it was observed that majority of the country's population depends on biofuel for cooking, which has depleted community forest cover. There has been political interference in the management of the forestry sector notwithstanding various legislations including the Forestry Act, 2001 and the NEMA Act. Lapse in enforcement of existing laws and regulations, particularly due to vested interests of the political class, have led to rapid encroachment of marginal and ecologically sensitive areas.

On protection of fundamental human rights and freedoms, the human rights commission has been active in highlighting human rights abuses where they have occurred and ensuring compensation to victims. A number of challenges however encumber the operations of bodies responsible for protection of human rights which include inadequate funding and backlog of compensations to victims of human rights abuses. There is also a lack of wider conceptualization of fundamental and other human rights and freedoms that require protecting and promoting such as protection of the natural resources, balanced and equitable development, the right to development and the role of persons in development.

On child rights, it is contended that government upholds the protection of children. Community policing needs to be strengthened. In addition, government needs to protect victims of rape. This can be done through enforcement of laws that allow giving of testimony against culprits of rape and defilement in camera. This will create more confidentiality to victims of abuse.

Regarding child health and retention of children in school, particularly girls, there is need to enhance school sanitation facilities particularly for girls. In addition, government need to introduce sanctions against early marriages.

On economic empowerment, the marriage and divorce bill which sought to enhance women's access to economic resources particular land received hostility particularly from men who discontinued the proposed provisions on sharing of property to mean that men would be dispossession of their property once the Bill becomes law. Ironically, this Bill also received unfavoured consideration from cross-section of women who mentioned the Bill flagged divorce as if people enter into marriages for subsequent divorce. They recognised that in any marriage, there is a possibility of divorce but contended that the latter should not be flagged as if every marriage will eventually lead to a break up. The implication here is the

inadequate packaging of the Bill which constrained its buy-in from a cross section of the population.

It is proposed that while government in gender balance and fair representation of marginalised groups; there are still socio-Cultural impediments that constrain complete women empowerment. Prominent among these include the need to address the problems of high dropout rates among girls in primary school. In addition government need to take deliberate actions that would enhance women's access to economic resources particularly land.

However, to realise maximum benefits from the NDP, there is need for increased civic competence among citizens. The lack of civic competence among citizens largely emanate from low levels of education, low empowerment and lack of information regarding public service delivery. This constrains capacity for citizens to assertively demand for their rights for access to public services.

1. INTRODUCTION

1.1 Overview

This report forms one part of an independent mid-term review (MTR) of Uganda's National Development Plan (NDP) 2010/11 to 2014/15 commissioned by the National Planning Authority (NPA). The five other reports that constitute the MTR are - results framework, policy and strategic direction, institutional framework, economic management, and development partnerships – as well as an overall synthesis report. Separate work has been conducted on the cross-cutting issues of gender, environment, social protection, human rights, child rights and well-being, and democracy and political governance, which has been included in the mid-term review thematic reports.

The terms of reference for the review emphasise the importance of highlighting the achievements and challenges encountered during the two and a half years of implementation of the plan and of making recommendations for improvement over the current Plan's remaining period and the next NDP. The political economy report seeks to identify how factors that are of political economy in nature have impacted on NDP implementation, positively and negatively. Although the review does not constitute a full evaluation, its recommendations are expected to adequately inform government policy and decision making on planning and implementation.

1.2 Context

Uganda's political economy has had a large role in shaping the country's development plans and strategies. This section provides a brief analysis of how the political economy shaped the NDP and the major plans and strategies that came before the NDP.

After coming to power in 1986 the NRM government presented the Ten Point Programme which provided political and economic direction for Uganda's development. This emphasised locally-based democracy, the importance of national unity, and a politicised army and police to eliminate violence and corruption. At this time a mixed economic model was pursued where small businesses were private sector led, while key sectors and heavy industry were run by the State.

The next major planning initiative was launched in the 1990s; 'The Way Forward 1', which was developed as a strategy to manage the economy and control high levels of inflation. In 1987 the country's currency was devalued as a measure to make Uganda's exports more competitive and to reduce the excessive money supply. This strategy called for prudent budgeting, operation of dual exchange rate and devaluation of the official exchange rate to a competitive level. It was around this time that GoU underwent an extensive round of privatisations, which saw many state owned enterprises turned over to private sector ownership. In a further move to control inflation, the finance and planning functions were merged in 1992 and President Museveni explicitly mandated a matching of spending to resources.

In 1993, the government developed and enacted the decentralization policy which created a local government planning and budgeting process. Under this arrangement, local governments (LCIII and LCV) would have the mandate to develop and implement plans. The decentralisation policy is still in place today having had minor amendments.

In the mid-90s, the NRM government had been in power for ten years and the political and economic situation had improved significantly. The adoption of a strict fiscal regime had resulted in a period of macroeconomic stability where economic growth averaged just over 7 percent per year. However, in the campaigns before the 1996 elections, candidates became concerned that economic stability and growth had not translated into significant reductions in poverty reduction. Poverty levels were high with 56 percent of the population living in poverty in 1992 (Household Budget Survey). These factors created the impetus for the Poverty Eradication Action Plan (PEAP) which was designed as a framework to address poverty over a 20 year time period, with the objective of reducing the percentage of the population living below the poverty line to 10 percent by 2017.

Three consecutive PEAPs were rolled out between 1997 and 2007, and were widely considered to have been a success. Central to this was the support the PEAP had from three key constituencies (Piron and Norton 2004). Firstly, political leadership, largely the executive, was effective in ensuring the PEAP was pursued across government. The Movement pursued poverty reduction as a political project to promote national unity. Initiatives such as universal primary education were political initiatives that were largely in-line with the poverty eradication focus of the time.

Secondly, technocrats, particularly within MoFPED, were an important constituency in ensuring the PEAP was implemented and was successful. MoFPED managed the PEAP

process and strongly supported the poverty eradication agenda. Within MoFPED, poverty diagnostics had been integrated into policy-making in the Economic and Policy Research Department and the Poverty Monitoring and Analysis Unit. At the same time budget allocations that were deemed to address poverty were ring-fenced in the Poverty Action Fund, and the Uganda Participatory Poverty Assessment Programme (UPPAP) was undertaken to understand the needs of the poor.

The third constituency of support for the PEAP was development partners, who provided significant financial support. Uganda's donor dependence and high-levels of indebtedness meant that development partners were extremely influential during this period. For much of the 1990s half the entire budget was externally financed, providing donors with a large degree of influence to advocate for the poverty agenda. At this time donors were faced with incentives and pressure from their head offices to spend more money. Uganda provided an example of where this could be done efficiently using government systems. In this sense a mutually beneficial relationship was formed.

National politics reinforced this trend. When elections were held in 1996 and 2001, incentives were created for populist reforms that were packaged as addressing poverty. This included Universal Primary Education (1996) and the removal of health user fees (2001).

The support of these groups ensured the PEAP was implemented across government; the relationships between technocrats, politicians, donors and the President created a mutual interest in advancing the poverty agenda of the time. However, by the mid-2000s there were low levels of support for the PEAP amongst politicians. Presidential statements during this time showed a growing level of dissatisfaction with the PEAP process and agenda (Hickey 2011). It was seen to be subject to too much influence from donors, technocrats and civil society groups, and failing to produce structural transformation of the economy and society.

In 2005 multi-party politics returned and created incentives for the executive and the Movement to re-engage with development policy to gain electoral support. When the NRM came up with a Manifesto, it described a development agenda that was very different to that of the PEAP, with a larger emphasis on prosperity rather than poverty. In 2006 Uganda graduated away from highly-indebted poor country (HIPC) status and the discovery of significant oil reserves was also made in the same year; this contributed to an already declining reliance on aid. These trends were reinforced by China's progression to become the lead investor in most key sectors by 2010 (ibid). By this time poverty levels had also

decreased to 24 percent by 2009/10 (UNHS 2011). These political economy circumstances changed the incentives and relationships that had shaped Uganda's national planning.

It is from within this context that a movement for a comprehensive national planning framework emerged. This was initially led by a group of politicians¹ that had a vision for an overarching plan that had more control over the development agenda than during the PEAP period. They were also calling for an agenda that moved from a poverty focus to incorporate growth, while seeking to develop a *national* development agenda, with less influence from donors. The group of politicians were instrumental in supporting the NPA Act which was passed in 2002.

When the NPA was formed, it espoused a development vision that was in-line with the one held by the politicians that had supported its formation. This was at odds with the prevailing development vision, held by key technocrats in MoFPED, which focussed on tight macro-economic control rather than large investments in the economy; merged planning and financing functions rather than separate functions carried out by different bodies; and a planning model where sector wide groups (SWGs) could make key sector level decisions, rather than a plan tightly directed by the centre.

These divergent views led to tensions between proponents of the NDP and NPA, and MoFPED. It was only in 2008/9 that NPA received a significant operating budget which allowed the development of the National Development Plan to commence and marked the start of the Comprehensive National Development Planning Framework (CNDPF). This would be made up of six NDPs over a 30 year time frame that would be the means to realise Uganda's National Vision. The group of politicians that had supported NPA initially were again instrumental in NPA receiving funding, even threatening to block the passing of the national budget unless NPA received the necessary funds to develop the NDP.

This context meant that the core constituencies supporting the NDP were different to those of the PEAP. While the PEAP had found a champion in MoFPED, the NDP was spearheaded by the NPA. While the PEAP had had the support of development partners, the NDP was seen largely as a 'home grown' effort; it was developed by a group of consultants and technocrats known as the patriotic group, and at the NDP's launch President Museveni

¹This group initially called itself "Reform Agenda" and was focused on a new development paradigm premised on indigenous orientation as opposed to PEAP that was seen as a foreign oriented development framework.

claimed ownership of the plan and invited development partners to contribute to it but not to direct it. Lastly, the NDP received the support of politicians, including the opposition, where the PEAP had little. This is not to say the NDP has had the unequivocal support it requires from politicians, however it is in-line with the development agenda espoused by the ruling NRM party; when the NDP Manifesto was launched it was found to closely match the NDP.

1.3 Methodology

It was agreed as part of the inception report that the Political Economy thematic report will cover the following review questions:

PE1	How have international and regional political and economic trends had an impact on the implementation of the NDP and the ability of GoU to meet the targets in the NDP?
PE2	What political economy factors have contributed to exceeding / missing NDP objectives/targets?
PE3	How has political economy affected the priorities within and between sectors?
PE4	To what extent has the private sector, civil society and DPs played the role envisaged for them in the NDP and why?
PE5	To what extent has the NDP addressed regional disparities in development, particularly in Northern Uganda?
PE6	How have political economy factors influenced the effectiveness of institutional arrangements surrounding the development, implementation and monitoring of the NDP?
PE7	What is the emerging evidence as to what extent the focus on economic growth had an impact on poverty reduction and socio-economic transformation?
PE8	From a political economy perspective, what needs to be done to influence more effective implementation of the NDP?
PE9	How can the potential benefits of regional integration be best factored into the next NDP?
PE10	What can be done to strengthen political ownership, leadership and behavioural change for achievement of the NDP objectives?

The overall approach to the mid-term review has included:

- A three week inception period to hold introductory meetings, to collect and review background documentation, to refine and agree the review questions, and to populate review matrices showing how evidence would be collected and analysed;

- Discussion forums with representatives of 13 sectors, the private sector, civil society organisations (CSOs) and development partners;
- A series of key informant meetings in each thematic area, focused on the review questions;
- Supplementary analysis of data and collation of documented evidence;
- Review of 10 relevant research reports of the Economic Policy Research Centre produced over the past 2 to 3 years;
- Assessment of the national development planning experiences in the four comparator countries mentioned in the NDP itself – Kenya, Ghana, Malaysia and South Korea;
- Visits to 12 districts / municipalities to obtain data and opinion surrounding NDP implementation at local government level;
- Two meetings with a Technical Committee to present and get feedback on progress;
- Internal meetings to peer review the quality and robustness of analysis and interpretation;
- Preparation of the zero draft thematic reports;
- Presentation of draft thematic findings and recommendations to the extended management team of the NPA;
- Conduct of meetings with the NPA review manager to obtain and incorporate verbal comments into the first draft thematic reports;
- Presentation of updated drafts reports to the Ministry of Finance, Planning and Economic Development (MoFPED), the Extended NPA Board and the committee of Permanent Secretaries chaired by the Cabinet Secretary;
- Incorporation of comments on the updated draft reports.

More specifically preparation of the political economy theme report has included:

- Interviews with a wide range of stakeholders including senior technocrats in NPA, MOFPED, IGG, OPM, Office of the President, MDAs, and the Chairs of the Parliamentary Committees on Finance and Economic Management;
- Analysis of available literature relating to Uganda’s political economy, especially from a planning perspective; and
- Detailed involvement in MTR visits to Gulu and Amolatar Districts in Northern Uganda.

1.4 Organisation of the report

- Chapter 1 presents the introduction;

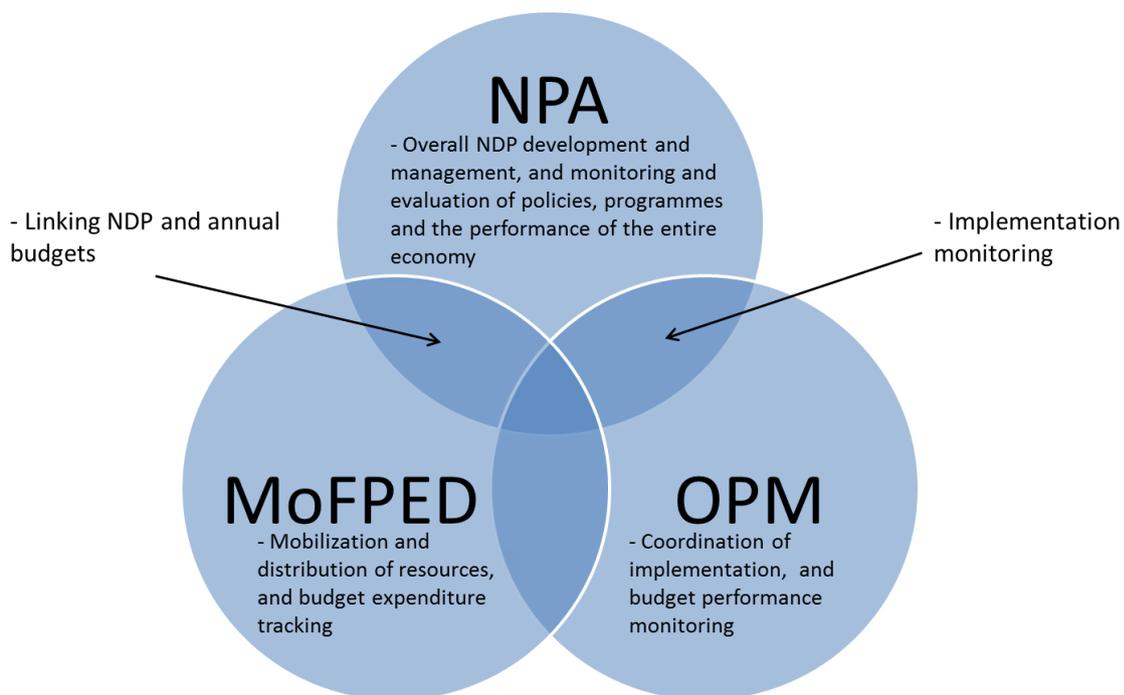
- Chapter 2 describes the politics of the NDP implementation arrangements;
- Chapter 3 analyses state capacity for structural transformation;
- Chapter 4 focuses on the role of non-state actors as effective partners in delivering the NDP;
- Chapter 5 reviews how the NDP has promoted equitable development;
- Chapter 6 assesses the impact of regional and national political events on NDP implementation;
- Chapter 7 looks at cross-cutting issues; and
- Chapter 8 sets out the key conclusions and recommendations of this thematic report.

2. POLITICS OF IMPLEMENTATION OF THE NDP

2.1 Overview

The introduction of the CNDPF and the NDP had policy and legal implications and resulted in new responsibilities and relationships for national planning, budgeting and monitoring. The responsibility for national planning was taken up by NPA, an independent authority, albeit still under the responsibility of MoFPED. This created new relationships between NPA and MoFPED that were necessary to ensure an effective link between medium term planning and annual budgets. OPM would be responsible for coordination of implementation and monitoring overall government performance, while NPA would be responsible for monitoring the NDP; the synergies between the two would require effective relationships to ensure complementarity and avoid overlap. Figure 1 below illustrates the key roles undertaken by NPA, MoFPED and OPM.

Figure 1. Role and responsibilities of key NDP stakeholders



The CNDPF also resulted in revisions to legislation, for example the Local Government Act was revised so that District Development Plans (DDPs) would be based on a five year duration, rather than three years, as they had been previously. A number of other changes

were envisaged but did not take place. These include further changes to the Local Government Act so DDPs would be submitted to NPA as well as MoLG for approval, and a strengthening of the oversight function of parliament and the President.

The following sub-sections assess how revised responsibilities and relationships have had an impact on NDP implementation by focussing on incentives, interests and power.

2.2 Political leadership

Political leadership and support is critical for successful implementation of the NDP. According to the evaluation of the PEAP, one of the most important factors in the declining influence of the PEAP over public policy was the fading of active political leadership, which enabled top-down demands on the budget for competing policy priorities and led to a failure to take strong political action to curb heavy budgetary demands from some powerful ministries (OPM 2008). This sub-section assesses the political leadership behind the NDP in terms of both parliament and the President.

Support of Parliament

As the NDP states, parliament has a role in NDP implementation through its oversight, legislative and appropriation functions. There appears to be a large degree of parliamentary support behind the NDP. NPA has been effective in this regard, engaging with MPs, parliamentary committees, and Cabinet (by default of the NPA Chairpersons' non-voting position in Cabinet). Some MPs and particular committees have been strong advocates of the NPA. This is seen in the strong statements made by MPs that aim to ensure that the NPA has the autonomy and authority to perform its mandate. However, the Budget Committee has not effectively engaged NPA to assist in scrutinising sector budget framework papers (BFPs) to ensure alignment to the NDP and parliamentarians have not worked with the NPA in the oversight function that was envisaged in the CNDPF.

One area where Parliament has not been effective is in ensuring that resources are allocated to NDP priorities. MPs are seen by many as the key driver of the NPA Act of 2002. Prior to the NPA Act 2002, MPs were generally not supportive of the PEAP which was seen as too donor influenced. MPs were also keen for an approach to national planning guided by a central plan, rather than leaving planning decisions to individual sectors. Several MPs were of the view that Uganda should invest more, even if this meant borrowing, albeit, in a sustainable manner. It was only in 2008 when parliament threatened to reject the entire

budget unless NPA was given a substantial operating budget that NPA received resources to undertake its role. This funding allowed NPA to start preparing the NDP.

Support of the President

Given the large role that the President has in decision making, his support is crucial for effective NDP implementation. Since the inauguration of the NDP, the President has provided enough leadership to ensure that the NDP is seen as the guiding document for national development. Importantly, the President launched the NDP at its inauguration, he was substantially involved in developing the plan (particularly the list of core projects and identification of binding constraints and corresponding solutions) and, crucially, the Manifesto was developed to closely reflect the NDP. The President's support to the NPA has been important in establishing it as a relatively new government body, and in providing the NDP with a credible 'home'. Further, the President supported the current NPA Chairperson to his post (although he was approved by the Appointments Committee of Parliament). As a former Cabinet Minister, this political clout has been effective in ensuring NPA has effective political leadership. The President also made the decision to give the NPA Chairperson a position as an ex-official in Cabinet, albeit non-voting, and the President gave NPA a position on the NRM Budget Committee, which has recently gained an increased degree of influence over budget proceedings.

Over the NDP period, some political guidance has been lacking. A review of the last ten of the President's speeches and statements (provided on the State House website) reveals no mention of the NDP. Critically, the NDP implementation strategy states that a forum, chaired by the President, will be established to regularly review progress on NDP implementation and will include Ministers, Permanent Secretaries, Heads of Government departments and agencies, the private sector and CSO representatives. However, this forum has not been made operational. The implementation strategy also states that the location and reporting arrangements of the NPA will be reviewed to bring it under the direct supervision of the President, however this has not yet happened.

Areas in need of political support to ensure NDP implementation

Areas where there has been a particular need for political support to ensure NDP implementation include:

- Delivering on reforms to organisational structures for greater efficiency and effectiveness. There have been a number of reviews of the public sector organisations, structures and systems; however, there has been weak uptake of the findings of such reviews. Such delays have occurred despite a provision in the NDP stating that the on-going reforms shall be expedited and implemented in a manner that ensures harmony with NDP recommendations. This has meant that government is not optimally structured to deliver the desired transformations.
- Creating momentum for “a movement for national development”. During consultations, it has been clear that stakeholders see the NDP as guiding Uganda’s development. However, there is very little momentum behind the plan within the wider public service, or the public in general. Political leaders could play an important role in publicising the NDP, raising awareness and in turn, creating momentum behind the plan.
- Ensuring that local government sector is in a position to deliver on its critical role in NDP implementation. Local governments face severe constraints that detract from their ability to fulfil the role envisaged for them in the NDP. These factors are outlined in section 3, however they include capacity (low staffing levels, and qualification/skill level of staff), and financial constraints that restrict autonomy and decision making. More could be done by political leaders to address these issues that are critical to effective functioning of the local government system, and NDP implementation.

While it is difficult to make recommendations on political leadership, the review team has identified ways in which NPA could build upon the success to date in gaining political leadership. The NPA could more effectively engage with parliament by submitting the National Development Report (NDR), as per the NPA Act, to the appropriate parliamentary committee. This would allow for a more informed assessment of NDP progress. This has not been done to date due to a reported lack of funds within NPA to publish the NDR. The NPA could also do more to engage with the President, political leaders and others through a communication strategy.

The second NDP will be launched a number of months before the 2016 elections. This means that there will not be an opportunity to incorporate considerations from the winning party’s manifesto in the NDP2. However, this also means that the NDP2 will be available as manifestos are being developed for the 2016 elections and as such, it has the opportunity to guide the manifestos in the direction espoused by the NDP and the Vision 2040. Further,

developing the NDP2 before manifestos are developed may reduce the scope for including politically motivated targets and activities in the NDP.

Given that there will not be an opportunity to incorporate the development agenda of the manifesto of the party that wins the 2016 election, it will be important to involve political parties in the development of the NDP2 to garner buy-in at this early stage.

2.3 Power over resource allocation

Coordination and cooperation between MoFPED and NPA in NDP implementation has been constrained as a result of competition over roles and responsibilities, and control of the national development agenda. This has led to a lack of coordination and coherence between medium term planning and the annual budget.

As the PEAP evaluation stated, during the PEAP period the budget system had absorbed the planning system. The difficulties being encountered now can be seen as part of the transition from a resource-dominated system to one where planning is dictating the development agenda to a greater extent. This shift creates changed roles and responsibilities which will require time for key stakeholders to adapt. Previously the planning process, under the PEAP, was managed by the MoPFED. With the introduction of the NDP, the responsibility for development planning shifted from MoFPED to NPA (an autonomous authority under MoFPED). This was driven in part by a push by politicians and the executive in particular, to have greater control over the development policy agenda. This change meant that MoFPED's role changed from managing the plan and the budget, to budgeting for a plan developed by NPA. While the development agenda espoused by NPA and MoFPED have similarities, such as the focus on growth through investments in infrastructure and roads, there are also some fundamental differences. In particular, NPA was keen to see increased investments to meet spending targets, even if this meant borrowing, while those in MoFPED, (and BoU) were keen to maintain tight macro-economic controls. Further, NPA's development agenda was one that adheres to a detailed plan, while MoFPED were keen to continue to allocate resources based on availability. The challenge over the NDP period has been of MoFPED adapting the resource allocation as provided for in the NDP and a lack of continuous engagement of the NPA in the design and implementation of the budget.

2.4 Incentives for aligning systems and structures for NDP implementation

The NDP inherited a planning and budgeting framework which was tailored to the implementation of the PEAP. There has been limited progress to retailor this framework towards the NDP owing to the following political factors:

- International dimension of the partnership that was developed between government and development partners who had considerable influence within the budget system. Development partners influenced the budget through a ring-fenced PAF – a role that has diminished during the NDP period.
- The other dimension has been the slow adoption of the NDP by existing planning systems such as the SWGs which have not fully adjusted to the NDP. There has been slow adoption of the wider development agenda by SWGs owing to their set up that was linked to short term planning and donor support as opposed to the medium term and long term planning paradigm.
- The restructuring of government that was proposed by the NDP has been delayed and lacked political support due to the wider financial implications and the bearing on institutional mandates.
- The PEAP structures for coordination of implementation were inherited by the NDP with minor adjustment to include the linkage with local governments and between NPA and the Presidency. While the system inherited appeared still relevant at the time of preparing the NDP, in practice the Committees (PCC, ICSC, and TICC) had been created for routine reporting and handling of emerging issues as opposed to making decisions on work plans, budgets and findings from field monitoring reports.

2.5 Incentives for private sector to align to the NDP

Within the MTEF underpinning the NDP, there was an unfunded segment amounting to 18 percent of the total funding envelope for the NDP. The expectation was that some of this funding would come from the private sector. Even more significantly, the financing envelope for national core projects anticipated that nearly 62 percent of funding would come from the private sector including PPPs. These investments would be focused in particular on development of national projects linked to development of the energy sector through construction of hydro power plants and projects linked to industrial development.

Public Private Partnerships (PPPs) were expected to be an important source of private sector financing for the NDP, however, the mobilization of the private sector and requisite incentives have been insufficient to fulfil this role. One of the best practices of effective PPP is found in Malaysia as illustrated in Box 2 besides. The Private sector was expected to be

Box 2. Forming effective public-private partnerships in Malaysia

As part of Malaysia's 10th National Development Plan, a Special Task Force to Facilitate Business (PEMUDAH) was developed as a consultative forum for government and the private sector. The forum is used to discuss issues related to the National Plan that concern public service delivery and Malaysia's business environment. Reporting directly to the Prime Minister, it comprises 23 highly respected members from the public and private sectors. Since it was formed, PEMUDAH has charted many successes making Malaysia an easier place to do business.

an important source of financing for the NDP, however, this financing was not realized due the slow attraction of FDIs and this was attributed to the global recession during the NDP period.

2.6 Incentives for effective monitoring of the NDP

Prior to the NDP the monitoring and evaluation strategy under the PEAP was largely donor-driven. This led to a proliferation of data demands and reporting systems across government which was duplicative and uncoordinated. Limited participation by government hindered the institutionalization of the National Integrated Monitoring and Evaluation Strategy (NIMES).

Over the NDP was replaced by the NDP M&E Framework which encompasses the full spectrum of the NDP including the contribution of private sector, CSOs and the entire public sector. Institutional rivalry among the key institutions (MoFPED, OPM and NPA), has slowed the full operationalization of the NDP M&E framework. While the NPA continues to pilot the framework, OPM on the other hand produced the Public Sector M&E policy with provisions that contradict the NPA Act and the NDP. The lack of firm and clear political guidance has encumbered monitoring of the NDP. Relatedly, monitoring at the local government level remains very weak. The GAPR remains essentially a resource-utilization based report, as its basic data is delivered from the financial output budget tool.

Whereas the NDP envisaged integration of the reporting system of the Office of the President with the NDP M&E system, this has not been realised due to the delayed relocation of NPA to the Office of the President.

The oversight monitoring by Parliament remains weak due to absence of a clear framework for comprehensive reporting and follow-up of agreed action areas. The oversight monitoring for activities of Parliament are in addition, not focused on the NDP implementation.

3 STATE CAPACITY FOR STRUCTURAL TRANSFORMATION

3.5 Overview

A major constraint to effectively implementing the NDP is state capacity to deliver an ambitious plan of the NDP's nature. The NDP envisaged implementation of a wide ranging restructuring programme of the public sector to enable effective delivery of the NDP. In the same vein, the NDP also expected the establishment of policies on motivation and sanctions, including an NDP tailored contract system for senior public servants, to facilitate enhancement of productivity of public service. In addition, the NDP anticipated significant increases in revenue mobilisation to fund the associated projects and activities. The NDP also tasked local governments with a wide range of responsibilities as front-end service providers, yet they are severely constrained with low levels of capacity. The following section provides more detail on these issues.

3.6 Restructuring Programme of the Public Sector

It was required that the public sector is restructured to facilitate the effective delivery of the NDP due to a number of reasons. First, the broad agenda of the NDP required to be implemented through different innovative mechanisms that would ensure timely achievement of milestones and objectives. This could not be realized under the existing institutional frameworks that often serve administrative purposes rather than being arranged to enhance synergies in the delivery of outputs and outcomes. Secondly, there was a need to weed out unproductive activities especially to address the problem of duplication and the high cost of administration. Thirdly, the restructuring was also aimed at achieving efficiency gains in terms of human resources (right sizing), efficient systems and procedures (reducing cost of doing business) and financial prudence.

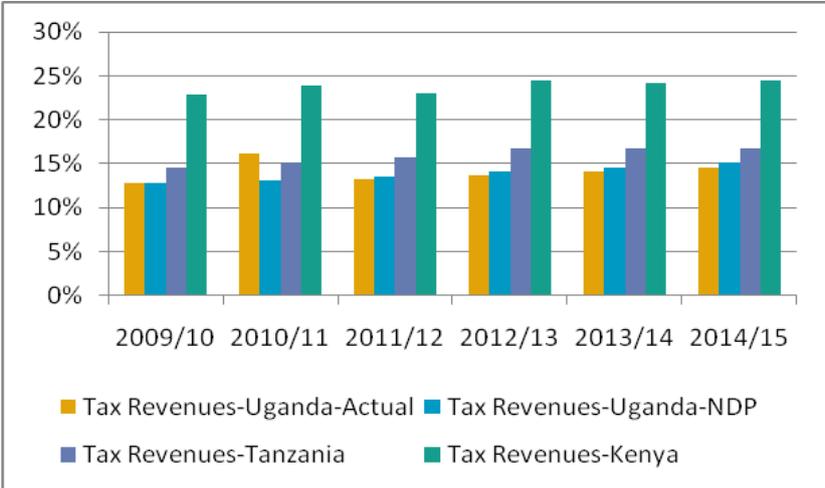
Over the NDP period, several studies have been conducted including: (i) Transformation of Uganda public service; (ii) Public service staff survey; (iii) Comprehensive restructuring of central government; and (iv) Review of model structures for local government. These studies recommended, among others, introduction of performance contracts, establishment of school of government, establishing a salaries authority and "caravan" approach to service delivery. Performance contracts have largely been limited to accounting officers and not specifically tailored to the performance of the NDP. The school of government is now operational and training is on-going. However, the "caravan" approach to service delivery has not yet been

operationalized. Similarly the salaries authority has not yet been established. The challenges of implanting the above recommendations largely emanate from self-interests among the political class who are current beneficiaries of discrepancies in salary structures. Implementation of the “Caravan” approach has been slow due to low capacities. Implementation of the performance contracts has been hindered by lack of sufficient resources to pay gratuity and adequate remuneration. In addition, the implementation of the above mentioned reforms require repeal of some of the existing laws as well as enactment of new legislation.

3.7 Revenue generation

When conceived, the NDP had anticipated significant increases in domestic revenue mobilisation (as a percentage of GDP) which have not been realised. The revenue/GDP ratio is 13 percent in 2012/13 compared with the NDP forecast of 14.1 percent. This can be partly attributed to lower than expected growth levels. Uganda performs well below the Sub-Saharan African average with regards to revenue collection. As Figure 2 shows below, levels of revenue generation are below that of Kenya and Tanzania.

Figure 2: Comparative performance on tax revenue – selected EAC countries



Source: NDP and BTB

There are various reasons of political nature which have constrained the widening of the tax base. Prominent among these include: the proliferation of tax exemptions; the continued politicization of local revenue sources; failure to implement property taxes to generate revenue for local development partly attributed to self-interest of the elite and the politicians.

In addition, revenue enhancement is discounted by the small formal sector due to inadequate deliberate effort to provide incentives for SMEs to formalize.

Low levels of domestic revenue mobilisation has implications for the ability of GoU to finance the NDP and development programmes, but it also reflects a larger issue around the capacity of the state to legitimately generate revenue. While there was a nominal improvement in revenue mobilisation, this has remained stagnant (at about 13 percent of GDP) compared to the overall size of the economy. This is a key issue for future NDPs and is elaborated upon in more detail in the Economic Management thematic paper.

3.8 Local government service delivery

Local governments have a fundamental role in achieving NDP objectives as the front line providers of services, but they have low levels of capacity and resources in relation to this large responsibility. This situation has been pervasive for a number of years, but local governments have very little power in relation to central government to bring about the required reforms.

A key factor behind the low levels of capacity is the level and nature of funding to local governments. Local governments are responsible for providing basic public services, including primary education, primary health care, water and sanitation, feeder roads, and agricultural extension services. There has generally been a trend of decline in the local government real share of the public expenditures since FY 2001/02 when it represented 6.2 percent of GDP (TASU 2011). While there was

Box 3. Country Comparison – local government funding

Articles 202 and 203 of Kenya’s new Constitution (2010) provide for equitable share of 15 percent of nationally raised revenue to LGs as a block grant. In addition to this, the Central Government provides conditional and equalization grants.

China has five levels of government where each receives set shares of grants. 75 percent of VAT goes to Central Government and 25 percent to other governments basing on a revenue sharing formulae; 40 percent of Enterprise Income Tax (tax paid by railways, postal services by state industrial commercial body, agriculture bank of chine etc) goes to LGs while 40 percent of individual tax income, oil and other resource tax, stamp duty among others goes to LGs with 36 percent going to other government branches.

MoLG 2012

an increase in the national budget from UGX 5,464 billion in FY 2008/09 to UGX 9,731 billion in FY 2011/12, there was a reduction of percentage fiscal transfers to LGs (21.1 percent in FY 2008/09 to 17.0 percent in FY 2011/12 (ibid). Table 1 shows the trends in fiscal transfers to district local governments.

Table 1. Trends in Fiscal Transfers from the Central Government to LGs (FY 2008/09-FY 2011/12)

Fiscal Transfer	2008/09	2009/10	2010/11	2011/12
Unconditional (Ug shs bn)	113.6	144.6	162.2	192.2
per cent of Transfers to LGs	11.4	10.8	10.9	11.6
GT compensation	32.0	45.0	44.5	-
per cent of Transfers to LGs	2.8	3.4	3.0	-
Equalisation	3.5	3.5	3.1	3.4
per cent of Transfers to LGs	0.3	0.3	0.2	0.2
Conditional	1003.2	1145.9	1280.0	1459.7
per cent of Transfers to LGs	85.6	85.6	85.9	88.2
Total Transfers to LGs	1172.3	1338.9	1490.0	1655.3
National Budget	5464.0	6679.0	7037.0	9730.6
per cent of Transfers to National Budget	21.1	20.0	21.2	17.0

Source: Ministry of Local Governments-Policy statements 2010, 2011, 2012.

Note: Un-conditional grants increased in FY 2011/12 because graduated tax compensation ceased and was added to unconditional grant component.

In addition, local governments are reliant on receiving conditional grants, which represent around 85 percent of their funding (NDP). While conditional grants are important in ensuring accountability and linking funding to performance, they restrict autonomy and the ability to react to immediate events. The Fiscal Decentralization Strategy attempted to address this issue but was unsuccessful.

There has been very little scope for revenue generation since the abolition of the graduated tax; 0.24 percent of district funding was generated locally in FY 2011/12, a marginal improvement on 0.17 percent in FY 2008/09 (MoLG 2012). There has not been a large degree of progress on identifying an alternative source of revenue for local governments that will support local governments to have a degree of autonomy. The GT compensation which was inadequate as compared to what GT would raise has also been subsequently abolished

in the first year of the NDP, FY2010/11. Much as GT constituted a small proportion of the local budget, it was a key source of revenue for financing basic administrative expenses.

Compounding this is the unreliable nature of funding from the centre. Since the inception of the NDP there have been several periods when local governments have had large delays in release of funds from the centre, or even received no development budget. This impedes effective implementation and creates difficulties for commitments to private contractors. This trend, along with other challenges in areas such as procurement, has resulted in many districts under spending on their received allocations so that funds are returned to central government. It is against

this background that many districts are in support of a return to the graduated tax.²

Linked to funding constraints, local governments are severely understaffed. Overall staffing levels are very low; however, there is large variation between districts. As table 2 shows, in FY 2009/10, Mubende had 100 percent of critical positions filled, while Amolotar and Lyantonde had only nine percent. Many districts are operating under capacity despite their large role in NDP implementation.

Box 4. Explaining the proliferation of districts

While it is possible that the increase in districts was undertaken to improve service delivery, there is no evidence that new districts have on the whole been created in deprived areas or that their creation has benefited citizens (Green 2010). There is evidence that the increase in districts was used to create new jobs, part of the same patronage trend that led to the increasing size of Cabinet and the large number of Presidential advisors. This explains why the trend began in the 1990s as Uganda moved towards reintroducing national elections. At this time the President reduced the number of opposition cabinet ministers, previously a means of neutralising candidates from the opposition, as they could use their positions to build up support against him. Further, at the same time a number of liberalisation and privatisation reforms were launched (privatisation of over 90 large parastatals like the Uganda Commercial Bank and the Kampala Sheraton Hotel, the elimination of the state marketing board monopolies over coffee, cotton and produce) that reduced the ability of the President to use patronage to bring potential opponents on to his side. However, this reduced scope for patronage was countered in part by the creation of new districts; in the five years prior to national elections, the number of new districts increased from 5 (1996) to 16 (2001) to 24 (2006).

²Many respondents in the 12 districts we visited emphasized the critical need for return of graduated tax, arguing that the graduated tax provided a critical source of local revenue.

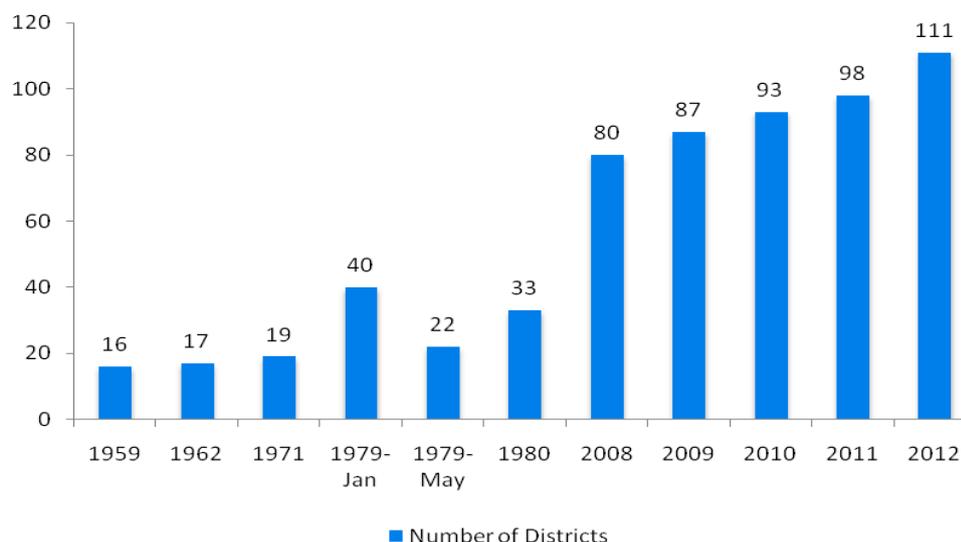
Table 2. District Human Resource Capacity – Selected positions

Type	Name of district	Chief Finance Officer	District Planner	District Education Officer	District Health Officer	District Production Coordinator	District Engineer	District Community Development Officer	Overall percentage of critical posts filled
		U1E	U2	U1E	U1E	U1E	U1E	U1E	
Lowest	Amolatar	0	0	0	1	0	0	0	9 per cent
	Lyantonde	0	0	0	1	0	0	0	9 per cent
Highest	Mubende	1	1	1	1	1	1	1	100 per cent
All districts	59	59	63	57	43	38	49		
Average per centage- all districts	76 per cent	76 per cent	81 per cent	73 per cent	55 per cent	49 per cent	63 per cent	62 per cent	

Source: Ministry of Local Government Policy Statement FY 2009/10 MoLG

In explaining some of the key drivers behind the constraints listed above, one major factor is the ‘districtisation’ trend. The number of Districts has increased from 33 in 1990 to 111 to-date, yet the total funding available for Districts has not significantly increased as a percentage of the budget. This has stretched the resources available for local governments as each new district carries substantial administrative and overhead expenditure, particularly in terms of the salaries for key officials such as Chief Accounting Officers, Resident District Commissioners, and Local Council Chairpersons. The Local Government Finance Commission estimate that it costs UGX 59 billion to create a district with minimal facilities, and run it for one year. This trend has also put a strain on the availability of staff for these administrations as a new district will often draw staff from the mother districts leaving them with even lower staffing levels.

Figure 3. Number of Districts from 1959 to 2012



Source: Commission of inquiry into LG system, Kampala 1987 and Ministerial policy statements, MoLG, Kampala, FY 2006/07- FY 2009/10, FY2011/12

The increase in sub-national political units is more than in any other country in the world during this period. Uganda recently surpassed Thailand to fourth spot on the list of the world's largest number of highest-level sub-national political units per state (Green 2010). The country has far more highest level sub-national units (and far fewer people per unit) than any other large African state (ibid).

A number of the factors listed as constraints on local governments are addressed in the sub-national development section of the NDP. For example the NDP contains strategies to addressing human resource capacity, ensuring timely release of funds to local governments, optimising existing revenue sources and encouraging additional sources, and implementing the Fiscal Decentralization Strategy. However, there has not been substantial progress on these key issues.

On local government financing, the Local Government Finance Commission plans to commission a comprehensive study of local government financial arrangements, building on the findings of the Review of Local Government Set-up and Structures conducted in 2006. This will likely create direction for an initiative to replace the Fiscal Decentralisation Strategy which is widely seen as moribund. The findings of this in-depth study could inform the approach for the subsequent NDP and build on the latest research in Local Economic Development.

There may also be value in a high-level review focussing on the optimal number of districts. Evidence from successful developmental states indicates that there is not much of a relationship between the number of sub-national political units and the level of economic development (Green 2010). While China's average population per region increased from 23.2 million in 1960 to 40.3 million in 2010, only five new provincial level regions were added over the last 50 years (ibid). Further, while Indonesia has seen a large increase in the number of sub-national political units since the late 1990s, under Suharto's rule (1967-1998), Indonesia experience prolonged economic development with no expansion in the number of sub-national political units (ibid).

The MTR observed that there is lack of direct linkage between the local planning authorities and the National Planning Authority.

3.9 Accountability systems

There is widespread perception that corruption is prevalent across government and the private sector. The World Bank estimates that corruption costs Uganda Shs 900 billion per year, equivalent to the annual budgets of the government's biggest departments (2012). This is a major constraint for realizing NDP objectives. An example of the severity of the problem can be seen in the recent corruption case over funds that were to be spent on the Peace, Recovery and Development Plan (PRDP) for Northern Uganda where over Shs. 50 billion of PRDP funds did not reach beneficiaries in Uganda's most poverty affected region as a result of corruption. Sectors identified as most affected by corruption include public procurement, tax administration, the police and the judiciary.

Fundamental to the prevalence of corruption is a failure to implement policies and strategies to address the problem. Uganda has a large number of bodies working to address corruption, as well as a number of laws, policies and strategies, however implementation is weak. Further, the legal, administrative and institutional framework in place to combat corruption is generally considered appropriate and 'solid'. Uganda has more bodies established to prevent and combat corruption, and abuse of office (or whose work includes this role as their key responsibility), than any country in East Africa. However, Uganda is the second most corrupt country in the EAC, after Burundi according to the Global Integrity Index. In the 2011 Global Integrity Report Uganda rated 'high' on rule of law, but 'weak' on law enforcement. In explaining this disparity, it is clear that a lack of political support for anti-corruption initiatives has been a key factor. In 2006 President Museveni announced a zero-tolerance policy for

corruption, however, numerous cases of corruption indicate that this has not been implemented. Another explanatory factor has been understaffing and inadequate financing of anti-corruption bodies.

The implementation gap is narrowing, decreasing from 54 in 2008 to 47 in 2011 (where 90 is full implementation of existing legislation – index calculated as part of the Data Tracking Mechanism). However, this is still the highest in East Africa. This appears to be in large part due to the failure to implement Uganda's laws. Recent efforts to address the implementation gap include the strengthening of the Judicial Service Commission (JSC), establishment of an Anti-Corruption Court³, and the strengthening of the Inspectorate of Government (IGG). These are important steps as the understaffing and poor resourcing of the judiciary and IGG has been critical in the weak response to corruption.

The NDP acknowledges a problem of implementation when it describes the constraints to the accountability sector (slow enactment of accountability legislations, and low levels of compliance to rules and regulations). A number of objectives and strategies address the problem from different dimensions; this includes harmonising legislation, establishing mechanisms to track compliance, and strengthening inter-agency coordination. Over the NDP period, the Uganda government established the anti-corruption court as a branch of the high court. This court has played a big role in timely prosecuting cases and convictions of corrupt officials. In addition there has been operationalization of local council courts. There has also been strengthening of the judiciary by appointing more judges to the Supreme Court, court of appeal and the high court.

The biggest challenge to addressing accountability is the institutionalization of corruption, which has become a way of life. A cross-section of surveys have established that services are valued only to the extent to which people have paid either officially or unofficially for them (IG 2013, EPRC 2013, UBOS 2013). This creates a crisis of confidence for institutions to provide services. Government needs to develop and inculcate a value system that cherishes ethics in public service delivery.

³ The Anti-corruption Court was established as a branch of the high court with a mandate to investigate and expedite adjudication of corruption, however more recently it has encountered difficulties as a result of legal challenges to its management composition leading to its abolition and reverting of cases back to the High Court.

4 PARTNERSHIPS FOR NDP IMPLEMENTATION

4.5 Overview

The NDP was intended as a plan for the nation, including civil society organisations, the private sector and development partners. As the NDP states, modalities for implementing the plan include; government systems as well as through non-state actors. According to the structures developed for NDP implementation, CSOs, the private sector and development partners can participate in the third and fourth tier committees. On the third tier, they engage with the Technical Implementation Coordination Committee (TICC), alongside Directors and Commissioners from all MDAs, and representatives from the private sector and development partners. The TICC is responsible for coordination of implementation of actions that come from Ministers and the President, conducting relevant analysis on key constraints, and monitoring the performance of Government. On the fourth tier, CSOs, the private sector and development partners engage with Sector Working Groups to which all MDAs belong.

While the NDP assigned key roles and responsibilities to external actors such as CSOs and the private sector, more could be done to engage with these actors to leverage their contribution for NDP implementation. Participation in the TICC and SWGs does not appear to offer sufficient engagement and there may be scope to develop additional platforms to enhance ownership and coordination.

4.6 Developing the NDP – the role of external stakeholders

The consultation process for producing the NDP was markedly different to that which had informed the PEAP process. In particular, development partners and CSOs reported that they were less involved and had less influence in the production of the NDP. At the centre of the process to develop the NDP was a Core Technical Committee which was tasked with coordinating and driving the process. The Committee was composed of the three co-ordinating bodies, NPA, MoFPED and OPM, and one representative from the umbrella associations of both the private sector and civil society. Representatives from the Bank of Uganda and the Economic Policy Research Centre also became involved.

In addition to the Technical Committee, Task Forces composed primarily of government officials, although with some CSOs, were established for key sectors. Each Task Force produced a thematic paper. Consultations were held with local governments; a baseline

survey was carried out at each district and NPA staff followed up by visiting each district. Three workshops were held with parliamentarians and one with political parties.

In addition to the NGO Forum and a small number of CSOs being present in the Task Forces that prepared thematic papers for key sectors, a number of prominent CSOs produced a report, Uganda’s Development Potential, to inform the NDP process. However, the report was not widely circulated and CSO representatives were unable to identify any high level changes or additions to the NDP as a result. This can be contrasted with the PEAP revision process in 2003 where GoU set up a CSO task force to provide inputs into PEAP revisions, and there were 18 months of consultations including preparation of sector working group papers and workshops. During this time civil society produced its own version of the PEAP, held around 10 regional workshops, and took pride in the introduction of a separate pillar on conflict resolution (Hickey 2011).

Development partners’ only direct involvement in the NDP preparation process was providing funding for two international consultants to assist in the final report drafting process. Despite this government led planning process, it is notable that key international finance institutions (IFIs) remained influential. The World Bank provided support on the macro-modelling approach used, and key IMF and WB reports were seen as influential in the government’s shift towards structural transformation (ibid).

Those private sector representatives that were involved in the NDP process stated that the NDP matched some of their key views. However, the selective nature of engagement with private sector organisations meant that many key firms in the Private Sector Forum (PSF) were not aware of the NDPs strategy and objectives.

The contrast in consultation can be seen as a

Box 4. Stakeholder engagement in developing a plan

When the Government of Malaysia developed the Government Transformation Programme (GTP), the selection of the National Key Result Areas (NKRAs) was based on three main inputs; opinions through surveys and wide-ranging media analysis, Cabinet and top leadership of the public service, as well as feedback from the private sector and NGO representatives. Text messages were sent to over 12 million people to seek ideas, and Open Days with over 5,000 visitors were held across multiple locations to seek feedback on initiatives. This was helpful in informing the GTP but it also helped to create awareness and momentum behind the programme. Lessons could be taken from this approach to inform the strategy for developing subsequent NDPs.

shift to a more government-led agenda. It is notable that while initial NDP consultations in 2007 started by consulting with a wide range of stakeholders including donors and civil society, this approach was replaced by a more focused approach that identified key drivers of growth and macroeconomic modelling processes (ibid). This sentiment had already been expressed in the form of dissatisfaction with the PEAP and the high levels of influence that CSOs and donors had over the process. Government was able to take this position as it was increasingly reliant on domestic resources and increasing non-traditional development partners' support.

While the government-led nature of the NDP formulation may have ensured that it was produced efficiently, this potentially led to a missed opportunity in terms of securing CSO and private sector buy-in, gaining from their perspective outside government, and ensuring the representation of grass-roots stakeholders. A platform could be created for development of the next NDP to provide CSOs and the private sector with an organised space to provide their contributions.

4.7 Stakeholder engagement in NDP implementation

Several interviewees from government and civil society commented on the potential benefits in improving the national level coordination between government, CSOs and the private sector during NDP implementation. Under existing arrangements these groups are represented on sector working groups, and the NPA expanded Board. The umbrella body, the NGO Forum, is also able to participate in the TICC.

However, CSOs felt there was less scope to engage in sector working groups compared to the past, and that given the wide scope of the NDP where almost any activity can be justified as contributing to the plan, a platform to address the issue of high-level CSO-GoU coordination may be beneficial. The Coordinating Group meetings that were held during the PEAP process were identified as a valuable forum for building consensus on national issues. Development partners also revealed that they were less involved in the NDP compared to the PEAP. When the NDP was launched, the President proclaimed ownership of the plan and invited development partners to contribute to it but not direct it.

While development partners have a number of platforms with which they engage government, such as the Joint Budget Support Framework, CSOs do not have a high level platform where they can work with GoU on NDP coordination. The NPA could have a role of facilitating such a coordination platform. This is in-keeping with the NPA Act which states that

a primary function of the NPA is to liaise with civil society to identify gaps in Government policies and programmes (Part 7) f). This could be through a coordination platform where external stakeholders, including development partners, can engage with GoU to coordinate efforts for successful NDP implementation.

Similarly, despite the large role envisaged for the private sector in NDP implementation, there is a lack of opportunities for the private sector to engage with government on NDP implementation. The private sector engages with government through the Presidential Investor's Round Table⁴, however, this is limited to a few large investors not the wide spectrum of the private sector. There are specific issues related to the private sector's involvement in the NDP that may benefit from engagement with government, such as division of labour, PPPs, status of core projects and factors that affect the cost of doing business. At the local level, CSO-Government coordination is the responsibility of the District NGO Monitoring Committee (DNMC) and the Sub-county NGO Monitoring Committee (SNMC). These structures are a product of the 2012 NGO Policy and will require time to be established and operational, however they could provide a valuable platform through which NPA could encourage the coordination of community level actors.

According to the NDP implementation plan, citizens are expected to provide information on NDP implementation and delivery of target outputs, and to validate NDP results. They are also expected to use the M&E results to demand better services through the Barazas process. This role is perhaps slightly ambitious, however, it has also been constrained by two factors; firstly, the lack of momentum that has been built behind the NDP by political leaders and senior technocrats; and secondly, the NDP M&E results report, the National Development Report, has not been published or distributed outside the NPA (largely due to lack of resources), since the NDP started. The lack of published reports specifically addressing NDP progress restricts the ability of citizens to analyse NDP performance and demand better services. In addition, there is lack of civic competence among citizens largely arising from low levels of education, low empowerment and lack of information regarding public service delivery. This constrains capacity for citizens to assertively demand for their rights for access to public services.

⁴Box 2 in section 2 describes how the Government of Malaysia has created a platform for the private sector to engage with the National Development Plan.

5 THE NATIONAL DEVELOPMENT PLAN AND EQUITY

5.5 Overview

At the NDP inception there were large regional variations in poverty levels and rates of poverty reduction. Poverty levels were higher in Northern and Eastern Uganda as a result of a number of factors; Northern Uganda recently emerged from conflict; and Eastern Uganda is more prone to climatic challenges such as drought and flooding.

The following section assesses the degree to which the NDP promotes equitable and inclusive development by addressing these regional variations. The MTR found that economic growth has been increasingly concentrated in certain regions and that there should be opportunity for the subsequent NDP to address this issue. The section also assesses the balance within the NDP between growth and poverty reduction. The MTR found that while the NDP is largely seen as a strategy that emphasizes growth in the national development agenda, key poverty reduction initiatives have been maintained. However, there ought to be opportunity in the next NDP to address the number of chronically poor which is significant despite the progress in reducing overall levels of poverty.

5.6 Balancing growth and poverty reduction

The NDP marked a change in Uganda's development agenda, from a focus on poverty reduction towards growth and socio-economic transformation. This is demonstrated by the shift in targets from the PEAP period, where the aim was to reduce poverty to 10 percent of the population by 2017, to the NDP target of reaching middle-income status by the same year. This change can also be seen in the way the PEAP grouped sectors into pillars that were treated relatively equally, while the NDP creates a hierarchy of sectors based on their contribution to economic growth. The NDP identifies four sector clusters – primary growth, complementary, social and enabling. The thrust of the NDP is to nucleate growth around primary growth sectors (such as agriculture, forestry, tourism, mining, and manufacturing) and complementary growth sectors (such as energy and transport) in particular.

While it is too early to assess changes in poverty levels as a result of the NDP, it is possible to assess how the shift in focus has begun to have an impact on budget allocations. Symbolically, the share of the total budget allocated to the Poverty Action Fund (PAF) decreased from 35 percent in 2007-08 to 9.7 percent in 2011-12 (it should be noted that this

reduction was in part due to certain expenditure items being removed from the PAF, which led to a de facto reduction) (Hickey 2011). While this trend starts before the NDP implementation period, it demonstrates the evolution in GoU priorities. Since NDP implementation, there has been increased funding to the energy sector as a percentage of the total budget, while decreased funding to social sectors: the health budget has declined (from 10 percent of the approved budget in FY 2009/10, to 8.6 percent of the approved FY 10/11 budget to 7.8 percent of the approved 11/12 budget) and the education budget (from 15.9 percent of the approved FY 10/11 budget to 13.8 percent of the approved 11/12 budget) has also declined as a share of the national budget (TASU 2011). Similar trends can be observed for water (from 3.2 percent to 2.7 percent), transport (from 6.8 percent to 5.1 percent) and agriculture (from 4.7 percent to 4.4 percent) of the national budget for the same period (ibid). However, the MTR noted that social sectors continued to receive significant off budget support which compensated for the reduction in the national budget allocations.

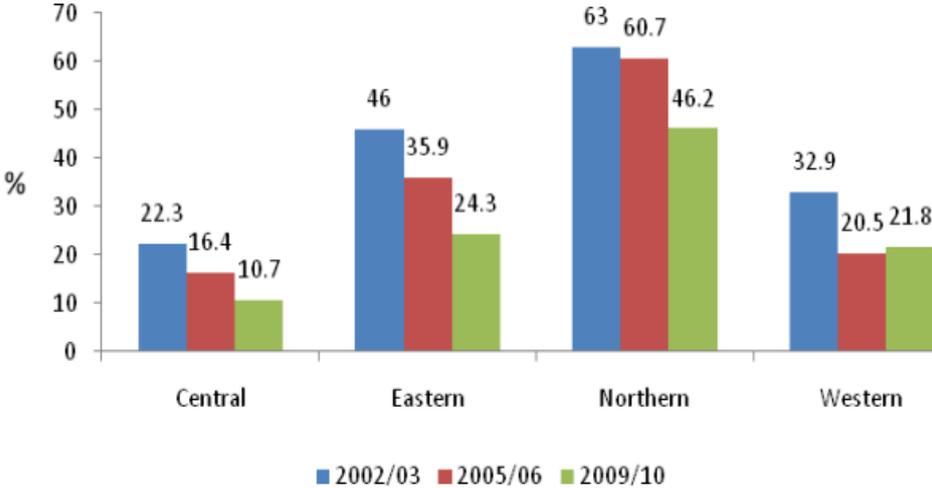
The increased focus on growth and structural transformation has been the result of a number changes in Uganda's political economy that are described in Chapter 1. The focus on structural transformation appears to be a more balanced approach than the previous focus on poverty reduction; however, there is a need to ensure that growth is inclusive and that the poorest are able to participate in the structural transformation. While poverty rates have decreased from 38.8 percent in 2002/03 to 24 percent in 2009/10 (UBOS-UNHS 2011) and to 22.1 percent in 2012/13 (UBOS-UNHS 2013), the number of people living in poverty only decreased from 9.81 million in 2005/06 to 7.51 in 2009/10 and 7.5 in 2012/13 while nearly 10 percent of the households continue to live in persistent or chronic poverty (EPRC 2012). Further, Uganda's Gini coefficient has been rising over the years, and stands at 0.426, (UNHS, 2009/2010) and 0.431 in 2012/13, indicating further widening of the gap between the rich and the poor.

Social protection programmes are one approach to supporting those in chronic poverty. This is already part of the NDP; objective three of the social development section of the NDP is to expand social protection measures to reduce vulnerability and enhance the productivity of the human resource. While there has been some progress on this objective, including developing a social protection policy, cash transfer programmes targeting the most vulnerable are yet to be rolled out across the country. It may be important to consider a wider range of mechanisms to avoid the increasing number of people sliding back below the poverty line partly due to exclusion from economic opportunities and public services.

5.7 Equitable development across regions and districts

A key question for the review is whether the NDP is promoting equitable development across Uganda’s regions and districts. To address this question, it is first important to understand the variation in development between regions. As figure 5 below shows, in 2009/10, 46.2 percent of those in Northern Uganda were living in poverty compared to 10.7 percent in Central. Further, while poverty in Eastern Uganda decreased from 35.9 per cent in 2005/06 to 24.3 per cent in 2009/10, it actually increased from 20.5 per cent to 21.8 per cent over the same time frame in Western region.

Figure 5. Poverty trends by region 2002/03 –2009/10



Source: UNHS 2009/10 UBOS, UNHS 2009/10.

Uganda’s regions have also seen varying levels of inequality in recent years. As Table 3 below shows, while the gini-coefficient has decreased slightly in Eastern region, other regions have seen an increase.

Table 3. Levels and trends of inequality as reflected by Gini- Coefficient across different regions of Uganda (1992-2012)

Region	FY 2008/09	FY2009/10	FY2010/11	FY2011/12	Variance 2008/09-2011/12
Northern	0.345	0.35	0.331	0.367	-0.022
Central	0.395	0.46	0.417	0.451	-0.056
Eastern	0.327	0.365	0.354	0.319	0.008
Western	0.319	0.359	0.342	0.375	-0.056

Source: Ministry of Finance, Planning and Economic Development, 2012

There are large variations in the outcomes and quality of service delivery across different geographical areas. For example, while net enrolment has increased to around 92 percent and all regions have fair access to primary education, in 2009 several districts in the Northeast region (Moroto, Nakapiripirit, and Kotido) registered completion rates below a third of the national average (World Bank 2012). In the health sector, while the infant mortality national average is 76 deaths per 1000 live births, it is almost double this number in the Southwest, North, and Central regions (ibid).

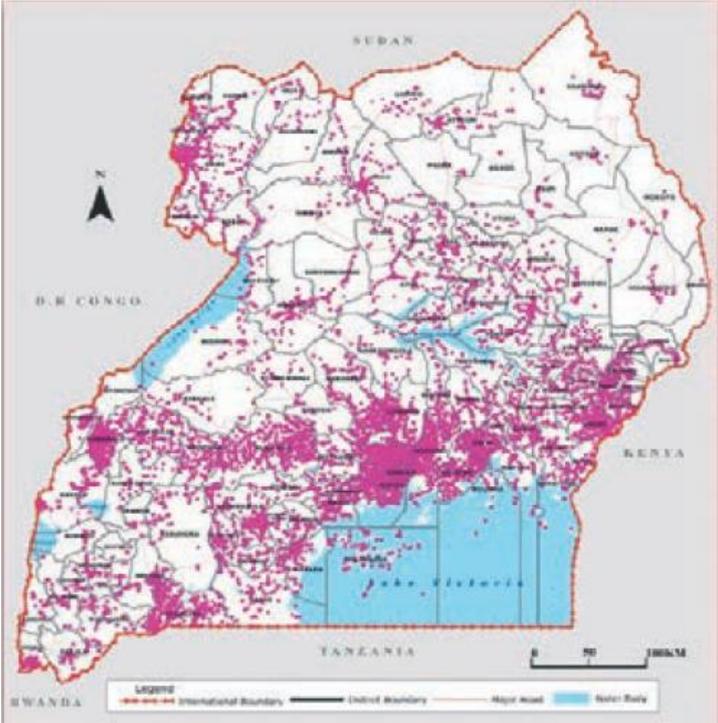
Growth has also been concentrated by geographical area. High productivity businesses and higher commercial value agricultural production are increasingly concentrated around the Lake Victoria crescent which includes the Southern, Central and Western regions of the country, and industrial activity is clustered around large towns and along transport corridors (World Bank 2012).

The NDP makes a renewed commitment to existing affirmative action programmes that aim to address regional imbalances in development. This includes Northern Uganda Rehabilitation Programme (NUREP) 1 and 2 and Northern Uganda Social Action Fund (NUSAF); Karamoja Integrated Disarmament and Development Programme (KIDDP); Peace Recovery and Development Plan (PRDP) for Northern and Eastern Uganda and the Luwero-Rwenzori Development Plan (LRDP); and equalisation grants that seek to provide additional funding to address imbalances. It is also noteworthy that the Vision 2040 plans for four additional regional cities (Gulu, Mbale, Mbarara and Arua), as well as a range of 'strategic cities', including Hoima (oil), Nakasongola (industrial), Fort Portal (tourism), Moroto (mining) and Jinja (industrial). However, the NDP does not mention a specific approach for systematically addressing regional imbalances, and the concentration of economic development in certain geographic areas. Figure 6 shows the distribution of firms across Uganda.

The World Bank (2012) has done research on the best approach to ensure Uganda's growth is inclusive across different geographical areas. This states that to address regional imbalances, policies need to focus on increasing interactions between economically lagging and leading areas, rather than promoting growth in areas in which there is an absence of firms and workers. There is a large role for the State in this regard as social policies are described as critical in ensuring such interactions. Sustained investment in education is critical for this kind of mobility as creating skills and empowering citizens is critical to ensuring they can contribute to production in the areas they migrate to. Improving

infrastructure increases mobility by reducing related costs and facilitating transfers back to lagging areas. Appropriate land laws are also important by supporting farmers to lease their land when they migrate and get it back on return. This requires secure land tenure. There are currently constraints to the land market that create obstacles in this regard. It is apparent from Figure 6 that there is gross imbalance in the distribution of firms across Uganda. Some areas enjoy a heavy concentration of firms with subsequent proliferation of economic activities while others have much less economic activity of this sort.

Figure 6. Concentration of firms across Uganda



Source: UBOS Census of Business Establishments 2009/10 (from the World Bank Promoting Inclusive Growth 2012).

6 INTERNATIONAL AND REGIONAL ECONOMIC AND POLITICAL TRENDS

6.5 Overview

Uganda is located in a region that has seen a lot of instability in recent years, from conflict in Northern Uganda and Eastern DRC, to localised conflict in South Sudan, and the disruptions to trade caused by the 2007 post-election disruption in Kenya. At the same time, Uganda's economy is becoming more interconnected with the region through integration into the East African Community and global markets. The MTR found that regional political events have not had a significant impact on the ability of GoU to achieve NDP targets; however the after effects of the global financial crisis appear to have an impact on the economy during the NDP period.

6.6 Impact of regional and international political and economic trends on NDP implementation

The key international economic trend that had an impact on NDP implementation was the global financial crisis. The precise impact of this trend is covered in more detail in the Economic Management thematic paper, however in order to answer the key political economy questions, a brief description of its impact is provided.

Analysis indicates that Uganda's reduced growth rate, from an average of 9.3 percent from FY2001/2002 to FY2007/2008 to 3.4 percent in FY 2011/2012 (World Bank 2013), was the result of the global financial crisis as well as domestic shocks. The global financial crisis and its after effects resulted in a deterioration of Uganda's terms of trade; primary commodity prices declined while oil prices increased which had a negative impact on exports and investments, resulting in a decline in the rate of growth (ibid).

Regional political events in North Africa, Libya and Egypt, had considerable effects on NDP objectives during the NDP period through increasing import bill as prices of oil continued to increase over the period. This also affected investment prospects, particularly in the country's oil sector. The creation of the Republic of Southern Sudan enhanced trade between Uganda and South Sudan (1,000 percent between 2006 and 2008). Other localised events include the movements of people into Western Uganda fleeing the intermittent

conflicts in Eastern DRC. General regional insecurity also limits the development of new regional markets (ibid). As a result of the heightened immigrations, there has been increased pressure on social services which has constrained government capacity to provide and maintain improved quality of social services. To address these problems, it would require securing of the national borders and fast tracking the national identity card project.

6.7 Regional integration

Lack of regional integration is highlighted as one of the key bottlenecks to growth by government as reflected in the President’s 2013 State of the Nation address (integrating the African market). Uganda is part of the East African Community (EAC) and the Common Market for East and Southern Africa (COMESA). More information on East African Integration is provided in Annex 3.

In terms of regional trade, Uganda has increased its volume within the EAC and with regional markets outside the EAC, such as DRC and Sudan, over the past five years. Uganda’s regional agreements, including EAC and COMESA, resulted in Uganda’s regional exports doubling to 25 percent of total exports in FY 2011/12 (ibid). Further, they have enabled diversification of the export base and reduced imports. Exports to non-EAC regional trading partners (South Sudan and DRC), grew even more rapidly, at a rate of 10 percent. For these markets, the share of Uganda’s exports rose from 32 percent in FY 2007/08 to 48 percent in FY 2011/12 (ibid). Trends in regional trade are elaborated in Annex 3.

However, there are still constraints to regional integration. This includes high transport costs, non-tariff barriers and the difficulties in managing the social and political impacts of the unequal distribution of benefits and costs. To make the most of regional integration, the World Bank (2013) proposes three key priorities for maximising the benefits of regional integration

Box 5. EAC Integration process

EAC integration is in the second of the four planned stages – Customs Union, Common Market, Monetary Union and Political Federation. The EAC adopted the Customs Union protocol in 2005 that established, (i) a duty-free trade between the partner states (with the successful reduction of intra-regional tariffs), (ii) common customs procedures between the partner states and a common external tariff (i.e. an identical rate of tariff is imposed on goods imported from foreign countries). The next stage was the Common Market protocol in 2010 that established a single market allowing the free movement of goods, capital and labour within the region.

that could be considered for the next NDP.

Firstly, beyond the EAC markets, Uganda would benefit from positioning itself as a land bridge to connect other nations within the Great Lakes region with coastal nations. Uganda has the potential to double its trading space through an expansion of trade with countries such as South Sudan and the Democratic Republic of Congo. Government could play a stronger strategic role in coordinating and harmonizing policies related to trade between EAC and non-EAC Great Lakes countries, for example through infrastructure and the institutions that support trade.

Secondly, Uganda could increase regional trade by moving beyond food crops. While Uganda must continue to use its agriculture potential to export to the region, regional trade benefits would also graduate to exporting value added products and exporting services. Government has a role in supporting this change.

Thirdly, government could address the current constraints to regional integration. While transport systems have been improved, through roads in trade corridors and commitment to a standard gauge rail network, more progress to develop and operationalize efficient modes of transport would have an impact, especially water transportation systems. Improving logistics services (trucking, freight and storage) would reduce transport costs – for example through the introduction of a regional customs bond to reduce constraints on forwarding businesses. NTBs such as standards, regulations and weigh bridges also need to be addressed. Uganda could do this by entering into bilateral negotiations with strategic partners to harmonize trade policies.

Many of these recommendations are already included in the NDP, and are currently being addressed. For example, transport infrastructure is being improved. However, it appears that more progress is required to address NTBs and high transport costs. The points on trading beyond the region and moving beyond food crops may also be considered for the EAC strategy of the next NDP.

Going forward, Uganda requires enhancing its competitiveness through improvement of its economic infrastructure such as roads, railways, ICT and financial services. In addition, there is need to enhance human resources through skills development, uptake of innovation, science and technology in order to improve productivity and lower the costs of production and doing business.

7 CROSS-CUTTING ISSUES

7.5 Overview

This chapter presents analysis of cross-cutting issues that have a bearing on political economy of implementation of the NDP; state capacity for structural transformation of the Ugandan economy; partnerships for NDP implementation; NDP and equity; and international and regional economic and political trends. The critical cross-cutting issues are: social protection; democracy and political governance; environment; gender; child rights; and human rights.

7.6 Social protection

The MTR noted that social protection only became prominent during the period of the NDP with the introduction of cash transfers (though not yet rolled out across the country) and deliberate effort to liberalize the pension sector. In addition, the Health Insurance Policy has been developed and is currently under consideration by government.

The major challenge with cash transfer scheme is the lack of resources for sustainable progression to cover the entire country. The scheme is currently significantly supported by development partners. Liberalization of the pension sector has a number of challenges and risks which include: the liberal policies are likely to expose the scheme to international profit seeking agencies without government guarantees; the liberalization is also prone to abuse by unscrupulous investors who may divert funds to other risky private businesses; and the policy will lead to loss of a national consolidated fund that could be used to finance large infrastructure projects under PPP arrangements.

In regard to health insurance, whereas the policy is being finalized, distribution of the health infrastructure, limited health personnel and complications required for its management, are likely to lead to delays in its full conceptualization and operationalization. What is currently required is for government to undertake benchmarking for successful health insurance schemes.

7.7 Democracy and political governance

The MTR observed that democracy and political governance in Uganda concerns itself with the following aspects: constitutional separation of roles; electoral processes; parliamentary democracy; and protection of fundamental human rights and freedoms. The separation of roles is in reference to mandates and functions of the judiciary, legislature and executive. Over the NDP period, the judiciary in particular, was strengthened with appointment of more judges for the High Court, Court of Appeal/ Constitutional Court and Supreme Court. This is likely to lead to reduction in the backlog of cases, which has more than doubled over the last two years. The major challenge of the judiciary is also the inadequate funding and logistical support. For efficient functioning of the judiciary, there is need for strengthening of local council courts and alternative dispute resolution mechanisms.

On the other hand, the legislature continued to undertake its mandate of overall oversight/accountability, legislation and representation. Although capacity continues to be built in the legislative arm of government, the large size of parliament, absenteeism of members of parliament and inadequate office space and other logistics have hindered effective execution of this mandate. There is need for right sizing of parliament to achieve cost effectiveness as well instituting strict sanctions for absentee parliamentarians.

Over the NDP period, the executive has continued to play its role of formulating and implementing policies. There are however challenges with backlog of policies, strategies and decisions at Cabinet level. Cabinet secretariat is however working on the proposal of Cabinet to begin operating under committees for faster handling of business. At the MDA and sector levels, weaknesses (structures, systems, procedures, human resource capacity, and inadequate remuneration, among others) within the public sector continued to slowdown the achievement of targets and goals. At local government level, inadequate financing of devolved functions, low capacities (human resources and logistics) and lack of a clear framework for synergies with the centre are some of the outstanding challenges that require to be addressed. Solutions to challenges of the executive are comprehensively addressed in the Institutional Framework report.

Electoral processes are a key factor in strengthening democracy and political governance. During the NDP period, there have been successful Presidential, parliamentary and local government elections held under the multi-party dispensation. Where there have been electoral disputes, these have been resolved through the courts of law. However, a number

of challenges remain to be addressed such as the review of the electoral laws to provide for equal representation of political parties on the electoral commission and the long overdue local council elections.

7.4 Protection of human rights and freedoms

Regarding protection of fundamental human rights and freedoms, the human rights commission has been active in highlighting human rights abuses where they have occurred and ensuring compensation to victims. A number of challenges however encumber the operations of bodies responsible for protection of human rights which include inadequate funding and backlog of compensations to victims of human rights abuses. There is also a lack of wider conceptualization of fundamental and other human rights and freedoms that require protecting and promoting such as protection of the natural resources, balanced and equitable development, the right to development and the role of persons in development.

To address the issue of corruption, the report recommends revising key pieces of legislation such as the leadership code to improve implementation and remove key bottlenecks. Additionally, legislation in-waiting, such as the Anti-Money Laundering Bill, should be expedited to create a more comprehensive anti-corruption framework. Broadly, the report calls for measures to make corruption more expensive for those convicted. The current anti-corruption framework contains loopholes that mean that there is a degree of impunity for those involved in corruption acts. This does not require a plethora of new laws and legislation, but rather revisions to improve the implementation of the current mechanisms.

To ensure continuity between the manifesto of the ruling party and future NDPs, the report recommends creating a role for NPA to approve and/or review political party manifestos before national elections. This is in-line with the Vision 2040 which calls for a similar mechanism; however, it may also be important to ensure that political parties are adequately involved in the development of future NDPs to help facilitate buy-in during implementation.

To address problems related to public sector management, and recruitment in particular, the report states that a strategy should be included in NDP2 to ensure that the appointment of public officers is open to public scrutiny, as seen in Kenya.

1.5 Environment

The MTR observed that over 98 per cent of Uganda's population depends on biofuel for cooking. This results into cutting of trees for firewood which is largely responsible for the

depletion of community forests in the country. The MTR further observed that there has been political interference in the management of the forestry sector, particularly with regard to politicians becoming involved in decision making around gazetted forest reserves and degazettement of reserves with preferences to resettlement of the landless growing population and for agriculture. It was also noted that this interference has been orchestrated notwithstanding various legislations including the Forestry Act, 2001 and the NEMA Act, with disastrous consequences such as landslides and other climatic change effects in various parts of the country. In both cases, key mechanisms within the policies and laws have been defied by the civic and political leadership. A feature of this has been the failure of the State to enforce existing laws and regulations due to vested interests of the political class.

There is rampant encroachment on wetlands across the country due to population pressure. Similarly, there is widespread pollution of water bodies emanating from poor disposal of non-biodegradable materials and industrial effluent. In regard to environmental health, there is significant proportion of the population with lack of access to human excreta facilities. The latter is responsible for spate of cholera outbreaks in Uganda.

7.8 Gender mainstreaming#

The implementation of NDP has been cognizant of the importance of gender balance and protection of vulnerable groups. This draws from the constitution of the Republic of Uganda 1995 where gender balance and fair representation of marginal groups as well as the recognition of the women in society are considered one of the National Objectives and Directive Principles of the State Policy. It is positive that in the period under NDP, the girl child continued to access primary education at the same rate with boys. The current gender parity in primary school is estimated at over 80 percent (UNDP, 2013) which is positive. The challenge however is the retention of girls in upper primary. In addition, the affirmative action for women representation in Parliament remains in place, culminating in 111 women Parliamentarians' representing districts. This is in addition to women members of Parliament who campaigned and won other open constituencies.

In regard to health, women continue to experience high maternal mortality rate (MMR) largely resulting from lack of quality EoC services, inefficient referral systems and long distances to modern health facilities.

On economic empowerment, the Marriage and Divorce Bill which sought to enhance women's access to economic resources particularly land received hostility particularly from

men who misconstrued the proposed provisions on sharing of property to mean that men would be dispossessed of their property once the Bill becomes law. Ironically, this Bill also received unfavoured considerations from a cross-section of women who argued that the Bill flagged divorce as if people enter into marriages for subsequent divorce.

They recognised that in any marriage, there is a possibility of divorce but contended that the latter should not be flagged as if every marriage will eventually lead to a break up. The implication here is the inadequate packaging of the Bill which constrained its buy-in from a cross section of the population.

It is proposed that while government has greatly supported gender balance and fair representation of marginalised groups, there are still socio-cultural impediments that constrain complete women empowerment. Prominent among these include lack of appreciation of girl child education, bride wealth that lead to early marriages. It is these factors that lead to address the problems of high dropout rates among girls in primary school. In addition, Government need to take deliberate actions that would enhance women's access to economic resources particularly land.

7.9 Child rights

Similar to promotion of gender balance, children rights are also clearly enshrined in the constitution under the National Objectives and Directive Principles of State Policy. The constitution of the Republic of Uganda (1995) provides for protection of the family as a natural and basic unit of society. In this regard, the NDP sought to enhance children's access to education, health, and protection against abuse. During the NDP period, the government continued the implementation of the National Action Plan for children. The major tenets here have been the significant achievements in child immunisation against the killer diseases.

Furthermore, government upheld the Universal Primary Education programme as a flagship sub-sector with the highest budget of sector allocation. In attempt to enhance the protection of children, government strengthened community policing department, with mandate to expeditiously affirm police presence in local communities.

The challenges to attainment of children rights include: the rampant child abuses, particularly child sacrifice and defilement; high school dropout, particularly for girls, largely emanating from inadequate appreciation of retention of girls in school, preference of early marriages and poor sanitation/lack of private facilities for girls. Rape and defilement are particularly

complex to manage given the stigma attached to rape and defilement. While this is a capital offence, local communities do not approve of the identification and open testimonies of victims of rape and defilement, a situation that has constrained the prosecution of rape and defilement cases. Because of “fear of labelling”, communities prefer to handle such cases quietly which greatly curtails justice to child abuse.

It is contended that government upholds the protection of children. Community Policing needs to be strengthened. In addition, government need to protect victims of rape and defilement through enforcement of laws that allow giving of testimony against culprits in camera. This will create more confidentiality to victims of abuse.

Regarding child health and retention of children in school, particularly girls, there is need to enhance school sanitation facilities particularly for girls. In addition, government need to introduce bye-laws and sanctions against early marriages.

8 CONCLUSIONS AND RECOMMENDATIONS

8.5 Conclusions

Political leadership for implementation of the NDP

Since the inauguration of the NDP, the President has provided significant leadership to ensure that the NDP is seen as the guiding document for national development. President has used subsequent opportunities that come with speeches and statements to communicate the centrality of the plan as the roadmap for Uganda's development. However, there is need for more focused political guidance on implementation of the NDP.

State capacity to deliver structural transformation

Capacity ought to be considered as a potential constraint at systemic, institutional, organisational and individual levels. In terms of going forward, implementation of the NDP would be enhanced by increase of state capacity to deliver structural transformation, including enforcing accountability through addressing corruption. The biggest challenge to addressing accountability is the institutionalization of corruption, which has become a way of life. A cross-section of surveys have established that services are valued only to the extent to which people have paid either officially or unofficially for them (IG 2013, EPRC 2013, UBOS 2013). This creates a crisis of confidence for institutions to provide services. Government needs to develop and inculcate a value system that cherishes ethics in public service delivery.

Partnerships

The NDP represented a shift towards a more government-led development agenda. During the NDP consultation process there was less formal space for CSOs and the private sector to engage with, and influence the process. It is however fundamental given the importance of the dual focus of the NDP – to address both economic growth on the one hand and human and social development on the other, with the implication that the private sector and civil society ought perhaps to be seen as strategic partners for government. This can be achieved through strategic engagement of the private sector through PPP.

Equity

Evidence indicates that despite recent progress in reducing poverty, a significant number of 'poor' remain. Further, there has been concentration of growth in specific areas hence, the need for strategies aimed at inclusive growth. While there has been some progress on this objective, including developing a social protection policy, cash transfer programmes targeting the most vulnerable are yet to be rolled out across the country. It may be important to consider a wider range of mechanisms to avoid the increasing number of people sliding back below the poverty line partly due to exclusion from economic opportunities and public services.

8.6 Possible options going forward

8.2.1 Addressing constraints to state capacity

State capacity, in terms of decentralised service provision, corruption and management of oil, is a key challenge to NDP implementation. In particular, for local governments to effectively deliver on their key role, key constraints around the level of nature of funding need to be addressed. The Local Government Finance Commission plans to commission a comprehensive study of local government finances. This will possibly create direction for an initiative to replace the Fiscal Decentralisation Strategy which is widely seen as moribund. Critical to any initiative will be a mechanism for strengthening fiscal decentralisation where devolved functions match the disbursed resources and available capacity among local governments.

Regarding anti-corruption initiatives, there appears to be a number of positive trends. Increased funding is going to key bodies such as the IGG, the judiciary and particularly the revitalisation of anti-corruption court. These are important developments that contribute to closing the gap between crime and sanctions. However, these initiatives could be buttressed by making corruption a highly risky venture. More emphasis could be placed on protection, imprisonment and recovery of the ill-gotten wealth.

8.2.2 Utilising partnerships

To ensure buy-in of NDP, there appears to be an opportunity, to involve external stakeholders such as CSOs, development partners, and the private sector, in the formation of the next NDP. Further, a coordination platform could be established during implementation where external stakeholders, particularly CSOs, can engage with GoU to coordinate efforts

for maximum impact. The NPA could have a role facilitating such a coordination platform. This is in-keeping with the NPA Act which states that a primary function of the NPA is to liaise with civil society to identify gaps in Government policies and programmes (Part 7) f). The NDP would benefit from a communication and engagement strategy that targeted a range of stakeholders from MPs and technocrats, the CSOs, the private sector and citizens in general. At the local level, the Barazas process could also be analysed as a means of raising awareness about what citizens should expect from the NDP.

8.2.3 Balancing growth and poverty

While poverty rates have reduced significantly in recent years, the number of poor remains high. Such groups would benefit from targeted assistance. One option would be social protection programmes which are already included in the NDP but have not yet been rolled out throughout the country. The Senior Citizens' Grant is a step in right direction. The major challenge is that this scheme is currently donor funded which may not be sustainable.

8.2.4 Ensuring equity between leading and lagging areas

There is wide variation between regions in development outcomes and the quality of services. Further, growth has been concentrated in certain geographical areas. The next NDP should consider an approach to addressing regional imbalances, e.g. through equalisation policies focusing on increasing equity between economically lagging and leading areas. Social policies are described as critical in ensuring such interactions.

8.2.5 Making the most of regional integration

Lack of regional integration was highlighted by government as reflected in the 2013 President's State of nation address. One of the key bottlenecks to growth as highlighted by the President is to make progress on regional integration, key constraints, such as NTBs and high transport costs, need to be addressed. Additionally, a recent World Bank report (2013) states that Uganda would benefit by focussing on trade beyond EAC markets, in addition to continuing with EAC integration, and also moving beyond food crops to goods with more value addition.

9 CROSS CUTTING ISSUES

9.1 Environment

The MTR observed that over 98 per cent of Uganda's population depends on biofuel for cooking, which is largely responsible for the depletion of community forests in the country. It was further observed that there has been political interference in the management of the forestry sector, particularly with regard to degazettement of reserves with preferences to resettlement of the landless growing population and for agriculture. It was also noted that this interference has been orchestrated notwithstanding various legislations including the Forestry Act, 2001 and the NEMA Act, with disastrous consequences such as landslides and other climatic change effects in various parts of the country. In both cases, key mechanisms within the policies and laws have been defied by the civic and political leadership. A feature of this has been the failure of the State to enforce existing laws and regulations due to vested interests of the political class.

There is also rampant encroachment on wetlands across the country due to population pressure. Similarly, there is widespread pollution of water bodies emanating from poor disposal of non-biodegradable materials and industrial effluent.

The above notwithstanding, Uganda has made notable progress in adopting renewable energy with the Government, cutting taxes on solar equipment and supporting the proliferation of energy efficient stoves and briquettes by the NGOs and the private sector. Further, the Strategic Environment and Oil Spill Contingency Plan for the Graben has been developed and contributes to improved environmental impact assessments for the respective oil and gas activities in the area and ensures harmonious co-existence between these activities and the pristine environment in the Albertine Graben.

9.2 Child Rights

It is contended that government upholds the protection of children. Community Policing needs to be strengthened. In addition, government need to protect victims of rape and defilement through giving of testimony against culprits by camera. This will create more confidentiality to victims of abuse. Regarding child health and retention of children in school, particularly girls, there is need to enhance school sanitation facilities particularly for girls. In addition, government needs to introduce sanctions against early marriages.

9.3 Gender

On gender and economic empowerment, the marriage and divorce bill which sought to enhance women's access to economic resources particularly land received hostility particularly from men who discontinued the proposed provisions on sharing of property to mean that men would be dispossessed of their property once the Bill becomes law. Ironically, this Bill also received un-favoured consideration from cross-section of women who mentioned the Bill flagged divorce as if people enter into marriages for subsequent divorce. They recognised that in any marriage, there is a possibility of divorce but contended that the latter should not be flagged as if every marriage will eventually lead to a break up. The implication here is the inadequate packaging of the Bill which constrained its buy-in from a cross section of the population. It is proposed that while government in gender balance and fair representation of marginalised groups; there are still socio-cultural impediments that constrain complete women empowerment. Prominent among these include the need to address the problems of high dropout rates among girls in primary school. In addition government need to take deliberate actions that would enhance women's access to economic resources particularly land.

9.4 Fundamental Human Rights and Freedoms

Regarding protection of fundamental human rights and freedoms, the human rights commission has been active in highlighting human rights abuses where they have occurred and ensuring compensation to victims. A number of challenges however encumber the operations of bodies responsible for protection of human rights which include inadequate funding and backlog of compensations to victims of human rights abuses. There is also a lack of wider conceptualization of fundamental and other human rights and freedoms that require protecting and promoting such as protection of the natural resources, balanced and equitable development, the right to development and the role of persons in development.

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Annex 2. District case studies

Amolatar District Report

Introduction

This report is based on the field study conducted in Amolotar district to inform the political economy thematic paper that is part of the National Development Plan Mid-term Review. The analysis of this report is based on a two day visit and a series of interviews with key informants (both political and technical staffs) of Amolotar district.

1. State capacity for delivery of the NDP

This section highlights the factors that constrain the state's capacity to deliver the NDP in Amolotar district. The capacity of local governments is critical to NDP implementation as they are the frontline providers of most key services. Below is a summary of the issues that were found to affect the state's capacity for the delivery of the NDP in Amolotar District.

Informal payments/corruption

The informal payments/corruption have negatively affected the implementation of the DDP and the NDP, for example in Amolotar District stakeholders identified the following consequences of corruption in the District; poor quality of work (contractors i.e. road works), delays in service delivery, and a tendency to undermine procurement procedure.

Amolotar district is addressing corruption through; using both politicians and technocrats to monitor government programmes, suspending staffs suspected of corruption and internal audit among others. The central government is supporting Amolotar district to address corruption through the Office Inspector General of Government (IGG) and Public Accounts Committee (PAC).

Districtization

Amolotar was created as a result of Districtisation in 2005. Previously, it was part of the Greater Lira district. Districtisation has affected Amolotar through inadequate staffing which is estimated to be at 68 per cent slightly above average. Senior positions for example; District Engineer, Senior Principal Secretary, Town clerks, head of finance and District Education Officer are not filled because of the ban issued by the Ministry of local government to local governments not to recruit anymore staff.

Abolition of graduation tax

The District was created in 2005 after the abolition of the graduated tax. It never collected its own graduated tax, however, while still under the Lira district, a lot of revenue was being collected from graduated tax.

Amolatar receives about 1 per cent of its funding from local revenue. The district officials cited that the central government has taken over the management of some economic activities which would raise revenue for the district including fishing. The compensation grant which replaced the graduated tax is not equivalent to what the district was to get if it was to collect graduated tax.

Local politics interferes with the implementation of the government programmes; some politicians incite the public instead of sensitizing them on the existing government programmes. For example one of the officials cited that NUSAF and NAADS have been affected because most of the beneficiaries are selected on political party basis. Some politicians also tell communities not to subscribe to the water users fund and they normally refer them to the district yet communities are supposed to subscribe for it.

2. NDP and equity

This section focuses on the extent to which the NDP addresses regional disparities in development including the impact of shift from poverty to growth and others which impacts negatively on the implementation of the NDP.

Change in focus of spending

District officials claimed that the focus of spending is determined by central government and NDP priorities rather than the district priorities. It was felt that Amolatar should be given the opportunity to determine the focus of spending through identifying its own priorities other than being determined by the centre.

Impact of the removal of the equalisation grant

The equalisation grant was removed from 2008-2011 and re-started in the financial year 2011/2012. During the early days of the district, the grant was used to cover funding gaps like the health sector and district officials claimed that its removal was a blow to the health sector.

3. Role of civil society and DPs (and private sector)

The focus here looks at the extent to which private sector, civil society and DPs played the role envisaged for them in the NDP. It further looks at the civil society involvement in the NDP and difficulties in measuring NGO contribution towards NDP implementation.

Civil society involvement in the NDP process

Amolatar has very few organisations for example though a number are active in local level advocacy. For example, Lango Samaritan Organization (L.S.I.O) and Facilitation for Peace and Development (FPAD) are engaged in budget tracking and HOPE and ACCORD-Uganda has trained female councillors in budget tracking. Their work supplements the implementation of the NDP in Amolatar district.

NGO registration with the district administration

All NGOs are registered with the district authorities. They also at times submit quarterly reports to the district highlighting activities implemented within that quarter.

4. Politics of NDP implementation

This section looks the impact of political economy on the institutional arrangements and the prioritisation within and between sectors.

Local government engagement with NPA

The district interacts with NPA only during planning process and when there is some information they (NPA) want from the district. NPA distances itself from the districts and makes requests from the centre for the district to implement. In the view of certain district officials, NPA should also do proper coordination and work closely with the district during planning and if possible NPA should establish regional coordination offices.

Political leadership

All the five respondents said the president is very much leading the NDP process.

Gulu District Field Visit Report

Introduction

This report is based on the field study conducted in Gulu district to inform the political economy thematic paper that is part of the National Development Plan Mid-term Review. The analysis of this report is based on a two day visit and a series of interviews with key informants (both political and technical staff) of Gulu district.

1. State capacity for delivery of the NDP

This section highlights the factors that constrain the state's capacity to deliver the NDP in Gulu district. The capacity of local governments is critical to NDP implementation as they are the frontline providers of most key services. Below is a summary of the issues that were found to affect the state's capacity for the delivery of the NDP in Gulu District.

Informal payments/corruption

According to the district officials interviewed, informal payments/corruption have negatively affected the implementation of the DDP and the NDP due to the following; delays the process of accountability, less resources for certain activities, delays the payment process for contractors, comprises the procurement procedures and the quality of service delivery for example; NAADS, NUSAF and PRDP programmes have been affected due to the above. This in turn affects the implementation of the DDP and the NDP.

The district is addressing this through the establishment of internal audit, development of the clients' charter, politicians monitoring the implementation of the DDP, assigning each project to a project manager to monitoring and through the quarterly project managers meetings which reviews the status of each report.

However, the central government is also providing support to Gulu district to address corruption through the Inspector General of Government (IGG), Public Accounts Committee of parliament (PAC), police, Resident District Commissioners (RDC) and line ministries.

Districtisation

The issue of Districtisation has had both negative and positive effects on Gulu district. The district now has less people compared to the Greater Gulu district which enables better service delivery to those in the remaining district area. The negative factors mentioned

included; less staff, for example in some departments like the Community Development department, three senior Community Development Officers out of the five, were transferred to Nwoya district and they have never been replaced.

Many of the district staff are just in acting positions like the District Planner. Such situations have become semi-permanent as there is a ban from Ministry of Local government limited the district from recruiting new staff. This highly affects the implementation of the District Development Plan and the National Development Plan. The staffing level is at 65 per cent. However, Gulu is better staffed than other districts in the area such as Nwoya and Oyam, however some positions have not been filled due to the ban on recruitment from Ministry of Local Government for example the district planner, senior community development officers among others.

Local government funding

District officials claimed that funding from the centre is not reliable. Funds are released towards the end of the quarter which affects the implementation of the planned activities, for example the inspection grant which used to come monthly, now comes quarterly since 2011. And every time money comes from the centre, it doesn't come in full instalment as planned.

Abolition of graduated tax

The abolition of graduated tax was a big blow to Gulu district as it was the biggest source of income to the district. It narrowed down the tax base. It was claimed that the compensation grant which replaced graduated tax, is sent on a quarterly basis and is frequently received late. This grant was shared with the lower governments - 30 per cent at the district and 70 per cent for lower local governments.

The abolition of graduated tax has also affected the district council because they lack funds to meet. Previously the council was being facilitated by revenue from graduated tax. Since this year began the council has only had two meetings compared to the 6 meetings mandated by the local government act. This has affected the implementation of some activities which need approval from the council. However, the CAO has written to the Ministry of Local government to allow them to spend some more than the 20 per cent allocated for this particular activity.

The district local government has also been affected by the local politics for example; local politicians always want to approve their allowances first even when there is no money. At times they are said to sabotage government programmes by inciting the public.

2. NDP and equity

This section focuses on the extent to which the NDP addresses regional disparities in development including the impact of shift from poverty to growth and others which impacts negatively on the implementation of the NDP.

Change in focus of spending

There has not been any change in the focus of spending by the current NDP. The spending is guided by the NDP priorities and it was felt that the District Development Plan is aligned to the NDP.

Impact of the removal of the equalization grant

In the view of several district officials the removal of the equalization grant had a big impact on Gulu district as it was meant for districts to catch up with others as part of the local government service delivery. It was re-instituted and it has been running for the last three years. The system of entering financial data has a lot of challenges like few accountants at the district level were trained and the accountants at the lower governments were not trained hence they rely on the district accountants to make entries for their respective governments. This is costly to both the district and lower level accountants.

3. Role of civil society and DPs (and private sector)

Civil society involvement in the NDP process

A number of NGOs in the district are involved in advocacy for example; NGO forum and Accord are involved in budget tracking, while others are involved in service delivery like Agri-Net- giving market information to farmers, NAUDO-training agricultural farmers, FAO-training local government leaders, farmers and supporting them with equipment's, world visions, save the children, UNICEF among others. However, it was felt that NGO efforts in budget tracking have not been realised.

NGO registration with the district administration

All NGOs that operate in Gulu district are registered with the district authorities and they sign a Memorandum of Understanding with the district. At the moment the district doesn't have any difficulties coordinating NGOs except measuring their contribution is still challenging. The district works closely with the NGO forum of Gulu to monitor the work of the NGOs. NGOs do attend council meeting but they are reported not to make any contributions not even presentations to the council.

4. Politics of NDP implementation.

Local government engagement with NPA

Many of the district officials agreed that the engagement with NPA has been very helpful, though it was highlighted that NPA often generates information on the district without its knowledge. District officials also felt that NPA rarely provides enough warning of visits and requests, and that NPA is often working on a short time frame which can create difficulties for the district officials who can be disrupted by such requests. NPA provided support to the district during the development of the DDP and development of the budget framework paper through a half day training but it was reported to not be adequate or effective.

District officials claimed there were a lot of difficulties in aligning the DDP and BFP with the NDP, including inadequate technical support from NPA, guidelines coming late and district priorities being identified by the centre district. In the view of several District officials, NPA should establish regional offices to give technical support to districts on issues of planning and also breach the gap between NPA at the centre and the districts.

Competing mandates NPA-OPM

The district submits information to both offices. The DDP is sent to NPA for approval and for NUSAF and PRDP, the district submits project reports. However, the challenge is that OPM has many reporting formats and delays to respond to the district needs, and does things in a rush programme. NPA is said not to give early communication.

The district refers to the NDP while implementing activities daily. However, a lot needs to be done for the districts to buy in the NDP framework for example; NPA should train (provide technical support) district planning staff and other staffs on issues of alignment of the DDP to the NDP and development of the budget framework paper. NPA should coordinate the

exercise in a more organized manner and Districts need to be given enough time during planning.

Inadequate political leadership

Three out of the five respondents said the President is leading the NDP process while two said he is very much leading though he is not visible.

Annex 3. Tracking of the East African Integration

Stage of Integration	Description and analysis of progress
East African Community Protocol (1999)	<p>November 30, 1999: 4th Summit held in Arusha at which Treaty for the Establishment of the East African Community is signed.</p> <p>July 7, 2000: Treaty for the Establishment of the East African Community enters into force; new regional organisation, the East African Community, comes into being.</p> <p>The protocol provides for tracking the political union of East African countries with a sequence of the various other protocols that will lead to the eventual political Union.</p>
East African Customs Union Protocol (2004)	<p>March 2, 2004: EAC Summit signs Protocol for Establishment of the EAC Customs Union.</p> <p>January 1, 2005: EAC Customs Union becomes operational. The major provisions are: i) abolition of import duties among partner states: ii) common external tariff (CET). The implementation of this protocol hit a snag due to the fact that, the protocol abolished charging of import duties among partner states yet, a country like Uganda imports most of her products from Kenya. This implies that Kenya is symmetrically positioned in international trade among partners, implying that Kenya gains from the intra-trade among partners. It is this very factor that was partly responsible for the disintegration of the previous EAC in 1976. Other challenges are the rules of origin and tax waivers by some other partner states. Countries in the EAC are rocked in the sovereign interest. They fail to look at the big picture but focus on local interests. This sovereign jacket has constrained implementation of the protocol. This calls for sensitization for change of mind set and increasing exposure for partner states-technical personnel to enhance implementation of the protocol.</p>

<p>East African Common Market (2009)</p>	<p>November 20, 2009: Protocol for the Establishment of the EAC Common Market signed; climax of observance of EAC 10th Anniversary celebrations; laying of foundation stone for EAC headquarters in Arusha. The provisions are: i) abolition of import duties among partner states: ii) common external tariff (CET): iii) Free movement of factors of production within the partner states. One major requirement for the common market is the national identity card for the partner states. Rwanda, Burundi, Kenya have national identity cards. Tanzania has also started the process for the national identity card. Uganda has been engulfed in procurement controversy over the identity card project resulting in failure to have the national identity card. There are conflicting interests among various institutions (internal affairs, Defence) to procure and implement the national identity card process. Without the national identity card, it is impossible to have free movement of labor among partner states. Secondly, land is a critical issue for free movement of factors of production, yet, land in Uganda is heavily constrained by the different tenurial patterns, in Tanzania land is held in national trust but in Uganda it is held under private tenure which constrains access to land by investors. The other concern is the economic positioning of each partner states within the envisaged common market. The concept common market artificially means that every partner state is endowed with competitive skilled labour, sufficient physical and financial capital for investments. However, the reality is that some countries may not be as competitive as other partner states. For example Kenya is symmetrically endowed with professional services such as banking, insurance, real estate, consulting services and law firms. Furthermore, Kenya is more advanced in terms of labour laws such as minimum wage and social security. Uganda on the other hand has opposed minimum wage. Indeed, Uganda experiences very high costs of doing business as compared to Kenya largely arising from: land lockedness, lack of sufficient Electricity, lack of skilled labour and very high interest rate regimes. This makes Uganda less competitive as a destination for investments. This issue led to conflicts that resulted in the breakup of the former EAC (Uganda, Kenya and Tanzania) in 1976</p>
<p>East African Common Currency (2014)</p>	<p>It was envisaged that all East African Community partner states would have one currency with one East African Central Bank by 2014. Consultants and technical personnel from the partner states have been mandated to undertake the task of harmonizing the currencies of the partner states. The main challenge is that some currencies will be convertible while others will be non-convertible. There is fear among stronger states that in the process of currency harmonization, their currencies will be weakened</p>

	<p>at the expense of strengthening currencies of sister states in the EAC. The Kenyan currency is evidently stronger than other currencies in the EAC. Kenya also has a stronger fiscal policy characterized by support to local entrepreneurs and export sector performance. On the other hand, Uganda's fiscal policy is more liberal and many times has been more expansionists which has culminated in inflation. There are fears that the harmonization of the currency may result in a Euro- zone like crisis, hence, the need to take a cautious approach.</p>
<p>East African Political Union (No specified time frame)</p>	<p>No specific time frame has been given for East African political union. The lack of time frame for the political union is one of the greatest weaknesses of tracking the political union of EAC. There is fear among partner states as to which model of political configuration should be adopted. Most of the fear arises out of lack of trust of the Ugandan state formation that is premised on volatile political history. There are concerns as to the character of political institutions of the EAC. For example, Uganda has the military as members of parliament while others do not. Other issues relate to the stability of the EAC state as defined by robust governance regime, common defense policy and the national value system. Currently, there are national interests which individual states in the EAC have apparently shown little willingness to sacrifice for the sake of bigger EAC picture. The tracking of political union need a frame work of federal arrangement and modalities of federal states but all which have not been worked out.</p>

Source: Ministry of East African Community Affairs, Kampala April 2013.

Trends in trade among partner states of East African Community Integration (US \$ Billions)

FY	Kenya			Tanzania			Rwanda			Burundi			Uganda		
	X	M	BOT	X	M	BOT	X	M	BOT	X	M	BOT	X	M	BOT
2008/09	0.055	0.113	-0.058	0.312	0.691	-0.379	0.005	0.039	-0.034	0.001	0.036	-0.035	0.172	0.453	-0.281
2009/10	0.046	0.102	-0.056	0.298	0.653	-0.355	0.005	0.045	-0.04	0.002	0.042	0.04	0.157	0.426	-0.269
2010/11	0.517	0.119	0.5051	0.398	0.807	-0.409	0.005	0.504	-0.499	0.001	0.051	0.05	0.162	0.466	-0.304
2011/12	0.575	0.148	0.427	0.477	0.1118	0.3652	0.007	0.089	-0.082	0.012	0.069	-0.057	0.216	0.563	-0.347

Source: East African Community Facts and Figures-2012 Arusha, Tanzania.