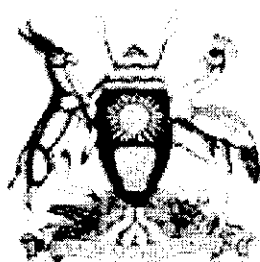


**PREPARED FOR THE CONSULTATIVE GROUP MEETING**



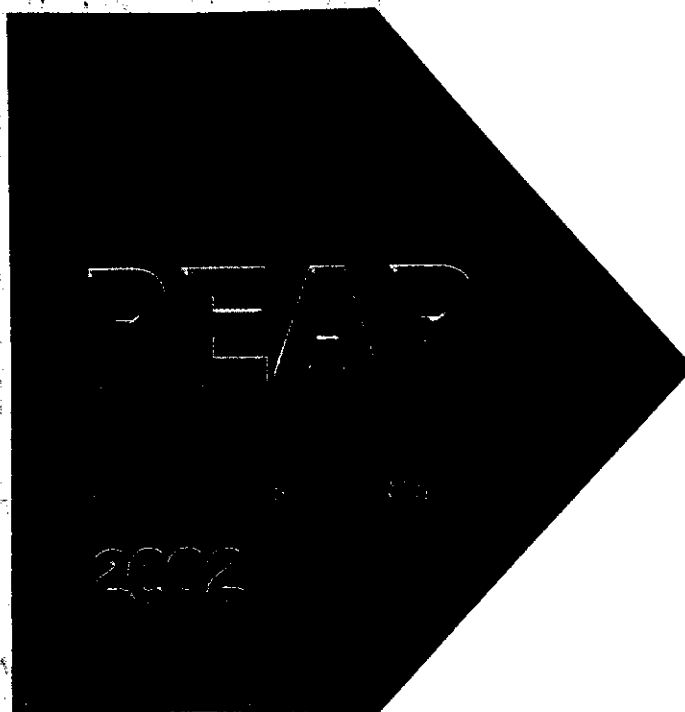
**UGANDA**

**POVERTY ERADICATION ACTION PLAN**

**KAMPALA, UGANDA**

**DECEMBER, 2002**

**THE POVERTY  
ERADICATION ACTION  
PLAN**



**MINISTRY OF FINANCE, PLANNING AND  
ECONOMIC DEVELOPMENT**  
May 2002

**THE POVERTY  
ERADICATION ACTION  
PLAN**

**A SUMMARY VERSION**

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## Foreword

The Central Message is: Pro-poor economic growth is essential for poverty eradication.

This PEAP Version is a summary of a more detailed Poverty Eradication Action Plan (PEAP) published in 2001. It is a product of a collaborative effort between the Ministry of Finance, Planning and Economic Development, Sector Ministries, other Government institutions and civil society organizations. While it is useful to the general public, the PEAP Summarised version is specifically designed for Parliamentarians/politicians, policy makers, and implementers in Government and Parastatal institutions, district officials, academicians, NGOs and development partners. It is intended to communicate more concisely the key points of the PEAP as well as the institutional and individual roles to make it work. Its central message is: *Pro-poor economic growth is essential for poverty eradication in Uganda*. But this is conditional on our ability – aided by our development partners - to overcome policy and institutional setbacks.

Fighting Poverty calls for pro-poor growth and pro-poor growth calls for sound economic policies to stimulate investment and jobs for the poor. It calls for a good institutional framework for delivering public goods and services not only efficiently but also fairly. The PEAP sets out the framework within which both the public and the private sector can tackle the complex causes and dimensions of poverty. More importantly it focuses on the need for progress on four fronts namely:

- Increasing investments and the competitiveness of the economy (economic growth and structural transformation);

- Improving the ways of exercising political, administrative and managerial authority and protection of basic rights and property (enhancing good governance and security);
- Increasing poor people's assets and productivity hence their ability to earn higher incomes; and
- Investing in the quality of life of the people through better education, health services and provision of safe water.

Now that the PEAP has been conceived by a wide cross-section of Ugandans, it has to be owned and implemented by accountable public officers, the private sector and civil society organizations, and supported by our development partners. Its success shall depend on improvements in these critical areas for which I urge you to contribute to. I hope that this summarized version will enable you to understand and appreciate your role in fighting poverty amidst us.



C.M. Kassami

**PERMANENT SECRETARY / SECRETARY TO THE  
TREASURY**

## **Introduction**

The PEAP - Poverty Eradication Action Plan - is Uganda's national planning framework. It provides overall goals for government policy and programmes. It establishes principles to guide investment plans and the management of the economy. These principles are turned into specific spending and action plans through the annual and medium term planning and budgeting processes.

Since the first PEAP was launched in 1997, it has guided policy reform and the development of sector investment programmes. It commits government to the overriding priority of tackling poverty. The successful implementation of the PEAP is expected to reduce absolute poverty to less than 10 per cent of the population by the year 2017 and to increase the well being for all Ugandans. During 2000, the PEAP was revised so that it responds to emerging challenges. The revised PEAP was published in 2001.

The PEAP is not about government telling people what to do. Government's main role is to establish a framework of security, sound economic and political institutions and good governance, and deliver services. The PEAP will succeed if that framework encourages and empowers stakeholders to take action to make things better for themselves and others.

This Summary Version communicates key points of the PEAP and shows how each person can question, influence, participate and help others get involved and benefit. It is designed specifically for use by central and local government officials, Members of Parliament, international, national and local civil society organisations/NGOs, development partners, the media, and academic institutions.

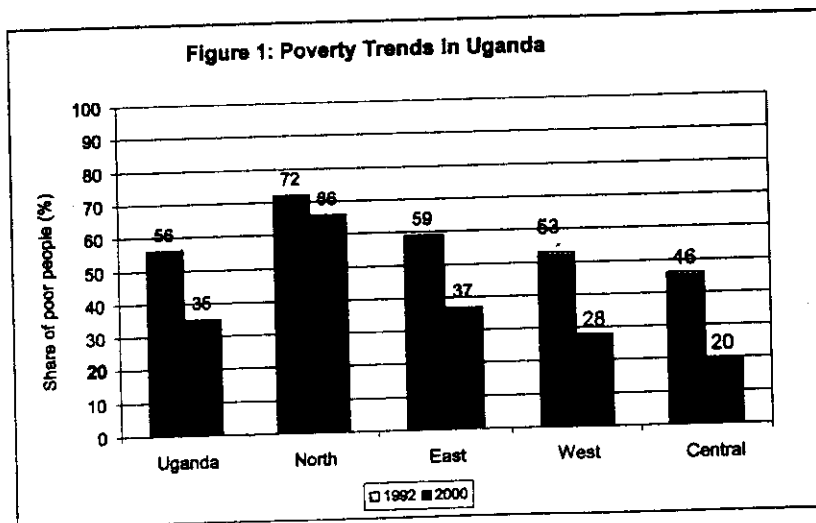
This booklet addresses some of the debates and questions that have emerged, for example, the importance of economic growth in poverty eradication. It also sets ground for discussion on whether the current measure of poverty (income poverty) is the most appropriate. The document is structured under five sections:

- (1) Poverty profile in Uganda;
- (2) The four pillars of the PEAP and how they are translated into sector plans and implemented by the different actors
- (3) How the PEAP is implemented through Sector-Wide Approaches and the Budget Process
- (4) Partnership principles for implementing the PEAP; and
- (5) Strategy for monitoring the PEAP.

## Section 1: Poverty profile in Uganda

About 35 per cent of Uganda's population (approximately 7.7 million people) live below the "poverty line". This is a measure of the amount of money that an individual needs to meet certain basic needs like food, shelter, clothing and medical care. However, poverty is not just having a low income. When government asked poor people about their experience and concerns over poverty, they said that poverty includes:

- insecurity
- poor education
- poor health
- isolation
- powerlessness
- toiling with little benefit
- lack of information.



The proportion of people below the poverty line fell from 56 per cent in 1992 to 35 per cent in 2000. Several government interventions in the form of policy and public expenditure reform have contributed to this fall. However, this poverty level is still high and the reduction in poverty has been uneven.

- 96 per cent of Uganda's poor live in rural areas.
- Incomes rose fastest for those in trade, cash crops and government services.
- Average incomes rose fastest in regions which were already better off: the north and east have the largest proportions of poor people in their population.
- Between 1997 and 2000, the poorest households increased their consumption by 8 per cent; the richest households increased theirs by 20 per cent.
- Poverty levels in the north of the country have continued to rise. Two out of three people are poor and the trend is going in the wrong direction.
- Poverty remains highest among food crop producers.

Research shows that there are several inter-related causes of poverty in Uganda:

- **asset ownership:** those with little land and other assets are more likely to be poor
- **no or low education:** raising the average education level of workers in the household is associated with higher household incomes. Those with no or very low education are likely to be poor.
- **ill health:** families spend a lot of money on healthcare and diseases hit poor people harder because they do not have the resources to get treatment. It is also more difficult for poor people to prevent diseases.
- **family size:** especially where land is scarce, larger rural families find it more difficult to get out of poverty.

Poor households cannot tackle these problems on their own. Some of them are caused by structures and conditions within society and the economy:

- **insecurity:** crime and armed conflict lead directly to the loss of assets, and reduce people's motivation to improve their situation
- **access to markets:** without good roads, and a good flow of information, farmers and other producers cannot participate fully in the market
- **low rates of investment and job creation** in the private sector
- **access to high quality public services and utilities:** where charges for services are high, not transparent, or seen as unreasonable, poor households will not use them. This increases the gap between the rich and the poor
- **land scarcity and insecure property rights:** it is hard for poor people to gain secure access to private land; and common property resources are becoming scarce
- **environmental change:** soil erosion, overstocking of grazing lands and deforestation make it more difficult for poor households to make a living from the land
- **population growth:** a high ratio of children to people of working age, and a growing population, mean that the nation needs to work hard in order to simply maintain current per capita income and consumption levels.

Poor households are not able to deal with problems that cause poverty on their own because of structures and conditions within society and the economy.

The PEAP sets out a framework within which Ugandans can tackle these complex causes and dimensions of poverty.

## **Section 2: The four pillars of PEAP and how they are translated into sector plans**

This chapter explains the four pillars of the PEAP and how they are translated into sector plans.

Since the causes of poverty within a household and in society are interrelated, the PEAP has four complementary main goals or “pillars”, which are interlinked and seek to address all the dimensions of poverty. They are:

- rapid and sustainable economic growth and structural transformation
- good governance and security
- increased ability of the poor to raise their incomes
- enhanced quality of life of the poor.

Since the pillars are interlinked, actions listed under one pillar are also important for others. For instance, enhanced quality of life contributes to increased production, and hence to rapid growth and increased incomes. Similarly, good governance and security contribute to improved production and marketing and to efficient service delivery. The PEAP sets out the following fifteen cross-cutting principles for poverty eradication that must be followed in all sectors:

- incorporate response to AIDS epidemic in all sectors
- address geographical inequalities
- reduce income inequality
- assess environmental impact of all programmes and initiatives
- promote creation of employment
- secure food security and nutrition
- consider appropriate roles for government and private sector
- pay attention to inter-sector linkages
- promote cost-effectiveness in all areas of spending

- increase sensitivity to gender issues
- target subsidies and services for the poor
- empower poor people, through strengthening democracy
- promote development partnerships
- attend to the needs of disadvantaged groups
- monitor poverty trends and sector performance

### ***Pillar One: Rapid and sustainable economic growth***

Economic growth is essential for poverty reduction. While poverty has several dimensions beyond low incomes, it cannot be removed without raising incomes. Therefore, the main thrust of PEAP is achieving rapid and sustainable economic growth. Simply redistributing wealth cannot reduce poverty.

This means that economic growth must be as pro-poor as possible, if it is to lead to significant poverty reduction. Projections of the performance of the economy over the next fifteen years indicate that growth will enable the poverty reduction targets to be met. Incomes will grow, provided private companies invest, quality and access in education continues to improve, infrastructure and utilities are reliable and structural change takes place in the agricultural sector.

If the economy continues to grow at 7 per cent per year, poverty levels can fall below 10 per cent by 2017. This growth target is high because consumption per capita needs to rise rapidly given low income levels, the large number of poor people, and high population growth rate.

The PEAP will ensure economic growth is pro-poor by helping the poorest people to acquire physical and human assets - through primary education and secure property rights - from which to make a secure living. Government is increasing investment in public services and

infrastructure in the poorest areas of the country, which in turn will encourage private businesses to set up there. Growth in agriculture will come from helping large numbers of small-scale farmers increase their production and sales, and not from just a few large-scale, capital intensive farms. Support to increase exports now focuses on sectors which employ large numbers of poor people, such as coffee, cotton, horticulture and fisheries.

Continued economic growth and fall in poverty will depend on decisions taken within government and the private sector - by firms, households and individuals. Growth will only be sustainable if:

- it is accompanied by structural change. This means more activity in the higher earning sectors of the economy such as manufacturing and services. Within agriculture, it means more cash crops and more processing and marketing of food crops.
- exports are diversified, so that the economy can cope with the uncertainties of international trade and competition
- borrowing is kept to reasonable levels and inflation remains within the government's target of five per cent or less
- the nation uses its natural resources wisely.

Government's first task is to provide good economic management that enables the private sector to invest, produce and trade. So far, Uganda's growth has happened with a relatively low level of private sector investment. This must rise substantially to sustain future growth. Government will ensure macroeconomic stability, improve resource allocation and undertake strategic interventions to promote exports in addition to removing constraints to doing business by the private sector.

### **Ensuring macroeconomic stability**

Public sector spending will be kept within the limits set by domestic revenue plus external resources. By avoiding borrowing from the Bank of Uganda, government will keep inflation low. International

borrowing will also be kept within reasonable limits, so that the country will not face excessive debt servicing in the future.

### **Improving resource allocation**

Government has in the past three years used the Medium Term Expenditure Framework (MTEF) process to reallocate substantial amounts of funding to five priority programmes of direct benefit to the poor: agriculture, roads, primary education, primary health care, and water and sanitation. This has encouraged donors to move from funding many separate projects to budget support for sector-wide programmes. This gives government more flexibility and control to direct resources to poverty eradication. The Poverty Action Fund (PAF), which targets basic services and activities, already comprises 35 per cent of public spending and is set to increase.

Key features of PAF are:

- its funding is protected from Budget cuts
- it funds highest priorities of the PEAP
- it only funds programmes which directly reduce poverty.

### **More efficient and equitable taxation**

Collection of existing taxes must be improved because current levels of tax revenue are too low. Government will continue to consider how to widen the tax base. At the same time, it is reviewing taxes which may be restricting economic growth or impacting unfairly on the poor, particularly the Graduated Personal Tax which is expensive to collect and regressive, and taxes on capital assets used by the poor.

### **Avoiding excessive debt**

Under the 1995 Constitution, the power to contract new external debt is vested in Parliament. This has made it easier to ensure that only loans on highly concessional terms are accepted. Debt relief on previous borrowing is channelled directly into poverty reduction initiatives through the Poverty Action Fund.

### **Removing institutional constraints to private sector development**

Two key factors which reduce incentives for the private sector are weakness of the financial system and the difficulty of enforcing contracts. Financial sector reform has led to the closure of poorly performing commercial banks and new regulations to protect depositors and borrowers. Further reforms will encourage lending to smaller enterprises. A study of the legal system has shown that businesses find it very difficult to enforce contracts or the payment of debts through the courts. Perceived causes of the difficulty range from corruption among support staff in Magistrates Courts and the Commercial Court, to inefficiencies in the registries and lack of transparency in the legal system. A programme of reform is now being planned which will address these concerns.

### **Expanding markets and encouraging private investment**

A growing economy needs increasing access to external markets. It is equally important to be able to sustain regular supplies for export. Access to regional markets is already improving through the 1999 treaty establishing the East African Community. Tariffs on Ugandan exports to Kenya have been reduced. Non-traditional exports have increased four-fold since 1990 and government is reducing the risks exporters face, by streamlining the export guarantee scheme and a new insurance scheme for trade transactions. Tax incentives for capital investment have also been streamlined and made more transparent. The policy of an open

economy, with liberalised exchange rates and low import tariffs, will help to build up long-term investor confidence.

### **Improving infrastructure for private sector development**

Poor infrastructure is the single most important constraint to private sector development in Uganda. This includes roads and other means of transport, power generation and distribution, and telecommunications. Much of the reform in these areas involves privatisation and deregulation: this is already delivering increased efficiency and lower costs, particularly in telecommunications where the three private sector mobile telephone companies now have more connections than the fixed lines of UTL. With the privatisation of UTL, all communication services will be provided by private providers on a commercial basis. New legislation will be needed to encourage and regulate the provision of internet-based services.

Privatisation requires effective regulation by government, to set the rules within which the private delivery of essential services and infrastructure will operate. For electricity, the legal framework has been created by the Electricity Act 1999: this provides for an autonomous regulator, a Rural Electrification Fund, development of isolated supply systems and private sector provision of electricity services. The private sector will fund new generation capacity and Uganda Electricity Board has been unbundled into three different companies covering generation, transmission and distribution which are to be privatised in 2002 under concession arrangements. Competition will improve efficiency and encourage private sector participation.

Government is looking into ways of re-establishing efficient rail services, through private sector operators. These have a lot of potential in the movement of products for export. For agriculture, local roads are a priority. Government will encourage greater private sector involvement in construction, maintenance and financing of roads.

Economic growth needs a skilled workforce and entrepreneurs. Government currently sponsors 4000 students every year at university. It will review how this support can best be targeted:

- (a) at well qualified poor students who cannot afford to pay their own way through tertiary education, and
- (b) on forms and areas of provision which will have maximum benefit for private sector-led growth.

### **Key actors**

**The key actors under this pillar are:**

Private companies, Ministry of Finance, Planning and Economic Development, Bank of Uganda, Ministry of Tourism, Trade and Industry, Ministry of Works, Housing and Communications, Ministry of Foreign Affairs, Ministry of Agriculture, Animal Industry and Fisheries, Ministry of Energy and Mineral Development and Uganda Revenue Authority.

### ***Pillar Two: Good governance and security***

#### **Security**

Security is “the presence of an environment in which people’s basic rights and property are protected”. Insecurity is a major cause and component of poverty. Action is needed both inside the country and within the Great Lakes Region to improve security, build peace and resolve conflicts. Uganda has been affected for many years by conflicts within Sudan, Rwanda and DR Congo. These have not only caused loss of life: they have also directly contributed to poverty by disrupting economic activity and reducing the amount of money that government can spend on public services and promoting growth. These regional conflicts also threaten Uganda’s reputation for security, making it less

attractive for businesses to invest. Government will continue to participate in international efforts to build peace in the region.

Within Uganda, conflicts in the northern and western parts of the country have forced people to flee their homes and live in protected camps as Internally Displaced Persons (IDPs). In the north-east, raids by the Karimojong have also led to the displacement of families, particularly in Katakwi district. Government is tackling these situations by :

- passing the Amnesty law
- fighting to defeat the rebels
- disarming the Karimajong
- negotiating with the Kony rebels.

Conflicts within communities and districts can also make people poor, and poverty itself can cause conflicts between people. Initiatives to resolve these will be encouraged through local governments. Success in resolving local conflicts will be more likely as economic conditions improve.

### **Governance**

Good governance is “the efficient, effective and accountable exercise of political, administrative and managerial authority”. It is a vital part of the PEAP both because the way in which government carries out its functions directly affects the poor and because governance affects the incentives for economic activity.

A lot has been achieved since 1997. The budget process is more transparent and involves more widespread consultation; scrutiny of public expenditure is tighter; the Human Rights Commission (HRC) has been established and has investigated complaints; capacity of districts to manage decentralised expenditure has improved steadily. But much remains to be done. Action will focus on ten areas.

### ***Human rights***

Legislation has strengthened people's rights under the law . The HRC has highlighted several features which the country can be proud of, including the independence of the mass media, women's struggle for equality, free and fair democratic elections, and an active civil society. Consultations have highlighted a lack of awareness among poor people of their rights. Three key areas for action are the investigation of complaints, monitoring of the human rights situation and dissemination of information about human rights.

### ***Democracy and decentralisation***

The existence of strong local democratic institutions has two important effects on the poor. First of all representative institutions take more pro- poor decisions, secondly lack of power is itself a dimension of poverty. Radical changes have taken place since 1997 in the functions of central government ministries and departments. Many of their former responsibilities now lie with the various levels of local government. The Local Governments Act is being revised to clarify mandates at all levels. Government will continue to support capacity development within local governments, which will improve public perceptions and ownership of the local political and administrative system.

### ***Transparent and efficient public expenditure***

It is important that government can check whether public funds allocated for poverty eradication are being used properly. Many reforms have already been introduced which make it harder for funds to be misused. They include:

- the Department of Ethics and Integrity, in the President's Office, with the mandate of tackling corruption and promoting integrity at all levels of government
- a policy of giving the public information about disbursements of funds so that they can check whether they end up being used for the right purpose

- strengthened regulations for procurement of goods and services
- strengthening of the offices of the Auditor General and the Inspector General of Government
- stronger powers for the Public Accounts Committee (PAC) of Parliament
- new Local Government public accounts committees at district and municipal level
- a new Parliamentary Budget Committee to oversee the entire Budget process.

The Local Government Development Programme will continue to build the capacity of local administrations to implement financial and procurement procedures effectively.

***Efficient and honest public services***

Poor service delivery directly affects poor people. Years of conflict and inadequate resources have left Uganda with a weak culture of service delivery. Consultations and assessments so far done have revealed widespread dissatisfaction with public services. Problems include corruption at low levels of service delivery, absenteeism, shortage of qualified staff and an arrogant attitude towards service users.

Government will act to improve management and monitoring, pay and conditions of work, and the accountability of service providers to service users. Accountability requires community-level institutions where the quality of service delivery is discussed; and a link between these institutions and the management of the service. Service users must be able to insist on getting a good service. Examples include local health management committees and the empowerment of farmers' groups to contract advisory services from private sector providers under the National Agricultural Advisory Services (NAADS) legislation.

### ***Partnership with NGOs***

NGOs have important roles in poverty eradication. They provide direct services to the poor, which complement those of government. NGOs can also implement or supervise publicly funded programmes on behalf of government. As civil society organisations, they can represent the views of the poor to government. In particular, they can help assure accountability in the use of public funds. They can also ensure that specific programmes like restocking are properly targeted to help the poor. Government will continue discussions with NGOs on how to improve co-operation and co-ordination.

### ***Justice, law and order***

Poor people are more likely to be victims of crime than other citizens. They also suffer from inefficiencies and delays in the criminal justice system, the lack of legal aid except in the most serious cases, and poor service from the police. Government is committed to making the police more accountable at the local level and to speeding up court procedures. These principles have been developed into a Justice, Law and Order sector plan.

### ***Public information***

Lack of information contributes a lot to poverty. If people do not know their rights and about policies and funds, they cannot act to take advantage of new opportunities. Government already devotes resources to public information. There is scope for better co-operation between ministries in devising cost-effective ways of disseminating information of all kinds to the population. Options include radio, mobile phones, fax, email, mobile vans, commercial communication companies, theatre, public libraries and information centres, Local Councils and civil society institutions.

*Empowering communities, and disadvantaged and vulnerable groups*  
Among the poor, women, children and disabled people find it particularly difficult to improve their livelihoods. Their poverty is compounded by social and institutional bias. The number of child-headed households is increasing because of AIDS. The Ministry of Gender, Labour and Social Development is encouraging officers to be appointed in each ministry to ensure gender issues and the interests of women are taken into account in all programmes. Similarly the needs of the disabled are best met in the community, where they can play a full part in policy formulation through the democratic process.

*Disaster management*

Poor people are more vulnerable than most to armed conflict and natural disasters, including earthquakes and drought which can lead to acute food shortages. Government will help communities and local government to act at three levels: prevention; being prepared so that people can cope better when disaster strikes; and response through District Disaster Management Committees. The national Disaster Preparedness and Management Commission oversees a policy and institutional framework for disaster management.

### **Key actors**

The key actors under this pillar are: Government accountability institutions (Inspector General of Government, Auditor General, Public Accounts Committees), Parliamentary Budget Committee, Department of Ethics and Integrity, Ministry of Gender, Labour and Social Development, Judiciary, Ministry of Justice, the Uganda People's Defence Forces, Local Councils, the Police, Uganda Human Rights Commission, Civil Society Organisations/NGOs, Media institutions, the Constitutional Review Commission, the Disaster Management Commission, Amnesty Commission and Ministry of Internal Affairs.

### ***Pillar Three: Increasing the ability of the poor to raise their incomes***

Increasing the incomes of the poor is the most direct and sustainable way to help them improve their quality of life. For most, that means increasing the amount of money they gain from selling farm and nonfarm produce. Agriculture and rural development in Uganda are closely linked and are vital to the success of the PEAP. Structural change in agriculture will contribute to economic growth. Through rural development the poor will have more opportunity to increase their income.

The Plan for Modernisation of Agriculture (PMA) that was prepared through a Sector Wide Approach with participation of all stakeholders is a multi-sectoral plan for rural development. It sets out the priority objectives for the sector. These emphasise helping smallholder farmers diversify into market-oriented production and into non-agricultural activities. This will ensure that economic growth does not simply reinforce existing income disparities.

The PMA also sets out the institutional roles and responsibilities necessary for achieving the priority objectives. Since it is a multi-sectoral plan, these roles are not limited to institutions responsible for agriculture but cut across gender, infrastructure, trade and tourism, justice, local government and other sectors. For example, the PMA includes transfers of funds from central government to local governments (sub-county level) as non-sectoral conditional grants for implementing activities to support integrated rural development. Development partners contribute funds for implementing the PMA as a whole instead of funding separate, independent projects.

Structural transformation will mean that many people will also raise incomes by moving into other sectors and economic activities. For these things to happen, the productivity of agricultural production must increase so that farming families will have enough food for themselves and a surplus to sell for cash. At the moment, only about five per cent of farmers sell more than twenty per cent of their produce.

Reasons for low productivity include:

- difficulties in getting produce to markets which reduce farmers' incentive to increase productivity of crops for sale
- low levels of organic and inorganic fertiliser use
- lack of draught animals
- inadequate financial services for small-scale farmers.

If these constraints can be removed, the prospects are good: land is available in some parts of the country and soils in many areas are potentially fertile.

Although poverty has been falling, poverty reduction in rural areas has been slower than in urban areas. Through the PMA, government is taking action to speed up changes in the agricultural economy. Priority areas for public action to achieve this are:

- improving poor people's access to productive assets, in particular land, restocking and financial services
- improving access to markets, through better transport, infrastructure and market information
- better use of farm resources, through research, technology development and advisory services
- encouraging the sustainable management of land, water, and forest resources
- expanding non-farm employment, through rural electrification, vocational education and advice to micro- and small-scale enterprises

- increasing income earning opportunities for disadvantaged groups.

A new non-sectoral conditional grant will allow sub-counties to fund poverty-reducing activities which fit in with local priorities.

### **Access to land**

Uncertainties and disputes over property rights discourage people from using land productively. Many landlords restrict what can be done on the land, further discouraging the use of more productive management practices. The Land Act of 1998 was designed to strengthen the land rights of the poor. Further action is needed to protect the rights of vulnerable groups such as women and children over land. A Land Fund will be set up, which will help poor landless people to acquire land.

### **Restocking**

Loss of cattle through rustling and armed conflict is a major factor in the impoverishment of many households. Assisting the poor to acquire replacement animals will give an immediate boost to their household income and to their ability to farm productively. NGOs can help to ensure restocking is properly targeted to benefit poor people. Poor households are also being helped to acquire new planting material for crops such as coffee, cassava, fruits, maize and cotton.

### **Financial services**

Experience in Uganda shows that the poor can make productive use of small amounts of credit at commercial rates of interest; they also need reliable and accessible savings institutions. There is a large unmet demand for financial services among the poor. Access (availability and affordability) is the main constraint. Government schemes for providing credit have not been successful. They have in the past stifled private sector initiatives and encouraged a culture of default. Government will withdraw from

direct delivery of credit but will provide a conducive macro-economic environment; provide legal and regulatory framework for micro finance institutions. This will protect borrowers and depositors, stimulate new service providers to enter the market and encourage more farmers to use financial services. Government will also make sure that training is available for micro-finance institutions and borrowers.

### **Improving rural transport**

Good roads benefit the poor in many ways. They break down the isolation of rural communities, facilitating the exchange of ideas and information. Prices at which they sell farm produce increase as traders' costs of transport fall. Construction and maintenance of local roads can be an important source of employment, particularly where labour intensive methods are used.

Community participation in the management of roads helps make local governments accountable to road users. The 10 year Road Sector Development Programme (RSDP) was developed in 1996. Initially, targets set for infrastructure maintenance and development were not met. However, a thorough appraisal and reform of how road building and maintenance are managed has greatly improved performance. In 2000-2001 90 percent of targets were met.

The introduction of the PEAP as the guiding framework for government policies and spending has also led to significant changes. These include the incorporation of the District Urban and Community Access Roads (DUCAR) network in road sector management and the enhanced thrust on road maintenance which brings both direct and indirect benefits to the poor. According to the National Service Delivery Survey, investment in rural roads since 1997 has already led to poor people acknowledging roads as one of the local services they are more satisfied with.

### **Marketing infrastructure and information**

Government will provide basic services at rural and urban markets - shade, platforms, water, sanitation. It will also support a demand-driven system for giving farmers reliable and updated information over the radio on prices and trends in local and more distant markets. Development of local agro-processing capacity will be supported through encouragement of rural electrification and private sector investment. This will increase local demand for farmers' produce and bring more income to rural areas. The Ministry of Trade and Industry will help identify niche markets - such as organic produce for overseas consumers - for which poor farmers can produce.

Farmers buy as well as sell in the market. They need accessible supplies of seed, fertiliser, tools and other inputs. The Uganda Seed Project will be privatised and local stockists trained to improve the quality and efficiency of input supply.

### **Research and technology development**

New knowledge is an important input to agricultural modernisation. Government will continue to fund agricultural research, but will ensure that this investment is closely linked to farmers' needs and is targeted for the poor. NARO is decentralising its work to zonal Agricultural Research and Development Centres (ARDCs): these will be able to develop technologies appropriate to farmers in their zone, with at least some of their funding coming from local governments and farmers' groups who will buy research services. Private research organisations may also be contracted to carry out research. Priorities will include farm power, post-harvest and processing technologies that will add value to farm produce, and land and water management technologies for sustainable production.

### **Agricultural advisory services**

Investment in agricultural advice and extension for the poor can yield very high returns. In the past, extension has been inefficiently managed and inadequately funded. Since 1997, responsibility for extension has been devolved to local governments, making it more responsive to local needs and accountable through democratic structures. In 2001, the National Agricultural Advisory Services programme began and is already working in pilot districts. This provides public funds to allow local farmer representative bodies and local governments to contract private sector organisations to provide advisory services.

For the poor to benefit, the content of the advice offered must be suited to their circumstances. There are many low-cost technologies which may be appropriate to the poor and adaptable to local contexts, some of which have been identified and promoted by NGOs. They include using composts and manures, mulching, inter-cropping with nitrogen-fixing plants, and agro-forestry. As government pulls out of direct involvement in delivering advisory services, it will establish a regulatory framework which will give clients of the private sector providers confidence in the service they receive.

### **Environmental policy and natural resource management**

Action is also needed at community level to protect soil, water and grazing land on which agriculture depends. Many other economic activities of the poor also depend on natural resources. Economic growth will not be sustainable if these are destroyed. The National Environmental Action Plan sets guidelines to stimulate growth that preserves or enhances natural resources. Government will continue to back these up with environmental education and information, and by encouraging community initiatives to improve local management of natural resources. Forests are a key resource which face many demands and

pressures. The roles of the private sector and of central and local government in their management, development and improvement will be clarified.

### **Rural electrification**

The poor may benefit indirectly from improved electricity supply. It can expand their income opportunities and enhance their quality of life. Technology can be brought in to process farm products into more storable and higher value forms for the market. Electricity stimulates the growth of non-farm employment in small manufacturing and processing businesses. It improves the quality of services in clinics and schools. It also makes telecommunications and the efficient pumping of water possible.

Government is working to increase electricity supply and distribution, through the private sector, in ways which ensure the poor benefit. The aim is to increase electricity access from the very low level of one per cent, to ten per cent of the rural population by 2010.

### **Vocational education**

To take advantage of new economic and employment opportunities, the poor need appropriate skills. Vocational training, accessible to the poor in terms of location and cost, is therefore an important element of the PEAP. Government plans to establish community polytechnics in order to train out-of-school youths for gainful employment. Mobile training facilities may be provided for more remote communities. A particular training need is in entrepreneurial and business management skills, for those running or setting up enterprises in rural areas.

### **Micro- and small-scale enterprises**

As well as training, rural enterprises need a supportive policy and legal framework within which they can operate efficiently and

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profitably. Government recognises that the current framework needs improving and is developing proposals for reform. A deregulation programme is under way, which will increase incentives and reduce bureaucracy for small businesses, while protecting the rights and safety of their employees and customers.

### **Increasing incomes of disadvantaged groups**

Some groups - particularly disabled people and households headed by young orphans need more help than others to improve their incomes. Government is looking at ways of complementing existing structures of support for such groups: involvement of NGOs, and the lowest levels of local government, will be crucial.

### **Key actors**

The key actors under this pillar are: NGOs, Ministry of Agriculture, Animal Industry and Fisheries, Plan for Modernisation of Agriculture Secretariat, Ministry of Water, Lands and Environment, National Agricultural Research Organisation (NARO), National Agricultural Advisory Services (NAADS), Ministry of Works, Housing and Communications, Ministry of Tourism, Trade and Industry, Ministry of Energy and Mineral Development, Ministry of Finance, Planning and Economic Development, Bank of Uganda, National Environment Management Authority, Ministry of Gender, Labour and Social Development, Ministry of Education and Sports, and the Prime Minister's Office.

### ***Pillar Four: Enhancing the quality of life of the poor***

The quality and accessibility of public services directly affect the quality of life of poor people. Since 1997, three big successes in this area have been the enormous increase in the number of students

in schools, a reduction in the incidence of HIV infections, and the virtual eradication of guinea worm, polio and leprosy. The proportion of poor children among school pupils has increased, and girls in poor families have benefited most from Universal Primary Education (UPE). The PEAP will build on this success by focusing on seven areas of service provision of particular benefit to the poor.

### **Health care services**

Poor people identify ill-health as the main cause and consequence of poverty. Health services can make a significant contribution to poverty eradication provided they target key causes of illness and are accessible to the poor. Recent research shows a decline in some key health indicators. The challenge for government is to achieve mass delivery of basic preventive and curative health services. This will continue to be supported by information and health education, so that poor people are better able to avoid ill-health and to take appropriate action when they become ill.

The 5 year Health Sector Strategic Plan (HSSP 2000-2005) that was developed through wide consultations with stakeholders focuses on two main goals: introducing a minimum health package, and strengthening service delivery to ensure access for all. The priority objectives are to reduce the causes of ill-health and premature death and to remove inequalities in access to quality health care services. The HSSP therefore set out to achieve five major outputs:

- a minimum health package for everyone, including prevention of communicable diseases, integrated management of childhood illnesses, ante-natal care, mental health and rehabilitation, health education and promotion, and essential clinical care
- reform of the health organisation and management system, including decentralising health care delivery, restructuring the Ministry of Health and support institutions, partnership with private sector and CSOs and strengthening of inter-sectoral linkages

- reform of the legal and regulatory framework in the health sector, including Health Acts, and regulation of the private sector and traditional practitioners
- a strong integrated health support systems including human resource and health infrastructure development, strengthening of procurement and management of medicines.
- strong policy, planning and information management systems including quality assurance, research and development.

Each output has its own targets and budget allocations. Within the minimum package output, there are resource allocations for each component. The HSSP sets targets for five years and indicates the level of investment required to achieve the sector policy objectives. This is planned to rise from 158 billion shillings in 1999/2000, to 201 billion shillings in 2004/05. At the local level, the HSSP guides districts in elaborating their three-year rolling health plans.

### **Primary and secondary education**

Primary education benefits the poor directly, bringing higher incomes, better health and empowerment especially for girls. The Education Strategic Investment Plan (ESIP) 1998-2003 has been in place since November 1998. The plan commits government to allocate at least one quarter of public expenditure to the education sector for this period. The broad policy objectives of ESIP are translated from the PEAP goal of improving the quality of life of the poor, and the vision for human development as a basis for Uganda's future development. These objectives are to expand access, increase equity, and build high quality and effective education services in both public and private sectors.

The chief education priority of government is to ensure all children enrol in primary school. The plan has output targets for each component (for example, the number of classrooms completed) and a time schedule for completion. The plan also outlines the Medium-Term Financing and Investment Framework for the sector.

Universal Primary Education (UPE) has greatly increased access and enrolment. The challenges now are to:

- reduce the drop out rate and keep children in school
- improve the quality of teaching
- reduce average class sizes
- expand the infrastructure by cost-effective and locally managed building of new classrooms
- ensure accountability of schools to parents.

There is now need to expand secondary school education to take care of UPE graduates effective 2003. Although the poor benefit less directly from secondary education as relatively few enrol, demand will increase as the large numbers of primary school children work their way through the system. Building of public sector secondary schools is now being targeted particularly in poorer areas, while private investment in secondary education is also supported where possible.

### **Adult literacy**

Poor people's ability to participate fully in economic growth is limited if they cannot read and write. It keeps them from accessing higher earning employment and makes it difficult for them to benefit from advice and information in print form. Ugandan experience shows that adult literacy has significant effects on income generating projects, agricultural output and empowerment, at relatively low cost per learner. Literacy rates are lower in rural than in urban areas, and much lower for women than for men. The Ministry of Gender, Labour and Social Development is co-operating with several NGOs in delivering literacy programmes. Adult literacy is a priority area for funding under PAF.

### **Water and sanitation**

Access to clean, safe water supplies is internationally recognised as a fundamental right. Without it, people cannot remain healthy

and many poor people - especially women - have to spend a lot of time carrying water to their homes. The PEAP goal of increasing the quality of life of the poor has been translated into a Rural Water and Sanitation Strategy and Investment Plan (RWSSIP 2000-2015). This plan was finalised in 2000. It sets out targets for both rural and urban water and sanitation. For rural areas, it further divides demand into rural villages and rural growth centres. In rural sanitation, it explores the synergies with other sectors such as education and social development. Through the Poverty Action Fund, money is transferred to local governments as a District Water and Sanitation Development Conditional Grant. The RWSSIP contains guidelines for planning and operation of the grant as well as the roles and responsibilities of different institutions. More than half the rural population now have access to clean safe water, although coverage is uneven between districts. The target is to increase this to 100 per cent by 2015 and to build the capacity of communities to operate and maintain water supplies. Public information and education will help people store and use water safely.

### **Housing and domestic energy**

Consultations with the people showed that quality of housing is a critical indicator of poverty. This sector has therefore been added to the PEAP in the 2001 revision. Government's role is to create an environment in which households, the private sector, NGOs and community groups can operate effectively to provide decent and affordable shelter. The situation is improving. The quality of building materials has improved for many rural households, although the proportion living in huts is still over 30 per cent.

Most rural households - and especially the poor - still rely on firewood for cooking and on *tadooba* for lighting. This has both health and environmental consequences. Electricity will only be available to a minority for several years. So the priority is to help

poor people access and use safer, cheaper and less environmentally damaging biomass energy. More efficient and safer cooking stoves, which are locally produced and virtually cost-less, are being promoted. Once again, health education and public information are important elements. Government will continue to promote tree growing for fuel and other uses, to reduce pressure on forest resources and on the time used by women for collecting firewood.

### **Psycho-social support**

Consultations for the PEAP identified groups who need psycho-social support. They include people living with AIDS, internally displaced people who find it difficult to engage in normal productive activities, the mentally ill and those suffering from trauma as a result of armed conflict. Government is considering how best to support these groups.

### **Family planning and reproductive rights**

Uganda's population was 5 million in 1948, 22 million in 2000 and will be 25 million in 2005. Large families offer security for poor people; but as economic growth and incomes rise, many poor families will want fewer children. Government policy is to provide information and services to allow people to make informed individual choices about child spacing and family size.

## **Key actors**

The key actors under this pillar are: NGOs, Ministry of Finance, Planning and Economic Development, Ministry of Health, District Health Services, Ministry of Education and Sports, Ministry of Water, Lands and Environment, Ministry of Gender, Labour and Social Development, Ministry of Energy and Mineral Development, Directorate of Water Development, Population Secretariat, Uganda AIDS Commission and Village Health Committees.

## **Section 3: How the PEAP is implemented**

### ***Sector wide approaches***

The PEAP sets a national framework for government planning and budgeting. The national goals and priorities in the PEAP are translated into plans for each sector and for local governments. For sectors, this is done through Sector Wide Approaches (SWAPs) which bring together the activities of government, donors and other stakeholders into a single strategy. SWAPs are implemented through Sector Investment Programs (SIPs), and policy, institutional and budgetary reforms. Under sector-wide approaches, NGO, private sector support and multi-donor sub-sector programmes support service delivery and capacity building.

SWAPs are more efficient than investing in lots of single projects. They clarify sector objectives, priorities and strategies, and link spending with the necessary policy, institutional and budgetary reforms. The process of developing and monitoring SWAPs allows stakeholders to be more involved and their views to influence priorities and spending plans. This helps build local commitment and ownership of the strategy.

The responsibility for developing and implementing the detailed sector plans lies with line ministries and local governments. The individual sector ministries initiate the design of detailed plans within the sector. The individual local government departments initiate detailed plans for their local areas, within the guidelines of the PEAP and the national sector plans. Partnership between donors and government ensures that the plans are based on what is affordable.

The PEAP goals are being translated into sector plans. This has already been done for the following sectors: health, education,

water and sanitation, roads, agriculture and rural development, justice law and order, lands, and social development. Others are in progress.

### ***Medium Term Expenditure Framework***

Sector plans are drawn up within the guidelines set by the Medium Term Expenditure Framework (MTEF). This indicates the resources that are likely to be available for each sector's programmes for the next three years. The annual budget contains spending plans for each year. Widespread consultation and communication between all stakeholders ensures consistency between the annual budget, the MTEF and sector and local governments' investment plans.

Prioritising resources between and within sectors is a challenge for the PEAP. Costs in some sectors are clearer than in others. For example, the cost of providing one classroom for every forty pupils is better known from recent experience than the cost of providing adequate advisory services to a group of farmers. It is also difficult to decide whether to limit spending plans to the resources currently available, or to base plans on an increase in resources as the economy grows. The main challenge, however, is determining the relative importance of different sector programmes and components. For example, is poverty reduced more by spending 10 million shillings on classroom construction, on primary health care or on rural electrification?

The following table shows how much government spent in 2000-2001, the approved budget for 2001-2002, and how much it expects to spend in the two following years in each sector

## Medium Term Expenditure Framework

| Sector                                    | Expenditure          | Approved            |        | Projected                | Projected                |
|---|----------------------|---------------------|--------|--------------------------|--------------------------|
|   | Outturn<br>2000/2001 | Budget<br>2001/2002 |        | Expenditure<br>2002/2003 | Expenditure<br>2003/2004 |
| Security                                  | 208.76               | 231.24              | 8.5 %  | 247.80                   | 260.19                   |
| Roads and Works                           | 127.05               | 349.92              | 129 %  | 351.05                   | 377.81                   |
| Agriculture                               | 21.79                | 122.22              | 4.5 %  | 129.70                   | 139.42                   |
| Education                                 | 371.66               | 516.00              | 190 %  | 578.75                   | 638.19                   |
| Health                                    | 109.57               | 314.26              | 11.6 % | 268.18                   | 300.01                   |
| Water                                     | 81.42                | 145.34              | 5.4 %  | 155.48                   | 166.33                   |
| Justice, Law and<br>Order                 | 94.46                | 134.19              | 5.0 %  | 144.85                   | 154.41                   |
| Accountability                            | 16.09                | 23.67               | 0.9 %  | 26.60                    | 28.99                    |
| Economic Functions<br>and Social Services | 131.85               | 366.02              | 13.5   | 416.94                   | 450.59                   |
| Public Administration                     | 281.81               | 352.61              | 130 %  | 364.64                   | 385.00                   |
| Interest payments                         | 107.10               | 155.10              | 5.7 %  | 157.90                   | 165.20                   |
| <b>Total (Includes<br/>contingencies)</b> | <b>1,555.56</b>      | <b>2,731.09</b>     |        | <b>2,896.03</b>          | <b>3,097.52</b>          |

Source: Budget Speech 14 June 2001: Budget Performance Report 2000-2001

Note: All figures are in billions of shillings

## **Participation in the Planning and the Budget processes**

The ability of every citizen to participate in the planning and budgeting processes comes from decentralisation. The functions of central ministries and departments now focus on initiating the design of sector plans, policy formulation, co-ordination, setting up national standards and regulations, inspection and monitoring, and provision of technical advice and support to local governments. In accordance with the Local Governments Act 1997, local governments are responsible for the delivery of services within the policy guidelines of the national, sectoral programmes. This makes their participation in planning and implementation of sector programmes a critical factor in ensuring success.

### **Participation in Planning**

The Ministry of Local Government has published decentralised planning guides to assist local governments improve their planning capacities. One of the guides, "Formulation of a District Development Plan, 2000" sets out the sequence of activities which local government officials (the District Technical Committee) and other stakeholders such as NGOs and CBOs may follow in the process of formulating a development plan. These steps include a *plan conference*. This is a meeting of all stakeholders to provide a general direction that the local government council should take in the plan period. The stakeholders include Councillors, technical heads of departments, Members of Parliament of the area, opinion leaders, religious leaders, NGOs working in the area, representatives of various sections of society and interest groups. Guided by resolutions at this conference, the various committees of Council then draw up proposals for integration into the Local Government Plan. At the district level, the standing committees are expected to consider submissions of the lower level local governments when drawing up sector plans. The same principle

must apply in the relationship between sector and district plans. While sector plans set the policy framework for districts, subsequent revisions of sector plans must take into account district priorities as per the district plans.

At the central government level also, widespread consultation takes place in drawing up sector plans; these in turn feed into the revision of the PEAP. For example, the policy statements contained in the revised PEAP 2001 reflect the policy statements made in various sector plans.

### **Participation in the Budget Process**

Having established the policy framework and the desired outputs as well as outcomes, the implementation of these strategies requires budgeting. However, resources are limited and in the case of poor countries like Uganda, they are quite insufficient hence the need for prioritising among the priorities. These resources come from taxes generated internally and are complemented by donor assistance in form of grants and loans. The Ministry of Finance, Planning and Economic Development every year draws up a 3-Year Medium-Term Expenditure Framework (MTEF) which integrates government and donor contributions expected over a three-year period.

The Budget process in Uganda is co-ordinated by the Ministry of Finance, Planning and Economic Development. It begins around October of each year and ends with the approval by Parliament in June of the following year. While the Ministry of Finance, Planning and Economic Development estimates how much money will be available for government to spend, the citizens decide the priorities to spend on. They do this through their local councillors and Members of Parliament as well as through expressing their views during studies such as the Participatory Poverty Assessment and the National Service Delivery Survey.

The Budget process has the following steps, which provide opportunity for citizens' participation.

- (a) The 1<sup>st</sup> Budget Consultative Workshop is held around mid/end October each year in Kampala. This workshop brings together central and local governments officials, donors, NGOs and private sector representatives, and parliamentarians. At this workshop, the performance of the economy is presented, together with the expected resources for public expenditure in the next three years. Policies and activities as well as problems and solutions for implementing government programmes are discussed. Indications of how much money will be available for each sector are made.
- (b) After the 1<sup>st</sup> Budget Consultative Workshop, Sector Working Groups (SWGs) consult more on priorities and produce a paper for each sector that reflects goals, objectives, a review of the sector performance, and the proposed resource allocations for the coming year. Key policy and operational issues as well as unfunded priorities are identified for cabinet consideration. Each SWG consists of representatives of the Sector Ministry, NGOs, the private sector, local and urban authorities and donors.
- (c) Following this meeting, Local Governments begin preparation of their Local Government Budget Framework Papers (LGBFP) reflecting their local priorities. The LGBFP is a rolling three year policy and expenditure planning framework consistent with resource availability. Training workshops are organised for the local governments and technical assistance is provided by sector ministries.
- (d) Consultative meetings are then undertaken between December and March, the reports of Sector Working Groups are finalised and discussed at a meeting of ministers to decide

on the allocations between sectors. The outcome of these meetings and the inputs of the LGBFPs form the basis for preparing the national Budget Framework Paper (BFP) which gives broad sector allocations. The BFP guides the expectations of ministries and districts about resource availability and helps in setting realistic budgets. In addition, the development of medium-term aggregate expenditure ceilings provides a framework for a more realistic appraisal of key policy changes. The time table for these discussions has now been changed by the Budget Act 2001.

The Consultation process on the BFP includes discussions with donors, especially on the sectoral priorities of government expenditure and on the consistency of government assumptions regarding external financing with actual donor financing plans. Civil society is also involved in the consultation process.

The Budget Act, 2001 aimed at providing for and regulating the budget procedure came into effect on 1<sup>st</sup> July, 2001. This Act provides for Parliament to be involved in the budget process from the early stages. The President is required to lay before parliament not later than 1<sup>st</sup> April a three-year plan for economic and social development and an indicative preliminary revenue and expenditure framework for the next financial year. The frame work is based on preliminary budget estimates prepared by ministries and agencies following submission of a draft BFP to cabinet in mid- February. After this Ministries and Agencies are informed of the spending ceilings within which they must work in preparing their estimates. Parliamentary committees then study the preliminary estimates before recommending changes not later than mid -May. These are considered for incorporation into the National Budget which is presented to Parliament before 15<sup>th</sup> June.

## **Ensuring transparency and better services**

The planning and budgeting processes in Uganda provide an opportunity for information to flow in both directions, from the centre to local communities and vice versa. Government publishes information on disbursements of funds and on budget allocations so that citizens can play an active part in monitoring the implementation of plans. Knowing how decisions about public funds are made, expressing one's ideas on where money should be spent and complaining when it is not benefiting either the individual or the community is a right of every citizen.

People can help ensure resources are used effectively in several ways:

- attend and participate in council meetings
- inform themselves about the PEAP and the budget process at local and central government levels
- understand the Work Plan and the Development Plan for their Subcounty and district
- demand that elected leaders report on development plans and the use of public funds
- report suspected misuse of public funds to councillors, the Member of Parliament for the area or to the office of the Inspector General of Government (IGG).

## **Section 4 Making PEAP work through partnerships**

The PEAP is a partnership between central and local governments, civil society, the private sector and donors. The design, implementation and revision of the PEAP has been and will continue to be a consultative process involving even the poor in planning for their priority needs.

Consultation and participation of stakeholders takes two main forms:

- consultations during the annual planning and budgeting cycle
- studies undertaken to solicit local people's views, including the Uganda Participatory Poverty Assessment the National Service Delivery Survey, the Tracking Study on Expenditure in Health and Education, and the National Integrity Survey. These have been used in the revision of the 1997 PEAP in 2001.

### **Understanding Partnership**

In the context of the PEAP, partners have their own roles and respect those of the other partners. Central government sets policies and priorities on behalf of the citizens, through democratic and consultative processes. Local governments plan development activities and service delivery. Donors, NGOs and other stakeholders also have their own priorities and views which government takes into account. NGOs have advocacy, monitoring and service delivery roles. All partners share a commitment to the eradication of poverty and advise and support each other in their respective roles in achieving this goal.

## **Partnership principles for implementing the PEAP.**

### **Shared commitment**

Donor support will only be sought and provided for programmes in the PEAP.

### **Government will also:**

- continue to give priority to poverty eradication
- continue increasing the tax effort
- accelerate public sector Pay Reform
- lead the donor co-ordination process
- decline any offers for stand-alone donor projects
- strengthen monitoring, accountability and transparency and curb corruption
- continue to strengthen national capacity at all levels
- develop costed and prioritised sector-wide programmes to cover the entire budget
- further encourage and develop participation of all stakeholders
- strengthen co-ordination across government.

### **Donors will also:**

- jointly undertake analytical work, appraisal and reviews
- jointly set-up output/outcome indicators
- develop uniform and efficient disbursement and accountability rules
- continue to increase the level of untied sector budget support, through SWAPs
- reduce the frequency of monitoring missions by delegating more to country offices
- abolish topping-up of individual project staff salaries
- progressively reduce tying of procurement.

### **Civil Society Organisations and the Private Sector will:**

- participate in planning and service delivery
- undertake advocacy and monitoring
- mobilise additional resources to support implementation.

## **Section 5 Monitoring change and performance**

Monitoring of the PEAP will provide information needed to manage, review and adjust the way it is implemented. Many different organisations are involved in collecting and compiling this information, in central and local governments, the accountability institutions (Auditor-General, Inspector General of Government), academic institutions and NGOs. The Poverty Monitoring and Analysis Unit (PMAU) in the Ministry of Finance, Planning and Economic Development is responsible for co-ordination of data collection, analysis of data from the various sources and publishing the poverty status report which reviews the progress of the PEAP.

Monitoring is done at three main levels:

- outcomes related to the four goals of the PEAP
- outputs, which refer to the quantity and quality of services delivered by government and other providers using PEAP resources
- inputs, which are the funds and other resources used for implementing the PEAP through sectoral programmes.

In health, for example, expected outcomes include decreases in the rates of infant and child mortality; outputs include the number of people receiving the minimum health package; and inputs include the number of trained staff in rural health centres and the funds used to pay for health services.

At each level, monitoring compares what is planned and expected with what is actually happening. The most important outcome is the level of poverty itself, which is assessed through household surveys and participatory poverty assessment.

A lot of the information for monitoring comes from existing sources and administrative data. The normal accounting process within local and central government shows the amounts of money spent in each sector. Regular reporting on budget implementation by local government and sector ministries enables government to monitor the efficiency of spending on poverty eradication measures. Indicators of investor confidence (an important outcome under the first pillar of the PEAP) are collected and published internationally. Outputs of investment programmes (roads, classrooms, community water systems, for example) are compiled through existing PAF monitoring.

**Monitoring compares what is planned and expected with what is actually happening.**

Additional studies will be carried out to review implementation of the PEAP where necessary. These may include tracking studies to identify blockages in the flow of funds, and poverty and social impact studies (for example, to find out more about changes in income from non-agricultural activities for rural households).

Existing studies and sources do not give much information on what happens within households. It is important to know whether all members of poor households, and vulnerable people within non-poor households, are benefiting equally from the PEAP so that actions can be better targeted in future. Specific studies will examine these issues.

Information dissemination is an essential part of the monitoring process. Stakeholders can only use information effectively if it is made available to them in a timely manner. Government is committed to widespread and transparent sharing of monitoring information with all stakeholders.

## **Revising the PEAP**

In order to make the PEAP more responsive to the needs of the people, the process of revising it includes consultations at central government level, and with local governments, civil society organisations and citizens. It also includes regional, donor and political consultations and feedback to ensure that all stakeholders contribute effectively to the process. Through participatory poverty assessments within the mandate of the Uganda Participatory Poverty Assessment Project, citizens are consulted within their localities at the grassroots level.

A working draft of the PEAP is circulated to a wide audience, which generates focussed discussions on critical development issues. Major consultative meetings are held with wide representation of stakeholders (politicians, central and local government officers, donors, NGOs, private sector, civil society, urban and local authority representatives and the media) to review and provide detailed comments on policy issues that may arise from the draft. Detailed written comments are received from many of the main sectoral ministries and cross-cutting agencies most centrally involved in the PEAP, and from a wide range of other institutions. These comments are then incorporated in the final draft.

District officials receive a draft of the revised PEAP and regional workshops gather written and oral comments. Consultations are held with members of all parliamentary sessional committees. Issues for the revision are also raised through existing consultative fora such as the Sector Working Groups for the budget framework process, NGO consultative meetings and regular donor meetings. Then a revised draft is presented to Cabinet for approval.

While the PEAP has been very instrumental in facing the problem of poverty, there will always be new ideas on how to improve it. For example, better ideas could emerge on how to deal with the challenge of resource allocation within and between sectors. New indicators could be suggested for measuring and monitoring poverty. The framework for broad consultations and open-door policy will be used to hear and use such ideas in revising the PEAP.