



Joint Evaluation of Budget Support to Uganda

Final Report

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Evaluation jointly managed by the European Commission (DG DEVCO Evaluation Unit) and the World Bank's Independent Evaluation Group (IEG) with the Government of Uganda (Ministry of Finance, Planning, and Economic Development, and Office of the Prime Minister), Ireland (Department of Foreign Affairs and Trade) and the UK (DFID)

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List of acronyms and abbreviations

| | |
|----------|---|
| AfDB | African Development Bank |
| AHSPR | Annual Health Sector Performance Reports |
| ALD | Aid Liaison Department |
| ANC | Antenatal Care |
| APIR | Annual PEAP Implementation Review |
| BFPs | Budget Framework Paper |
| BoP | Balance of Payments |
| BS | Budget Support |
| CAS | Country Assistance Strategy |
| CB | Capacity Building |
| CBM | Community Based Maintenance |
| CEDAW | Convention on the Elimination of all forms of Discrimination against Women |
| CEM | 2007 Country Economic Memorandum |
| CG | Central Government |
| CIFA | Country Integrated Fiduciary Assessment |
| COFOG | Classification of the Functions of Government |
| CPIA | Country Policy and Institutional Assessment |
| CSBAG | Civil Society Budget Advocacy Group |
| CSO | Civil Society Organisations |
| CSPs | Country Strategy Paper |
| OECD-DAC | Organisation for Economic Co-operation and Development Assistance Committee |
| DC | Development Committee |
| DDGG | Donor Democracy and Governance Group |
| DEO | District Education Officer |
| DFID | Department for International Development |

| | |
|--------|---|
| DHS | Demographic and Health Survey |
| DP | Development Partner |
| DPT | Diphtheria, Pertussis and Tetanus |
| DSA | Debt Sustainability Analysis |
| DWD | Department of Water Development |
| DWO | District Water Office |
| DWSCC | District Water and Sanitation Coordination Committees |
| DWSDCG | District Water and Sanitation Development Conditional Grant |
| EC | European Commission |
| EDF | European Development Fund |
| EFMP | Economic and Financial Management Project |
| EMIS | Education Management Information System |
| EPRC | Economic Policy Research Centre |
| EQ | Evaluation Question |
| ESCC | Education Sector Consultative Committee |
| ESCG | Education Sector Consultative Group |
| ESSP | Education Sector Strategic Plan |
| ESSR | Education Sector and Sports Sector Review |
| EU | European Union |
| FA | Financial Agreement |
| FINMAP | Financial Management and Accountability Programme |
| FMIS | Financial Management Information System |
| FY | Fiscal Year |
| GAPR | Government Annual Performance Report |
| GBS | General Budget Support |
| GDP | Gross Domestic Product |
| GER | Gross Enrolment Ratio |
| GFATM | Global Fund to Fight AIDS, Tuberculosis and Malaria |
| GFP | Gender Focal Person |
| GFS | Government Finance Statistics |
| GGA | Gender and Growth Assessment |
| GHI | Global Health Initiatives |
| GIZ | Deutsche Gesellschaft für Internationale Zusammenarbeit |
| GoU | Government of Uganda |
| HC | Health Care |
| HH | Household |
| HIPC | Heavily Indebted Poor Countries |
| HLAM | High Level Action Matrix |
| HLG | Higher Local Government |
| HMIS | Health Management Information System |
| HPAC | Health Policy Advisory Committee |
| HPMA | Hand Pump Mechanics Association |
| HQ | Headquarters |
| HSAPR | Health Sector Annual Progress Report |
| HSBS | Health Sector Budget Support |
| HSSIP | Health Sector Strategic and Investment plan |
| HSSP | Health Sector Strategic Plan |
| ICR | Implementation Completion Report |

| | |
|--------|--|
| ICSC | Implementation Coordination Steering Committee |
| ICT | Information and communications technology |
| IDA | International Development Association (World Bank) |
| IEG | Independent Evaluation Group |
| IFMIS | Integrated Financial Management Information System |
| IGG | Inspectorate General of Government |
| IHME | Institute for Health Metrics and Evaluation |
| IMF | International Monetary Fund |
| IMR | Infant Mortality Rate |
| IPPS | Integrated Payroll and Pension system |
| IWRM | Integrated Water Resources Management |
| JAF | Joint Assessment Framework |
| JBS | Joint Budget Support Framework |
| JBSF | Joint Budget Support Framework |
| JC | Judgement Criterion |
| JICA | Japan International Cooperation Agency |
| JPF | Joint Partnership Fund |
| JSR | Joint Sector Review |
| JTRs | Joint Technical Review |
| JWESSP | Joint Water and Environment Sector Support Programme |
| JWSSP | Joint Water and Sanitation Sector Programme Support |
| LG | Local Government |
| LGDP | Local Government Development Project |
| LGFC | Local Government Finance Commission |
| LoGSIP | Local Government Sector Investment Plan |
| LPO | Local Purchase Order |
| MDAs | Ministries, Departments, and Agencies |
| MDG | Millennium Development Goals |
| MDRI | Multilateral Debt Relief Initiative |
| MDTF | Multi-Donor Trust Fund |
| MIS | Management Information System |
| MoES | Ministry of Education and Sports |
| MoFPED | Ministry of Finance, Planning and Economic Development |
| MoH | Ministry of Health |
| MoLG | Ministry of Local Government |
| MS | Member States |
| MTEF | Medium Term Expenditure Framework |
| MTR | Mid-Term Review |
| MWE | Ministry of Water and Environment |
| NDP | National Development Plan |
| NDS | National Development Strategy |
| NER | Net Enrolment Ratio |
| NGO | Non-Governmental Organisation |
| NIMES | National Integrated Monitoring and Evaluation Strategy |
| NPA | National Planning Authority |
| NSA | Non-State Actors |
| NUSAF | Northern Uganda Social Action Fund |
| NWSC | National Water and Sewerage Corporation |

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| OAG | Office of the Auditor General |
| OBT | Output Budgeting Tool |
| ODA | Official Development Assistance |
| ODI | Overseas Development Institute |
| OPM | Office of the Prime Minister |
| PABS | Poverty Alleviation Budget Support |
| PAC | Public Accounts Committee |
| PAF | Poverty Action Fund |
| PCC | Policy Coordination Committee |
| PEA | Political Economy Analysis |
| PEAP | Poverty Eradication Action Plan |
| PEFA | Public Expenditure and Financial Accountability |
| PEM | Public Expenditure Management |
| PEMCOM | Public Expenditure Management Committee |
| PER | Public Expenditure Review |
| PFM | Public Financial Management |
| PGBS | Partnership General Budget Support |
| PI | PEFA Indicator |
| PLE | Primary Leaving Examinations |
| PM | Prime Minister |
| PMU | Project Management Unit |
| PP | Partnership Policy |
| PRBS | Poverty Reduction Budget Support |
| PRDP | Peace, Recovery and Development Plan |
| PRSC | Poverty Reduction Support Credit |
| PS | Permanent Secretary |
| PTR | Pupil-Teacher Ratio |
| QEI | Quality Enhancement Initiative |
| RWH | Rainwater harvesting |
| RWSS | Rural Water Supply and Sanitation |
| SBS | Sector Budget Support |
| SC | Steering Committee |
| SIP | Sector Investment Plan |
| SPR | Sector Performance Report |
| SSA | Sub-Saharan Africa |
| SWAp | Sector-Wide Approach |
| SWG | Sector Working Group |
| TA | Technical Assistance |
| TASU | Technical and Administration Support Unit |
| TICC | Technical Implementation Coordination Committee |
| TSU | Technical Support Unit |
| UBOS | Uganda Bureau of Statistics |
| UBoS | Uganda Bureau of Statistics |
| UDHS | Uganda Demographic and Health Survey |
| UFMR | Under Five Mortality Rate |
| UGX | Uganda Shillings |
| UJAS | Uganda Joint Assistance Strategy Paper |
| UN | United Nations |

| | |
|--------|--|
| UNEB | Uganda National Education Board |
| UNESCO | United Nations Educational, Scientific and Cultural Organization |
| UNICEF | United Nations Children's Fund |
| UPE | Universal Primary Education |
| UPPET | Universal Post Primary Education and Training |
| USAID | United States Agency for International Development |
| USAid | United States Agency for International Development |
| USE | Universal Secondary Education |
| USh | Uganda Shillings |
| UWSS | Urban Water Supply and Sanitation |
| VAT | Value Added Tax |
| WatSan | Water and Sanitation |
| WB | World Bank |
| WDI | World Development Indicators |
| WESPR | Water and Environment Sector Progress Reports |
| WFP | World Food Programme |
| WfP | Water for Production |
| WHO | World Health Programme |
| WRM | Water Resource Management |
| WSDB | Water Supply Database |
| WSDF | Water and Sanitation Development Facility |
| WUC | Water User Committee |

Fiscal year and Exchange rates

The fiscal year (FY) in Uganda runs from July 1st to June 30th.

Table 1 Exchange rates over the evaluation period

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| EUR/Ush | 2414.9 | 2281.5 | 2157.1 | 2304.3 | 2471.3 | 2715.4 | 2735.2 | 3008.2 | 3181.9 | 3508.5 | 3423.2 |
| USD/Ush | 1932.6 | 1677.1 | 1824.2 | 1749.0 | 1682.1 | 1926.1 | 1907.6 | 2265.2 | 2468.7 | 2661.4 | 2483.7 |

Source: EU DG Budget; exchange rates for January of the given year

1 Step 1

1.1 Evaluation question 1

| EQ1 – Relevance and Design of BS | To what extent did the design of the budget support interventions respond to the specificities of the political, economic and social context of Uganda, to the government’s policy and to the aid framework? |
|----------------------------------|---|
| Judgement criteria | <ul style="list-style-type: none"> • JC11: Objectives of the BS operations respond to evolving GoU priorities and country needs • JC12: The objectives and areas of focus of the GBS/ SBS operations have been defined - and have evolved – in line with the development goals and objectives outlined the Country Assistance Strategies of the DPs providing GBS/ SBS • JC13: The design of the BS operations programmes (duration, allocations, mix of inputs, conditions / actions and indicators) has been adapted to the national economic, political and institutional context and has evolved in line with changes in that context • JC14: Gender mainstreaming and gender issues addressed during design of BS operations |

1.1.1 JC11 Objectives of the BS operations respond to evolving GoU priorities and country needs

1.1.1.1 I-111 Degree of correspondence between the overall and specific objectives of the BS operations (including underlying principles and general conditions) and the overall orientations and sector priorities defined by the GoU in its strategies / policies (PEAP, NDP...)

The whole period covered by the evaluation (2004-2013) is characterised by a strong degree of correspondence between the stated and written objectives and results of the BS operations and those articulated in the framework of GoU strategies (PEAP and NDP) and sector policies. Different DPs BS operations supported different aspects of the PEAP ranging from the PRSCs embracing four of the five PEAP pillars (Economic Management – pillar 1; Enhanced Production, Competitiveness and Incomes - pillar 2; Good Governance - Pillar 4; and Human Development pillar 5), to the EU’s GBS operations focusing on pillars 1 and 5 (complemented then by projects supporting the other pillars) to SBS provided by bilateral donors (e.g. Denmark, Norway, Sweden, the Netherlands, Germany and Austria), focusing on one aspect or other of the human development pillar.

Clear references to the contribution of the BS operations to government strategies / policies can be found in all documents reviewed¹, and strong degree of alignment of objectives was confirmed during interviews with both government officials and DPs.

As further described under indicator I-112, alignment at the higher level of overall objectives is also reflected at lower levels when looking at the consistency between the indicators and actions adopted by the DPs to trigger disbursements and those adopted by the GoU to monitor progress of its national development strategies (PEAP and NDP).

The strong degree of correspondence of objectives is also evident when looking at the three focal sectors whereby:

- In the education sector, BS addressed evolving GoU priorities and needs with the support to UPE focusing on the need to increase the number of children in primary school and increase the education levels of the population in order to raise skill levels and productivity and therefore economic potential; and similarly for support to secondary education, which was needed to deal

¹ WB PRSCs 5-7 have focused on four pillars of the PEAP: Economic Management (pillar 1); Enhanced Production, Competitiveness and Incomes (pillar 2); Good Governance (pillar 4) and Human Development (pillar 5). The EU’s PABS V supports the implementation of the long-term PEAP objectives and its related reform programme with a particular emphasis on improving public service delivery and public finance management. *The Goal is to “reduce chronic poverty in line with the National Development Plan”. The programme will support the nationally defined programme.* MoU between the Government of Ireland and the Government of Uganda 2010/11-2014/15. *“The objective is fully aligned to the sector objectives and draft National Development Plan”* Art. 2 of the Agreement between the Government of the Republic of Uganda and the Government Of the Kingdom of Denmark regarding the Danish Contribution to the Joint Water and Sanitation Programmes Sector Support (JWSSPS) 2010-13.

with the post-primary bulge after the success of increasing enrolment for primary education. All objectives which were outlined in the PEAP and NDP and reflected in the ESSP and the revised ESSP, which was reworked in order to include UPPET objectives. Similarly, there was consistency between goals and indicators in BS PAFs and those in the NDP, PEAP and sector policies.

- In the health sector, BS has supported the development and implementation of the Health Sector Strategic Investment and Plans (HSSIP) I (HSSP; 2005/06 – 2009/10) and II (2010/11 – 2014/15). Sector plans which set out the overall direction of the GoU's plans for the health sector, including a defined set of priorities and targets for which achievements have been reported annually in the Annual Health Sector Performance Reports (AHSPR, various years).
- In the water sector, there is full alignment of BS operations with GoU's sector priorities and country needs which is explicitly and clearly visible in light of the adoption of a sub-set of the golden indicators used to assess sector progress by the GoU in the BS assessment performance frameworks.

Overall, while on paper the core focus of BS operations remained highly relevant; over time – and in particular with the entering into force of the JBSF arrangement (second phase) - the strong correspondence of stated objectives is not matched by equally converging priorities in practice.

In reality, diverging priorities can be witnessed whereby the different stakeholders slowly started to hold different expectations over the budget support period, expectations which were not necessarily reflected in programming documents but become evident when looking at the broader context (political economy studies, minutes of meetings, interviews), other design elements of the BS operations and decisions on cuts to BS allocations operated by the DPs.

The shift towards an increased reliance on GBS during the “pre-JBSF period” responded to an explicit request of the GoU who ‘advocated for greater flexibility’ but also paved the way towards a fragmentation of the earlier consensus and partnership between the Government and DPs. As of 2003, the MoF committed to reduce the fiscal deficit and announced that the provision of additional SBS would no longer translate into corresponding increases in sector ceilings.² This in turn – together with the revision of government priorities with an increasing emphasis on infrastructure and productive sectors - led to a partial review by the GoU of the ‘pro-poor’ expenditure priorities in the formulation and even more in the execution of the budget also in light of the GoUs determination to keep low levels of taxation (see EQ 3). Multiple corruption scandals and growing DPs concerns about continued and increasing levels of government spending on defence and public administration (with a corresponding slow-down of allocations to the PAF) (see EQ 5), are all elements which have contributed to the emergence of a progressive divergence of priorities in practice between DPs and GoU, since the early 2000s. This was compounded by the increasing emphasis by DPs on governance. Although governance discussions were handled separately from BS³, most EU Member States (MS) BS operations integrated conditions linked to politically sensitive areas such as governance or human rights which eventually led to budget support cuts in FY 2005/06 in protest over democratic issues⁴. These cuts led to a breach in the relationship between the GoU and DPs and reinforced the declining trend in the quality of partnership.⁵

² The revision of the joint Partnership Principles in 2003 that established GBS as the preferred Government's financing instrument also signaled the end of additionality under SBS, “Government cannot guarantee that sector budget support will increase the relevant sector's expenditure ceiling above what would have been otherwise provided in the Medium Term. The level of any sector's expenditure ceiling cannot be determined by the amount of sector budget support promised to that sector”. Sector budget support is best provided “notionally”, allowing the development partners influence through the Sector Working Group over issues pertinent to the sector, but the donor should not attach any “additionality conditionalities”. 2003, *Partnership Principles between Government of Uganda and its Development Partners*, MoFPED. P. 25

³ High level dialogue on democracy and good governance took place in the framework of the Partners for Democracy and Governance group which comprised ambassadors and other political representatives, while budget support issues were discussed in the framework of the Local Development Partners Group which comprised heads of development agencies. The only issues which was discussed under both dialogue frameworks was related to corruption, whereby the Democracy and Governance Group commissioned an international study on Political Corruption in 2005, which came out with worrisome conclusions, and the BS framework tackling issues of corruption primarily from a PFM perspective. Source: ODI/DFID (2014) *Review of Budget Support to Uganda 1998-2012*.

⁴ Five bilateral donors (UK, Netherlands, Ireland, Norway and Sweden) made budget support cuts amounting to USD 68 million in FY 2005/06. Before then, the UK had withheld funds for just over one third of the UK's intended BS disbursement over defence spending in FY 2003/04 (other cuts were also applied for similar reasons in FY 2002/03). Source: ODI/DFID (2014) *Review of Budget Support to Uganda 1998-2012*.

⁵ Sources: Interviews; ODI/DFID (2014): *Review of Budget Support to Uganda 1998-2012*; DFID (2012): *The politics of development in Uganda: From current trends to future scenarios, Horizon Scanning Report for DFID-Uganda*.

The second phase or “**JBSF period**” (formal signature in 2009 but earlier efforts as exemplified by the existence of an interim Joint Assessment Framework - JAF as early as 2006) sees a shift from the assessment of performance largely based on the PRSC matrix to one based on the JAF. The JAF, with its four sections (see JC 1.3), signals the formal incorporation of governance issues within the BS framework in response to the strong emphasis by DPs on underlying principles focused on democracy, human rights, rule of law and access to justice. It is noted that the WB – despite sharing these concerns – continued to focus with its BS operations on economic and social governance⁶. This phase also saw a shift in the management of BS on the GoU side from the Ministry of Finance to the Office of the Prime Minister. This shift was driven by internal GoU processes which responded to the DPs desire for inclusion of governance issues within the BS dialogue.

Despite these changes—which are testimony of efforts to address some of the problems of earlier phases and bring with them increased alignment and coordination among donors—this phase sees a further divergence of expectations. Interviews and documentation reviewed⁷ record concerns from both sides. On the one hand, the Government questioned the inclusion of underlying principles within the JAF framework, asked for clear indicators against which performance could be clearly assessed. The Government also the issue that the JAF did not adequately reflect GoU priorities and was not sufficiently aligned with annual performance commitments in Budget Framework Papers (BFPs). On the other hand, DPs expressed concern over progress on:

- governance and corruption (‘questionable commitment to upholding the rule of law and the protection of constitutionally defined human rights’, lack of compliance with pre-conditions on anti-corruption actions as foreseen in both JAF 1 and JAF 2),
- increasing expenses on defence (including the off-budget purchase of fighter jets in 2010),
- lack of ‘net improvement in performance in the education and water and sanitation sector indicators since JAF 1’,
- ‘deterioration in performance of a number of indicators since JAF 1 appraisal’, and
- continuing diverging GoU budget priorities vis-à-vis donors’ interests.⁸

Despite all this, DPs failed to take coordinated action in response to the clear breakdown of consensus and priorities between GoU and DPs. Some donors cut back disbursement levels (EU, UK, Ireland) in response to limited progress on anti-corruption and PFM. The Netherlands withdrew altogether from BS in 2011 due to lack of results in the areas of corruption and education and justice (sectors supported) as did Norway. Others— notably the World Bank—continued to take the view that governance agendas should be pursued through alternative channels and budget support should remain a primarily economic instrument of budget support. As a result, this phase is characterized by a strong ambivalence on the DPs side where the objectives of supporting poverty reduction actions by funding the GoU budget and of sending signals by withholding aid lead to the use of (uncoordinated) cuts rather than to a long-term change in the approach to the provision of aid. It is only in 2012 that JBSF DPs jointly decided to suspend all budget support disbursements in response to the publication of the special investigation into financial management at the OPM released by the Auditor General showing that approximately USD 15 million of donor funding in support of recovery in Northern Uganda had been “misappropriated”.

The third phase, characterised by the development of the **High-level Government Financial Management Reform Action Matrix** (HLAM) in November 2012, marks the resumption of dialogue on budget support (as of mid-2013) based on the progress achieved under HLAM, though with some concerns regarding selected key results. At the same time, inconsistency of DPs reactions resumes: while continued commitment and progress in the fight against corruption was a JBS pre-condition for all, decisions to restart budget support would be taken by individual DPs. As a result, some DPs, despite expressing disappointment on not having achieved more with the Matrix, decided that further pressure would not yield any better results and resumed disbursements depending on performance.

Since then, the situation has partially evolved. In mid-2014, two alternative approaches for a renewed JBSF framework can be identified with each one reflecting the differing interests of the DPs. One group

⁶ Minutes of PCC and ICSC meetings, and interviews. On this, the 2014 ODI/DFID review on BS in Uganda and the MoFPED (in the meetings with the Evaluation team) tend minimize the relatively long-standing dissatisfaction of DPs vis-a-vis the GoU expenditure and transparency patterns, since the preparation of the 2006 election (e.g. multiplication of districts). They tend to see the emphasis of donors on democracy and anti-corruption as an unexpected shift that has jeopardized the BS framework.

⁷ Minutes of the Joint Policy Coordination Committee and of the Joint Budget Support Development Partners Policy Committee Meeting across the 2009-2012 period and the JAF appraisals.

⁸ Quotes taken from the JAF 2 Appraisal cover letter of 16/12/2010.

has decided to continue providing BS (EU, Austria, Belgium and Denmark). The other decided to stop providing BS (DFID, Ireland, Germany).

1.1.1.2 I-112 Consistency between the, indicators and actions in the PAFs with the goals and policy targets established within the PEAP, NDP and sector policies

Alignment at the higher level of overall objectives is also reflected at lower levels of policy formulation. This is evident when looking at the consistency between the indicators and actions adopted by the DPs to trigger disbursements and those adopted by the GoU to monitor progress of its national development strategies (PEAP and NDP). For instance, in the first phase (pre-JBSF), performance indicators were selected from those contained in the PEAP or other sector specific government plans.⁹ In the second phase (JBSF), the Joint Assessment Framework (JAF) included concrete Government sector targets to be achieved and actions to be taken to improve sector performance and public finance management. *The JAF is fully aligned, through the Government Annual Performance Report (GAPR), with GoU's own reform objectives.* JBSF DPs press release June 2012. DPs own BS operations are in turn aligned to the JAF.¹⁰

The same holds true at sector level.

- In the **education** sector, undertakings assessed in the Education Sector and Sports Sector Review (ESSR) were aligned with the targets in the PEAP and NDP and sector policies and both SBS operations were disbursed on the basis of a satisfactory assessment of these undertakings. GBS under the World Bank PRSC operations from 2004-2009 was disbursed based on the satisfactory implementation of the ESSR which was also included as a prior action in PRSCs 5 to 7. This indicator was then replaced in PRSCs 8 and 9 with specific indicators included as education sector objectives/goals thereby ensuring consistency between goals and indicators in BS PAFs and those in the NDP, PEAP and sector policies indicators (World Bank 2005, 2010; MoES, 2004, 2007, 2010, 2013).
- Likewise, in the **health** sector, there has been a high level of consistency between the indicators and actions set out in the PAF with the goals and policy targets set out in key documents. In the health sector, BS has supported the development and implementation of the Health Sector Strategic Investment and Plans (HSSIP) I (HSSP; 2005/06 – 2009/10) and II (2010/11 – 2014/15). Sector plans which set out the overall direction of the GoU's plans for the health sector, including a defined set of priorities and targets for which achievements have been reported annually in the Annual Health Sector Performance Reports (AHSPR, various years).
- In the **water** sector, the high degree of consistency is ensured by the fact that indicators and related actions throughout the whole period (PRSCs and then JAF) followed the sector performance framework using the so-called golden indicators for access to water and sanitation, for which progress is measured on a yearly basis in the sector performance reports.

That said, while it is recognised that the performance frameworks and in particular the JBSF have offered a structure to ensure that indicators used are linked to government objectives, concerns have been raised with regards to the full alignment of the JAF with GoU's performance targets also in light of the fact that not all sectors have effectively aligned their sector strategic plans to the NDP¹¹.

The third sub-period was characterised by the launching of the High-level Government Financial Management Reform Action Matrix (HLAM) developed under the leadership of the MoFPED in November 2012 continues to see a strong alignment of objectives. Targets and measures included in the HLAM with its focus on public finance management and efforts to tackle corruption fell within the broader development objectives of the GoU supported by BS DPs and seven of the HLAM's key results with related actions were identified by DPs as triggers to restart dialogue on the JBSF Budget Support Programme.

⁹ The ICR of PRSCs 5-7, p. 30, highlights some initial difficulties under PRSC 5 in aligning the results framework with the PEAP matrix; difficulties due to the fact that *"the PEAP quantitative monitoring matrix contained over 100 strategic results and strategic objectives, yet over half the outcomes and indicators (65 out of 120) were left blank, and many of the targets for those indicators that were identified were also unspecified."*

¹⁰ For example, the EU financed Millennium Development Goals Contract (2008) states that *"The key tool to monitor performance will be the rolling 3 year JAF [...] developed through a consultative process between government and budget support donors in order to ensure that it is fully compatible with the upcoming NDP results and policy matrix, which will represent a more comprehensive list of indicators, targets, and policy actions summarising the main policy orientations of the NDP."* Source: EU (2008): *MDG-C, Technical and administrative provisions*, p.2.

¹¹ On this, the Mid-Term Review of the Uganda National Development Plan (NPA, 2013) notes that the JAF is not well aligned to the NDP because of weaknesses in the link between the NDP and the GAPR process which constitutes the main reference document for the development and review of JAF indicators/actions.

1.1.2 JC12 The objectives and areas of focus of the GBS/ SBS operations have been defined - and have evolved – in line with the development goals and objectives outlined in the Country Assistance Strategies of the DPs providing GBS/ SBS

1.1.2.1 I-121 Degree of correspondence between the stated objectives and goals of the GBS and SBS operations (including underlying principles and general conditions) and the goals presented in the respective donors' Country Assistance Strategies (CAS) / Country Strategy Papers (CSPs) and relevant strategy statements at HQ level

Overall, a strong correspondence was found between BS operations and DPs country assistance strategies (WB's UJAS; EU's CSPs, DFID's White Paper 4.) as well as overall goals as laid out in the Paris (2005), Accra (2008) and Busan (2011) international agreements on aid effectiveness and development partnerships.¹²

This is evident in the sectors / actions supported through BS operations and in the increasing emphasis on the four Underlying Principles¹³ in the framework of the Joint Assessment Frameworks. This has been in response to the growing Importance of Governance issues in Europe which was also formalised in the new Budget Support Guidelines published by the EU and the broader set of DPs objectives.

All areas covered through the different actions / indicators included in the performance assessment frameworks show strong correspondence with DPs objectives and results, be they in the area of economic governance, transparency, and accountability or in the area of economic growth, development, and service delivery. This is equally true for GBS operations and SBS operations. With specific reference to the education, health and water sector goals and objectives these mostly relate to relatively well identified service delivery and output and outcome indicators. These indicators are, for example, increase in service provision, enhanced coverage of certain services, and improvements in mortality rates / proficiency / access to water sources, which are all objectives enshrined in the MDG and pursued by DPs strategies.¹⁴

1.1.2.2 I-122 Degree of consistency between the objectives of the GBS and SBS operations as presented in the bilateral / multilateral agreements and the indicators selected for the monitoring of progress in the PAFs (process indicators / prior actions / triggers and performance indicators)

Review of available documentation (e.g. EU GBS and SBS agreements, ICRs of PRSCs, JBSF agreement and JAFs) highlight strong degree of consistency between the objectives of the GBS and SBS agreements and the indicators and actions selected as triggers for disbursement. This is evident when looking at the different sets of issues to be assessed prior to disbursement decisions, be they underlying principles, pre-conditions, prior actions, or performance indicators selected in relation to sector specific performance assessments.

Through the performance assessment frameworks the different higher level objectives of the GBS and SBS programmes are broken down in different sets of lower level results which take the form of both process indicators or prior actions and performance indicators (output / outcome indicators with related targets). The JAF further provided an overall performance matrix for all BS operations articulated through two key sections (in addition to underlying principles and pre-conditions for effective and efficient implementation of government policies) linking performance at sector level in health, education, water and sanitation, transport, agriculture, and energy (the latter introduced in JAF 5) with cross-cutting reforms in the areas of governance and institutional restructuring.

As described above there was a strong correspondence between BS operations and DPs country assistance strategies. However, the review of DFID Poverty Reduction Budget Support in Uganda 2004-2008 indicates that, while still helping to maintain a coherent logframe, alignment to the PRSC framework throughout implementation led to disjointed priorities / actions. The DFID logframe was putting significant emphasis on investment climate reforms, which received only limited attention in the PRSC. The PRSC

¹² E.g. "This new PRBS-GBS instrument is part of DFID's commitments under White Paper 4 to support countries during the global downturn, to commit 50% of our funds for basic services and to improve the impact of external assistance [...] It will contribute directly to DFID's PSA targets for the reduction of poverty and achievement of the MDGs in sub-Saharan Africa." Uganda: Poverty Reduction Budget Support - General Budget Support Programme (2009 to 2014), DFID PRSC-GBS submission, 2009, p.10.

¹³ i) Contribution to regional peace and stability; ii) Commitment to democracy; iii) Commitment to promoting and protecting human rights; and iv) Commitment to rule of law and access to justice.

¹⁴ In the education sector, for example, Irish Aid SBS was in line with the CSP of 2004-2006 and 2007-2009, which has support to education as an objective under pillar 5 (Human Development) of its strategy (Irish Aid 2004 and Irish Aid 2007). The Belgian Indicative Co-operation Programme 2009-2012 stresses budget support to the education sector 'in accordance with the ESSP and the Strategic Plan for Universal Secondary education' (Government of Belgium, 2009. P.5). This corresponds to the support given under the Belgian SBS programme.

placed stronger emphasis on PFM measures unlike the DFID logframe which included only one PFM indicator.

This type of problem was then overcome with the launch of the JBSF and the full alignment of all BS donors to the JAF. This clearly identified a hierarchy of conditions (basic principles, cross-cutting issues and sector outcomes) and allowed to establish a clearer link between performance and disbursement decisions (joint assessment but individual decisions taken by DPs based on the assessment and relative weight of actions/indicators in their specific agreements).

The strong link between the specific and overall set of objectives pursued by donors through the provision of BS and DPs country strategy papers and broader policy statements is evident not only when looking at the objectives of BS operations but also in the decisions taken by donors with regards to the temporary or permanent suspension of BS (see remarks made under JC 1.1). The decreasing support among certain DPs for GBS, the suspension of BS in 2012 following the high-profile scandal involving donor funds in the Office of the Prime Minister and the withdrawing of some DPs from BS altogether are the direct results of the breaking down of the correspondence between BS objectives and reality on the ground. For some donors, some of the following elements signalled the end of the use of BS as a way to pursue common goals:

- increasing corruption,
- concerns on the actual achievement of the primary objective pursued through the JAF cycle of *“improving value for money of public expenditures to ensure quality and outcome improvements in public service delivery with a focus on four sectors: health, education, transport, and water and sanitation”*, and
- human rights violations (cf. anti-homosexuality bill).

Finally, also the withdrawal of Irish Aid from the provision of SBS in the education sector in 2007 (long before the corruption and human rights issues came at the forefront) can be linked to changing strategies at HQ level which prevented the country office from using GoU systems and thereby from relying on the use of the BS aid modality as a means to implement their country strategy.

1.1.2.3 I-123 Consistency and clear link between prior actions / process indicators and performance / result indicators of each BS operation

While overall a strong degree of consistency and clear links between the different levels of indicators can be noted across the evaluation period (see also remarks in previous paragraphs), documentary reviews point to a couple of design issues. The first is noted in relation to the PRSC 5 whereby the difficulties in alignment of PRSC 5 to the PEAP matrix mentioned under I-112 resulted in the lack of a:

“(...) unified results framework showing clear linkages between objectives, prior actions, outcomes, and targets. [...] This was amended by PRSC 6 (and PRSC 7) [which] contained a Policy and Results Matrix which more clearly showed the linkages between the PEAP objectives, the PRSC prior actions, and PEAP outcomes and targets. The same report also notes that “While the indicators and results framework was driven by the Bank’s desire to support the Government’s ownership of the program by relying on government systems and standards – as well as in response to pressure by the donors for greater harmonization and ownership -- it was clear at the time that these indicators would not be suitable for measuring performance in accordance with Bank assessment requirements, and the Bank should have been more active in pointing out weaknesses in the results framework.”¹⁵

The second is raised in the DFID Poverty Reduction Budget Support in Uganda: 2004- 2009, which in relation to the logframe notes that *“a tenuous link between the outputs and purpose (for example, outputs seem to focus on donor harmonisation and alignment, which have an only marginal impact on the effectiveness of the budget, if compared to budget execution and procurement process).”¹⁶*

However, in no case, was this raised as a problematic issue during interviews.

1.1.3 JC13 The design of the BS operations programmes (duration, allocations, mix of inputs, conditions / actions and indicators) has been adapted to the national economic, political and institutional context and has evolved in line with changes in that context

Remark: The numbering of the indicators has changed compared to the matrix presented in the inception report and aspects related to the links between changes made to the different elements of the design of BS operations and the changes in the economic, political or institutional context (previously I-134) have been directly integrated in the analysis related to the three indicators below.

¹⁵ ICR of PRSCs 5-7, World Bank (2010), pp.30 and 43.

¹⁶ Project completion report, -2009, (§ 72-73)

1.1.3.1 I-131 Evolution in the type and number of general and specific conditions / prior actions / triggers, and key performance indicators

The overall design of BS operations registered a number of changes over the evaluation period. Changes in the type and number of indicators, conditions and actions are primarily linked to the evolving context; whereas changes in duration and amounts are the combined result of changes in context and DPs approaches to the budget support aid modality as such with each DP retaining some key features across time.

Looking at the different elements of design, the most notable change which is common to all DPs is the adoption of an increasingly joined and shared approach to the provision of budget support under the umbrella of the JBSF (key feature of what has been identified as the second phase) which brings together eleven BS partners¹⁷. This joint approach is, in fact, characterised by the adoption of a common performance assessment matrix, i.e. the Joint Assessment Framework (JAF). The JAF – as the previous performance assessment frameworks – was developed to ensure that the resources provided by Development Partners are utilized for their intended purpose; what changes is that all DPs – as well as Government – commit themselves to the adoption of a single framework articulated in four broad objectives, which are translated in four sections:

- Underlying principles: Broad progress in areas of human rights, democracy, peace and stability in the region
- Section I: Preconditions for effective and efficient implementation of government policies measured in terms of broad progress in areas of budget policy, PFM, auditing of financial statements, Macro and procurement issues
- Section II: Cross-cutting reforms in the areas of governance and institutional restructuring measured through progress against specific actions and indicators
- Section III: Sector specific performance measured through progress against specific actions and indicators addressing performance issues in Health, Education, Water and Sanitation, Agriculture and Works and Transport.

Assessments of the JAF are also carried out jointly, although each DP retains – as is to be expected – full ownership of decisions regarding disbursement decisions based on the relative emphasis placed by each DP / BS agreement on the different measures. While in fact all donors adopt and endorse the JAF as the sole performance assessment framework, BS operations are still governed by specific financing agreements signed by the GoU and each DP. As a result, while the JAF assessment is a joint process, not all donors will react to the outcomes / conclusions of the assessment in the same way (as seen under the previous JC). On the contrary, each DP's disbursement decision was based on the weighing of progress against the specific section, set or sub-set of indicators prioritised in the individual agreements. In practice this meant that for example while SBS donors endorsed the JAF, their decisions were heavily influenced by progress in the supported sector rather than across the whole set of sector performance indicators.

Together with the adoption of the JAF, the convergence of all BS DPs under the umbrella of the JBSF also led in 2010, to the set-up of a Technical and Administrative Support Unit (TASU). The Unit was established through a Multi-Donor Trust Fund (MDTF) executed by the World Bank, with the overall objective of supporting the JBSF through:

- the undertaking of technical/research analysis;
- ensuring administrative and logistical support to the JBSF Technical and Policy Dialogue Taskforce;
- coordinate and commission studies to inform the assessment of performance under the JAFs (see EQ 2 for details).

The set-up of the JBSF and the JAF responded to some of the key lessons identified during the previous phase of BS in the country, and allowed to increase donor harmonization and increase country ownership. At the same time, other lessons learnt with regards to: i) excessive overloading of the assessment matrixes; ii) need to place more emphasis of the identification and measurement of results; and iii) need to strengthen the link between the cross-cutting reform agenda and sectoral reforms were also progressively taken on board through the development of the JAF. JAFs were in fact developed on a yearly basis following a highly consultative process between government and budget support donors which allowed to:

- establish clearer links between conditions and objectives of the BS operations;

¹⁷ i) Austria; ii) Belgium; iii) Denmark; iv) Department for International Development (DfID), UK; v) European Commission; vi) Germany ; vii) Ireland; viii) Netherlands; ix) Norway; x) Sweden; xi) World Bank.

- increase focus on cross-cutting impediments to service delivery stemming from procurement, public sector management, PFM, or decentralization issues by focusing on measures that address underlying causes and reduce the performance impediments that lie outside the responsibility of the sector ministries (e.g. through the inclusion of coordinated actions by different agencies of government)¹⁸.

Finally, it is only with the JAF 5 results matrix, agreed with the Government in October 2013 that the issue of excessive overloading of the assessment matrixes takes place. The JAF 5 in fact entailed a substantial revision leading to a massive reduction in the number of indicators (reduced from 74 to 29), and the dropping of all actions from the assessment matrix.¹⁹ This reduction in the number of indicators intended to allow for a more focused discussions on key policy outcomes although it is also worth noting that the sectoral coverage of the JAF 5 was widened to include agriculture, energy, and sanitation. (Assessment of JAF 5, June 2014)

With specific reference to the focal sectors, no particular changes have been registered. In the education sector overall design of SBS did not change over the evaluation period, as it stopped rather than adapt to changing contexts. However, there was a shift in the indicators used in the ESSR and JBSF JAF over time to focus less on access to education and more on the quality and efficiency of education indicators (interviews, JBSF 2009 to 2012). A similar consideration is valid for the health sector where SBS has supported the GoU's strong emphasis on investments in infrastructure. In the water sector, some changes have been registered in the design of SBS. But, overall, BS has always been one of the different aid modalities foreseen in the framework of the JWSSPS. The objectives, results and indicators for water and sanitation followed the sector targets, and did not change over time, with the exception of the targets which were progressively more ambitious.

With regards to the responsiveness of changes in the design to the economic, political and institutional context, DPs interviewed questioned whether BS had really been tailored to respond to needs. Issues were raised with regards to the insufficient consideration of fiduciary risks and need for institutional support. They also questioned whether by, supporting the GoU's strong emphasis on investments in infrastructure as of around 2008, they have contributed to strengthen for example of the health and education sectors in terms of physical availability of services (e.g. in the health and education sectors), to the detriment of maintenance, running costs (aside from salaries), and general allocation of resources (World Bank, 2013; IHME, 2014, World Bank - IDA, 2010).

The tables below provide further evidence on the evolution of the performance assessment frameworks during the period under review.

¹⁸ The JAF links these cross-cutting constraints to efficient service delivery in areas such as public financial management, public service management and anti-corruption, to sector-specific reform needs in the four JAF target sectors: health, education, transport and water and sanitation. By tackling these broader sector governance and institutional constraints such as administrative and financial systems and procedures, service delivery units will be better able to deliver quality services to the Ugandan population.

¹⁹ To note that the number of indicators and actions had been progressively growing before reaching the number of being reduced with the JAF 5. E.g. 44 indicators and 79 actions under JAF 2, which became respectively 66 and 95 under JAF 3, and 74 and 71 under JAF 4. Source: JAF Appraisal Reports.

Table 2 Overall evolutions of the conditionality framework

| Dimension | Pre-JBSF period | JBSF period |
|----------------------|--|---|
| Overall logic | <p>In PRSC: the conditionality framework corresponded to a technical economic instrument and management tool, covering issues such as:</p> <ul style="list-style-type: none"> - Budget credibility (reductions in public administration and security) - Cross-cutting technical reforms (PFM, public sector reform) - Rural development and investment climate - Improvement of basic services (health, education and water). <p>In addition, a growing focus on Governance issues: “Governance Matrix”, a tool to generate broader governance change.</p> | <p>In JAF: an umbrella of separate frameworks:</p> <ul style="list-style-type: none"> - Underlying principles (Governance explicit) - Funding for front line service delivery (Non-salary) - Cross-cutting technical reforms (PFM, public sector reform, revenue generation). <p>A growing focus on addressing quality issues in service delivery (social sectors + works and transport).</p> |
| Description | <p><i>Release triggers:</i> For each release for the PRSC (and GBS linked to it) the Government of Uganda was required to fulfil a set of prior actions, which appear in the PRSC matrix.</p> <p><i>Political conditions:</i> For all General Budget Support arrangements there were separate agreements between the Ministry of Finance and the various development partners. These often-contained governance related conditions (Norway, UK and Germany, for example). A governance matrix was developed alongside the PRSC framework to specifically address this.</p> <p><i>Reporting and monitoring:</i> Initially, the MoFPED prepared sector reporting and budget performance reports. With the third iteration of the PEAP, the PRSC and all GBS operations linked to it used the PEAP implementation matrix to monitor government progress. This included political governance issues, as well as sector specific actions. The Annual PEAP Implementation Report and biennial poverty status reports supported this process.</p> | <p><i>Release triggers:</i> This varied by donor at different levels;</p> <ul style="list-style-type: none"> - At a general level, bilateral donors loosely agreed that a breach in any of the underlying principles or preconditions would result in cuts. - The World Bank was excluded from this arrangement and its disbursements were solely contingent on a subset of sections 2 and 3 of the JAF (Table I6 below). - Other leading donors, such as the UK and the EU based decisions on a mix of specific indicators, preconditions and actions. This information was described in individual bilateral agreements between the donors and the Government of Uganda. <p><i>Political conditions:</i> were explicitly included in the framework as part of the underlying principles and preconditions.</p> <p><i>Reporting and monitoring:</i> Reporting against tangible indicators and actions in sections II and III of the JAF were embedded in Government of Uganda budget performance reports developed by the Ministry of Finance and the Office of the Prime Minister. The annual JBSF appraisal utilised and verified this information.</p> |

Source: DFID Review of Budget Support to Uganda 1998-2012 (ODI, 2014)

The table below gives a detailed overview of the number and type of indicators and actions used in the JAFs 1 to 5. It also shows the level of attainment of the targets for each year and type of indicators/actions.

Table 3 JAF/JBSF - summary of indicators and actions

| | Indicators (performance and sector results) | | | | Actions | | | |
|---------------------------------------|---|-----------|-----------|-----------|-----------|-----------|----------|-----------|
| | JAF 1 (2008/09) | | | | | | | |
| | MET | UNMET | NO DATA | TOTAL | MET | UNMET | NO DATA | TOTAL |
| TOTAL Section II, III & IV | 18 | 6 | 18 | 42 | 29 | 25 | 2 | 56 |
| Section II | 7 | 3 | 9 | 19 | 11 | 13 | 1 | 25 |
| Funding at service delivery level | 2 | 0 | 0 | 2 | 1 | 0 | 0 | 1 |
| Credibility of the budget | 0 | 1 | 4 | 5 | 2 | 2 | 1 | 5 |
| Reporting at service level | 2 | 0 | 2 | 4 | 2 | 1 | 0 | 3 |
| Improving Man. Public Invests. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Compliance | 0 | 0 | 1 | 1 | 1 | 3 | 0 | 4 |
| Procurement Practices | 0 | 0 | 1 | 1 | 1 | 1 | 0 | 2 |
| Domestic Revenue Generation | 1 | 0 | 0 | 1 | 2 | 0 | 0 | 2 |
| Performance of Public Servants | 2 | 1 | 1 | 4 | 2 | 5 | 0 | 7 |
| Action on Corruption | 0 | 1 | 0 | 1 | 0 | 1 | 0 | 1 |
| Section III | 11 | 3 | 8 | 22 | 16 | 10 | 1 | 27 |
| Health | 1 | 1 | 1 | 3 | 3 | 2 | 0 | 5 |
| Education | 5 | 1 | 4 | 10 | 6 | 1 | 1 | 8 |
| Transport | 1 | 0 | 3 | 4 | 2 | 5 | 0 | 7 |
| Water and sanitation | 4 | 1 | 0 | 5 | 5 | 2 | 0 | 7 |
| Section IV | 0 | 0 | 0 | 0 | 2 | 2 | 0 | 4 |
| Donor performance | 0 | 0 | 1 | 1 | 2 | 2 | 0 | 4 |
| | JAF 2 (2009/10) | | | | | | | |
| | MET | UNMET | NO DATA | TOTAL | MET | UNMET | NO DATA | TOTAL |
| TOTAL Section II, III & IV | 14 | 20 | 10 | 44 | 45 | 33 | 1 | 79 |
| Section II | 9 | 9 | 3 | 21 | 13 | 18 | 1 | 32 |
| Funding at service delivery level | 2 | 0 | 0 | 2 | 1 | 1 | 1 | 3 |
| Credibility of the budget | 3 | 2 | 0 | 5 | 4 | 4 | 0 | 8 |
| Reporting at service level | 3 | 1 | 0 | 4 | 0 | 2 | 0 | 2 |
| Improving Man. Public Invests. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Compliance | 0 | 1 | 0 | 1 | 2 | 2 | 0 | 4 |
| Procurement Practices | 0 | 2 | 1 | 3 | 0 | 3 | 0 | 3 |
| Domestic Revenue Generation | 0 | 1 | 0 | 1 | 0 | 1 | 0 | 1 |
| Performance of Public Servants | 1 | 1 | 2 | 4 | 4 | 4 | 0 | 8 |
| Action on Corruption | 0 | 1 | 0 | 1 | 2 | 1 | 0 | 3 |

| | <i>Indicators (performance and sector results)</i> | | | | <i>Actions</i> | | | |
|---------------------------------------|--|--------------|----------------|--------------|----------------|--------------|----------------|--------------|
| Section III | 5 | 11 | 6 | 22 | 32 | 15 | 0 | 47 |
| Health | 1 | 1 | 1 | 3 | 8 | 2 | 0 | 10 |
| Education | 2 | 5 | 2 | 9 | 10 | 3 | 0 | 13 |
| Transport | 0 | 2 | 3 | 5 | 3 | 7 | 0 | 10 |
| Water and sanitation | 2 | 3 | 0 | 5 | 11 | 3 | 0 | 14 |
| Section IV | 0 | 0 | 1 | 1 | 0 | 0 | 0 | 0 |
| Donor performance | 0 | 0 | 1 | 1 | 0 | 0 | 0 | 0 |
| JAF 3 (2010/11) | | | | | | | | |
| | MET | UNMET | NO DATA | TOTAL | MET | UNMET | NO DATA | TOTAL |
| TOTAL Section II, III & IV | 36 | 25 | 5 | 66 | 54 | 38 | 3 | 95 |
| Section II | 9 | 7 | 1 | 17 | 14 | 24 | - | 38 |
| Funding at service delivery level | 1 | 1 | - | 2 | 1 | 2 | - | 3 |
| Credibility of the budget | 3 | - | 1 | 4 | 3 | 2 | - | 5 |
| Reporting at service level | 1 | - | - | 1 | - | 2 | - | 2 |
| Improving Man. Public Invests. | | | | | | | | |
| Compliance | - | 1 | - | 1 | 4 | 2 | - | 6 |
| Procurement Practices | 1 | 2 | - | 3 | 1 | 3 | - | 4 |
| Domestic Revenue Generation | 1 | - | - | 1 | 2 | 3 | - | 5 |
| Performance of Public Servants | 2 | 2 | - | 4 | 2 | 7 | - | 9 |
| Action on Corruption | - | 1 | - | 1 | 1 | 3 | - | 4 |
| Section III | 27 | 18 | 4 | 49 | 40 | 14 | 3 | 57 |
| Health | 3 | 4 | - | 7 | 7 | 3 | - | 10 |
| Education | 7 | 4 | 1 | 12 | 9 | 2 | 3 | 14 |
| Transport | 11 | 5 | 3 | 19 | 13 | 6 | - | 19 |
| Water and sanitation | 6 | 5 | - | 11 | 11 | 3 | - | 14 |
| Section IV | - | - | - | - | - | - | - | - |
| Donor performance | - | - | - | - | - | - | - | - |
| JAF 4 (2011/12) | | | | | | | | |
| | MET | UNMET | NO DATA | TOTAL | MET | UNMET | NO DATA | TOTAL |
| TOTAL Section II, III & IV | 30 | 29 | 6 | 65 | 22 | 27 | 8 | 57 |
| Section II | 5 | 8 | 4 | 17 | 8 | 12 | 3 | 23 |
| Funding at service delivery level | - | 2 | - | 2 | - | 1 | - | 1 |
| Credibility of the budget | 3 | 1 | - | 4 | 1 | 1 | 1 | 3 |
| Reporting at service level | - | - | 1 | 1 | - | - | 1 | 1 |

| | <i>Indicators (performance and sector results)</i> | | | | <i>Actions</i> | | | |
|--------------------------------|--|-----------|----------|-----------|----------------|-----------|----------|-----------|
| Improving Man. Public Invests. | - | - | 1 | 1 | 1 | - | - | 1 |
| Compliance | - | - | 1 | 1 | 1 | - | - | 1 |
| Procurement Practices | 1 | 1 | - | 2 | 1 | 3 | 1 | 5 |
| Domestic Revenue Generation | 1 | 2 | - | 3 | - | 3 | - | 3 |
| Performance of Public Servants | - | 1 | 1 | 2 | 2 | 1 | - | 3 |
| Action on Corruption | - | 1 | - | 1 | 2 | 3 | - | 5 |
| Section III | 25 | 21 | 2 | 48 | 16 | 14 | 4 | 34 |
| Health | 1 | 5 | - | 6 | 3 | 3 | - | 6 |
| Education | 4 | 7 | - | 11 | 3 | 3 | 1 | 7 |
| Transport | 13 | 5 | 2 | 20 | 7 | 5 | 1 | 13 |
| Water and sanitation | 7 | 4 | - | 11 | 3 | 3 | 2 | 8 |
| Section IV | - | - | - | - | - | - | - | - |
| Donor performance | - | - | - | - | - | - | - | - |

The table below provides further details on the JAF 1 to 5 and focuses on the “Headline sector result” indicators.

Table 4 JAF/JBSF - summary of section III (sector results indicator)

| JAF/ Sector | Number of indicators | | | | |
|------------------------------|----------------------|-----------|----------|-----------|--------------|
| | MET | UNMET | NO DATA | TOTAL | % MET |
| JAF1 (2008/09) | | | | | |
| Sectors | 11 | 4 | 0 | 15 | 73.3% |
| Health | 2 | 0 | 0 | 2 | 100.0% |
| Education | 3 | 1 | 0 | 4 | 75.0% |
| Transport | 1 | 3 | 0 | 4 | 25.0% |
| Water and sanitation | 5 | 0 | 0 | 5 | 100.0% |
| JAF2 (2009/10) | | | | | |
| Sectors | 8 | 7 | 1 | 16 | 50.0% |
| Health | 0 | 3 | 0 | 3 | 0.0% |
| Education | 3 | 1 | 0 | 4 | 75.0% |
| Transport | 0 | 3 | 1 | 4 | 0.0% |
| Water and sanitation | 5 | 0 | 0 | 5 | 100.0% |
| JAF3 (2010/11) | | | | | |
| Sectors | 12 | 9 | - | 21 | 57.1% |
| Health | 2 | 2 | - | 4 | 50.0% |
| Education | 2 | 2 | - | 4 | 50.0% |
| Transport | 5 | 2 | - | 7 | 71.4% |
| Water and sanitation | 3 | 3 | - | 6 | 50.0% |
| JAF 4 (2011/12) | | | | | |
| Sectors | 10 | 11 | - | 21 | 47.6% |
| Health | - | 3 | - | 3 | 0.0% |
| Education | - | 4 | - | 4 | 0.0% |
| Transport | 5 | 3 | - | 8 | 62.5% |
| Water and sanitation | 5 | 1 | - | 6 | 83.3% |
| JAF 5 (2012/13) | | | | | |
| Sectors | 3 | 8 | 0 | 11 | 27.7% |
| Health | 0 | 2 | 0 | 2 | 0% |
| Education | 0 | 2 | 0 | 2 | 0% |
| Transport | 1 | 1 | 0 | 2 | 50% |
| Water | 1 | 1 | 0 | 2 | 50% |
| Agriculture | 0 | 1 | 0 | 1 | 0% |
| Energy | 1 | 1 | 0 | 2 | 50% |
| Cross-cutting Sectors | 1 | 1 | 0 | 2 | 50% |
| Sanitation | 1 | 0 | 0 | 1 | 100% |
| Population growth | 0 | 1 | 0 | 1 | 0% |

Source: JAF Appraisal reports (JAF 1 to 5).

The table below provides further details on some sector performance indicators in the three focal sectors of the evaluation and shows the coverage of these indicators by the JAF and the three major budget support operations.

Table 5 Coverage of sector performance indicators by the matrices of the JAF 3 and 4 and the matrices of three major BS operations

| Performance indicators | JAF 3 and 4 | PRSC-9 (WB) | MDG (EU) | GPRG/HSDG (UK) |
|--|-------------|-------------|----------|----------------|
| Health | | | | |
| Impact | | | | |
| Infant Mortality Rates (per 1,000) | x | | | |
| Maternal Mortality Rates (per 100,000) | x | | | |
| Sector results | | | | |
| Proportion of deliveries in health facilities (health centers and hospitals) | x | x | x | x |
| Couple Years Protection (CYP) | x | | | |
| Contraceptive Prevalence Rate [all methods] | x | x | | x |
| Proportion of children under one year immunized with DPT3 | x | x | x | x |
| Performance issues | | | | |
| Proportion of approved posts filled by qualified health workers | x | x | x | x |
| Absenteeism rate in government health facilities | | | | |
| HC II | x | x | | x |
| HC III | x | x | | x |
| Proportion of health facilities without drug stock outs for 6 tracer drugs | x | x | | x |
| Education | | | | |
| Impact | | | | |
| % of literate 13-19 year olds in Uganda Panel Survey compared to 2005/6 household survey | x | | | |
| Sector results | | | | |
| Literacy Proficiency | | | | |
| P3 total | x | x | x | |
| P3 girls | x | x | | |
| P6 total | x | x | x | |
| P6 girls | x | x | | |
| Numeracy Proficiency | | | | |
| P3 total | x | x | x | |
| P3 girls | x | x | | |
| P6 total | x | x | x | |
| P6 girls | x | x | | |
| Primary pupils passing PLE with grades I-III at Government aided UPE schools by gender | | | | |
| Total | x | x | x | |
| % of girls | x | x | | |
| Survival to P7 by gender | | | | |
| Total | x | | x | |
| Boys | x | | | |
| Girls | x | | | |
| Performance issues | | | | |
| Pupil to teacher ratio (PTR) in Government Schools | | | | |
| P1 - P7 | x | | | |
| P1 - P3 | x | | | |
| P4 - P7 | x | | | |

| <i>Performance indicators</i> | <i>JAF 3 and 4</i> | <i>PRSC-9 (WB)</i> | <i>MDG (EU)</i> | <i>GPRG/HSDG (UK)</i> |
|---|--------------------|--------------------|-----------------|-----------------------|
| Water and Sanitation | | | | |
| Impact | | | | |
| Reduction of epidemic diarrhoea (cholera plus dysentery) | x | | | |
| Sector results | | | | |
| % of people within 1,5 km (rural) of an improved water source | x | x | | |
| % of people within 0.2 km of an improved water source | x | x | | |
| Cumulative Water for production: Storage capacity (MCM) | x | x | | |
| Compliance to Permit Conditions | | | | |
| % of water abstraction permits holders | x | | | |
| % discharge permit holders | x | | | |
| % of households with access to safe and effective sanitation | x | x | | |
| Performance issues | | | | |
| % of improved water sources that are functional at time of spot-check | | | | |
| <i>Rural</i> | x | x | | |
| <i>Valley tanks & dams</i> | x | x | | |
| <i>Urban as % of active connections</i> | x | | | |
| % of people accessing hand washing with soap facilities | | | | |
| <i>Households</i> | x | x | | |
| <i>Schools</i> | x | | | |
| Pupil to latrine/toilet stance ratio in schools (& hand washing facilities) | x | x | | |

Source: JAF Appraisal reports (JAF 3 and 4) and budget support programming documents.

1.1.3.2 I-132 Evolution in terms of overall duration of programmes and disbursement modalities (type and number of tranches in the four largest programmes)

Contrary to the convergence observed in the previous indicator, amounts and duration of BS operations continue to reflect individual DPs partners' preferences and guidelines. The analysis of the key features of the three largest BS providers highlights the following:

- WB continued use of a series of PRSCs, organized into two series, PRSC5-7 followed by PRSC8-9. All PRSCs series up until PRSC 6 were designed for an equivalent of USD 150 million each. Starting from PRSC 7 through to 9, the amount is reduced to a yearly amount / tranche of USD 100 million equivalent reflecting the judgement about the financing need and strength of the program and lack of full compliance with prior some actions. Reduction which continues through to PRSC 9²⁰.
- Strong continuity in the design of GBS operations by DFID: the overall yearly amount does not change and remains stable at GBP 35 million per year, although the 2009-2014 programme – unlike the previous 2006-2009 programme - introduced a split in the tranches with a fixed and a variable component whereby 70% of the yearly commitment (core component of £24.5) are paid as a fixed tranche on condition that the GoU meets the underlying principles (rule of law, human rights, peace and stability, democratic values), and other agreed pre-conditions for budget support set out in the performance framework (GoU commitment to growth, poverty reduction, PFM and anti-corruption) while 30% of the annual commitment (variable component of GBP 10.5 million) be disbursed in the form of a variable tranche based on performance

²⁰ The rationale for this change was twofold: "it would facilitate budget planning for FY2008/09 by improving the predictability of PRSC resources, and it would also align the PRSC better with the new Joint Budget Support Framework (JBSF), thereby enabling the next PRSC series to fully conform to the Paris Principles of donor harmonization. Notably, a two-tranche operation also enabled the Bank to signal more clearly that the amount of the first tranche had been reduced to USD100 million (from USD150 million) owing to relatively weak performance in meeting the prior actions, as the public administration expenditure ceiling was again repeatedly breached and the amendment of the Public Procurement and Disposal of Assets (PPDA) Act (for the first tranche) was significantly delayed." (ICR of PRSCs 5-7, WB 2010, p.5)

against the agreed targets and sectors (health, education, transport, and water and sanitation) in the performance framework.

- Finally, a more significant variation can be seen within the design of the EU GBS operations. The approval of the Millennium Development Goals Contract (MDG-C) for Uganda in 2008, sees changes in duration (up to six years from the previous 3 of PABS V approved in 2005), in the balance between the fixed and variable tranche with the former absorbing 70% of the overall amount (previously of 50%), and in the composition of tranches with the introduction of a double component for the variable tranche which is now split in an annual performance tranche (9% of funds) linked with Actions / Indicators taken from the second part of the JAF in the area of PFM and an MDG-based tranche (21%), determined at Mid Contract Review on basis of MDG-related result indicators. The overall amount of EUR 175 million is doubled with respect to the previous operation but so is the number of years, what changes is the average yearly forecasted with a more equal distribution across the 6 years. No additional allocations are foreseen for additional support under the MDG-C unlike the PABS V which included a EUR 5 million envelope for the provision of institutional support.

1.1.3.3 I-133 Evolution in the type (and overall financial amounts) of inputs, including changes in the accompanying measures (e.g. TA, studies, capacity development activities)

Similar considerations as in the previous indicator are valid with regards to evolutions in design with reference to accompanying measures. While the introduction of the TASU in 2010 has streamlined some of the processes regarding the identification and carrying out of studies and underlying analytical work (see EQ 2 for more details), no clear trends can be seen among the different DPs approach with regards to shifts in the provision of complementary capacity building measures. Most DPs in fact did provide such measures but only in the case of the EU PABS V programme was an envelope of EUR 5 million for the provision of institutional support, monitoring & evaluation studies and audits specifically included with the BS financing agreement. Regardless of the inclusion of such an envelope within the BS operations agreement, the majority of DPs did provide complementary assistance to support the improvements of government capacities and systems which were foreseen as specific objectives of BS operations although this was not systematically done through a flexible and consistent envelope in response to specific challenges and needs. Complementary project support played a big role under section II of the JAF (cross cutting technical reforms) through projects such as FINMAP²¹ and the Public Sector Reform project which in some cases was explicitly targeted to support the achievement of JAF actions. Other examples of complementary support include that provided by DFID and the EC to strengthen Government Monitoring and Evaluation Functions and the LGDP which provided complementary inputs for capacity building and technical assistance²².

Looking at complementary measures, a similar situation to that described for GBS can be witnessed at sector level. While some donors explicitly provided TA to complement their SBS (e.g. the Swedes and Danish in Water and Sanitation) in most other cases, TA and capacity-building modalities and strategies were integrated as part of sectoral strategies, and then funded by the donors (e.g. health, water and sanitation). This approach was particularly successful in the water and sanitation sector where a complementary approach was systematically put in place – and formalized in the JWSSPS whereby the provision of budget support aimed at supporting the expansion of service delivery was provided alongside the financing of regional support units for capacity development in addition to specific DPs technical assistance.

²¹ FINMAP is financed by GoU and development partners through a basket fund established by a memorandum of understanding between GoU and Ireland, Norway, Sweden, the United Kingdom, and (from 2008/09) the European Commission. The World Bank supports specific FINMAP activities. Source: Public Finance Management Performance Report 2008, GoU.

²² Further details are provided under EQ 2, here it is important to note that while the EU support was funded in the framework of the envelope for institutional support which complements the EU's 5th Poverty Alleviation Budget Support Programme (PABS V), the support provided by DFID was provided in the form of a separate project. Joint Review of DFID and EC support to Government Monitoring and Evaluation Functions in Uganda, OPM, October 2009

1.1.4 JC14 Gender mainstreaming and gender issues addressed during design of BS operations

1.1.4.1 I-141 Evidence of inclusion of gender disaggregated performance indicators and gender-specific process indicators

Gender mainstreaming has not been consistently addressed during the design of BS operations. DPs have rather seen gender equality as an integral part of their overall goals and objectives. While most bilateral financing agreements include references to the importance of gender equality, few of them include gender-specific indicators: only the PRSC 4 among those reviewed.²³ In no other instance have prior actions or process indicators been found to address gender specific issues, although the implementation of status of gender mainstreaming and equity policies is treated in the JAF 4 Appraisal report (08/2013).

On the other hand, performance indicators for the social sectors do include either gender-disaggregated indicators²⁴ or, in the case of the health sector, retained maternal health and maternal mortality indicators throughout the period analysed largely as a result of the adoption of these indicators as internationally recognized health indicators. Finally, in the case of the water sector, although there are some gender-sensitive / gender disaggregated indicators among the 11 golden indicators which are monitored regularly by the government to review sector performance, none of these were retained and monitored as part of the BS operations (be it JAFs, PRSCs or other bilateral agreements).

1.1.4.2 I-142 Evidence on the provision of accompanying measures related to gender (technical assistance, support to undertake gender analysis or related capacity building support)

While a number of donors have supported gender mainstreaming activities and measures throughout the period (DFID and Irish Aid among them), these have occurred through projects which were not explicitly foreseen as accompanying measures to budget support while the possibility of including within the JAF 5 a performance indicator linked to gender responsive budget analyses never materialised.

More generally, interviews did lead to the identification of a number of measures which contributed to gender mainstreaming. Among these:

- The gender and equity budget guidelines prepared by MOFPED have been attached to the Budget Call Circular each year since 2004/05.
- In early 2006, MOFPED commissioned a “Gender and Growth Assessment” (GGA), focused on identifying legal and regulatory obstacles to women’s entrepreneurship, and a Gender and Growth Coalition (comprised of civil society, public, and private organizations) was established to actively lobby for the implementation of its recommendations. GGA recommendations were also incorporated into Uganda's Private Sector Development Strategy 2005-2009, and have led to re-drafting of several related laws.
- Awareness campaigns on women and land issues were conducted and sensitization campaigns for land managers commenced.
- Support from DFID provided through UN Women on: i) Gender Audit; ii) training of officials from MoLG, MoG, MoFPED, sector line ministries and Parliament to increase capacities in the exercise of their oversight function.
- Support from Irish Aid in the education sector at central level plus Karamoja region, including support to the establishment of a gender unit in the MoE as a driver for gender mainstreaming & model for other ministries.

²³ PRSC 4 explicitly included gender focused actions among its key performance indicators “Under Pillar 1, PRSC 4 actions included: initiation of revision of the National Gender Policy; developing gender and equity budgeting guidelines for the 2005/06 budget cycle; and an analysis of gender and growth linkages in Uganda. Under Pillar 2, there was no specific gender output but there was a focus on gender and access to justice within the Justice, Law and Order sector review, including processing the Domestic Relations Bill and the Sexual Offences Bill. Under Pillar 3, PRSC 4 actions included: development of evaluation tool for LSSP to provide baseline assessment of women’s land rights, including the level of awareness. Under Pillar 4, Government would monitor the undertakings in the Education, Health and Water and Sanitation reviews to ensure that their gender dimensions were addressed explicitly.” (PRSC 4, ICR, 2006, p.9)

²⁴ this is especially the case in the education sector where a specific focus has been placed on access for girls in terms of increasing the equity of enrolment between boys and girls at both primary and secondary level.

1.2 Evaluation question 2

| | |
|--|---|
| EQ 2 – Direct effects of financial and non-financial inputs | To what extent have the financial and non-financial inputs of budget support contributed to the establishment of an improved aid management framework? |
| Judgement criteria | <ul style="list-style-type: none"> • JC21 Increased amount and share of aid under the GoU budgeting process • JC22 Frameworks for policy dialogue between GoU and DPs have been established at overall and sectoral levels and encompass both the assessment of performance frameworks and broader policy issues • JC23 Accompanying measures complement BS (either as part of the BS package or through complementary projects), focus on GoU needs and feed into policy dialogue process • JC24 BS operations have promoted the attainment of increased levels of coordination and complementarity between DPs BS operations and other DPs programmes leading to reductions in transaction costs for both the government and the DPs • JC25 BS has contributed (directly or indirectly) to the observed changes in ways which could not have occurred through alternative level of aid and modalities |

1.2.1 JC21 Increased amount and share of aid under the GoU budgeting process

Clarifications and background on the sets of data used

Despite significant efforts by the team in trying to gain a full understanding of the amounts provided by donors in the form of budget support, be it GBS or SBS, it has not been possible to reconcile the different sets of data retrieved from the different sources.

Three sets of data have been gathered and reviewed by the team. These are:

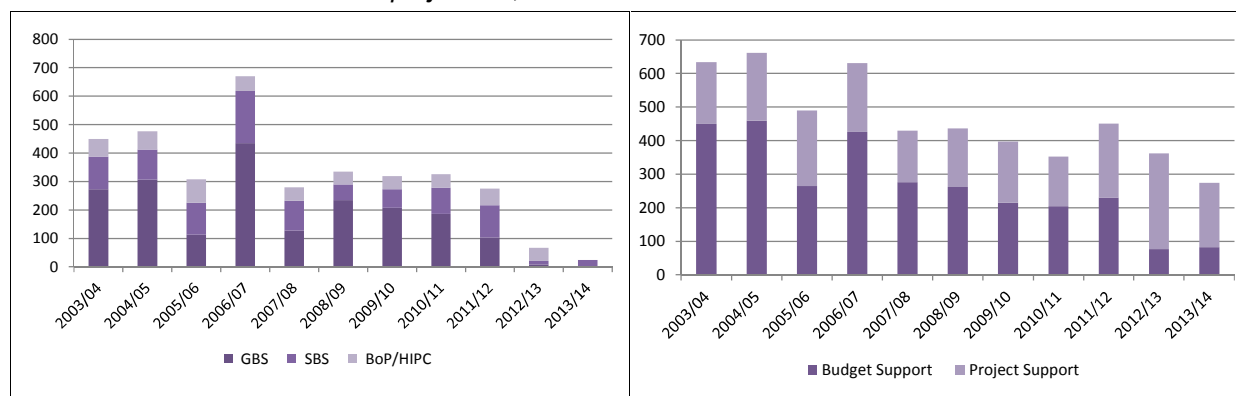
- data provided by the MoFPED (this includes both disaggregated figures provided by the Aid Liaison Department – ALD and data retrieved from the Annual Budgetary Central Government Finance Statistics also published by MoFPED although differences have been identified in the two sets of figures);
- data provided by the TASU / JBSF; and
- data provided by the ODI team that carried out a review of budget support in Uganda over the period 1998-2012.

A summary of the differences, advantages and disadvantages of each is provided in annex 4 (Volume 3) together with the full sets of data. Calculations provided in what follows and in the main text rely mainly upon the data provided by the MoFPED although in some cases reference will also be made been to TASU data. Sources are indicated in all cases.

1.2.1.1 I-211 Changes in the share of financial aid aligned to the GoU budgeting process

The first two periods (pre-JBSF and JBSF) see a strong dominance of budget support over other forms of aid, with BS accounting on average for over 66% and 58% respectively of all annual aid recorded on budget. The situation is reversed during the HLAM period (2012/13-2013/14) with the freeze (in some cases only temporary) of BS by all JBSF donors and when the share of BS declines to an average annual amount of 25%.

Figure 1 Total amounts of GBS, SBS and BoP support & Total amount of aid on budget of which BS and project aid, USD millions

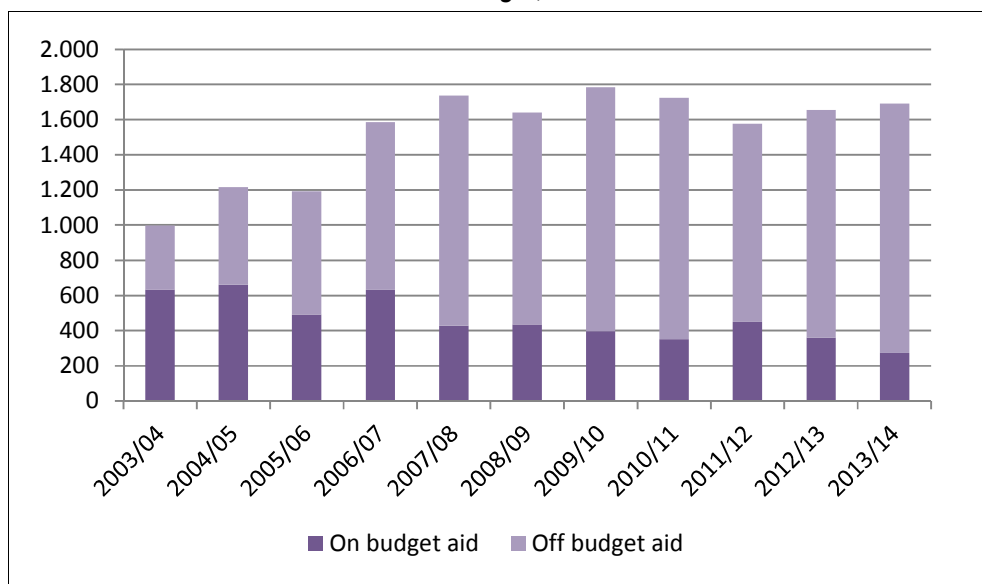


Source: own elaboration based on disaggregated data on GBS, SBS and BoP support from ALD, MoFPED; and data on aid on budget, of which budget support and project support, from Annual Budgetary Central Gov Finance Statistics, MoFPED. Data from different sources presents some inconsistencies which explain differences.

The 2004-2013 period also sees an increase of more than 50% in overall ODA to Uganda (from USD 1 billion in FY 2003/04 to USD 1,69 billion in FY 2013/14) but also a reverse trend in the absolute amounts of aid recorded on budget by the GoU which steeply declines from an initial USD 634 millions in FY 2003/4 to USD 274 million in FY 2013/2014 (i.e. less than half the amount at the start of the period) with the relative share of on-budget aid vis-à-vis total ODA declining from 64% at the start of the period to just 16% at the end.

Interviews and documentation alike, link the significant decrease in the shares of aid going to the government sector vis-à-vis aid flowing directly to non-state actors, research institutes, foundations, private sector or project aid implemented directly by the Development Partners to 'governance challenges' and the shifting and deteriorating partnership between DPs and GoU over the period analysed.²⁵

Figure 2 Total amount of aid on and off budget, USD millions



Source: own elaboration based on data from MoFPED, Annual Budgetary Central Government Finance Statistics and OECD statistics, <http://stats.oecd.org/qwids>.

²⁵ Reports on Loans, Grants and Guarantees (various years) issued by the MoFPED explicitly recognize that a significant portion of ODA to Uganda is managed outside government systems and is not included in the budget. Figures however differ from those recorded in the OECD database and point to a still significant but reduced shortfall of aid recorded on budget. The 2012 report for example indicates that "During FY2010/11 Uganda received off-budget aid amounting to USD 534m, [whereas the amount of off-budget aid according to OECD data is well over 1 billion USD] which is equivalent to 52% of all project aid, [...] the increase in total off-budget project support [...] relates to governance challenges, which prompted Development partner to switch from on-budget to off-budget support and increasingly channel their aid through Non State Actors (p.31 of the 2012 Report).

At sector level different trends can be seen:

- In the education sector, budget support aligned to the GoU budgeting process decreased during the evaluation period and stopped altogether by the end of the period: it averaged USD 55 million per annum from 1998/99, declined to an average of around USD 20 million over the 2003/04 - 2007/8 period, with only EUR 4 million disbursed from 2009-2012 by Belgium (interview, ODI 2014).
- In the health sector, project funding started to increase from 2003 onwards as Uganda became a recipient of large volumes of funds from GHIs, mainly focused on HIV/AIDS. More generally and focusing on 'on-budget project funding', figure shows that these have covered a large share of total health expenditures over the evaluation period. Contrary to HSBS, which was terminated in the latter years, on-budget project funding increased in 2012
- In the water sector, the share of financial aid aligned to the GoU budgeting process increased: the total indicative budget at commencement of the JWSSPS for the period 2008/09 – 2012/13 was 116 million USD. The total indicative budget through harmonised JWESSP modalities has increased to EUR 177 million for the period 2013/14 to 2017/18. The amount of pledged SBS for the period 2003-2007 was similar to the amount of pledged SBS under the first joint Programme (UGX114.3, and 101.3 billion, resp.), while it has increased significantly to 176 billion under the second joint Programme, which started in 2013 and is currently ongoing.

1.2.1.2 I-212 Trends on predictability of BS aid funds

The Paris Declaration calls on donors to provide reliable indicative commitments of aid over a multi-year framework, and to disburse aid in a timely and predictable manner according to agreed schedules. Predictability of aid disbursements (how much aid will be delivered and when) is important to enable countries to manage public finances and undertake realistic planning for development in light of the relative weight of aid within the budgets. In Uganda while declining on-budget grants have represented approximately 20% of government revenues throughout the period of the evaluation (30% during the pre-JBSF period, 16% under the JBSF period and down to 10% in the last two years.

According to the the *Aid Effectiveness 2011: Progress In Implementing Paris Declaration report* “*The predictability of aid declined from 84% in 2005 to 74% in 2007, and then remained constant at 74% in 2010. [...] Uganda missed its target of 92% by 18% in 2011. Of the major donors to Uganda, the EU Institutions and World Bank registered approximately 90%, while the African Development Bank and the United Nations scored significantly lower at 52% and 28% respectively.* (p.7)

Many reasons can explain the discrepancies between government estimates and actual donor disbursements. These include: i) delayed or cancelled donor budget support disbursements which can be also linked to government failure to undertake agreed actions or meet agreed performance indicators; ii) slow project implementation; iii) delays caused by procurement; and iv) lack of adequate information sharing between government and donors; and v) discrepancies between the fiscal years of donors and the GOU.

Looking at timeliness of disbursements of Budget support funds. Data provided by MoFPED indicates that on average across the evaluation period, 85% of the total volume of forecasted amounts were disbursed within the same fiscal year with deviations varying between lows of 3% FY 2003/04 and 2% in FY 2006/07 and highs of 38% in FY 2005/06 and 77% in FY 2012/13 which is the year in which – not surprisingly - the highest deviations occur as a result of DPs decision to freeze BS disbursements in reaction to the OPM scandal. By contrast, data provided by the TASU (only FY 2009/10-2013/14) shows significantly different results with average deviations of 40% (against 28% of MoFPED data for the same period).

The review of the PEFA reports of 2005, 2008 and 2012 confirms this data and indicates an overall deterioration of scores for indicator D-1 'Predictability of Direct Budget Support' which have passed from C to D.

Table 6 PEFA scores and explanations on Indicator D-1: Predictability of Direct Budget Support

| | 2005 | 2008 | 2012 |
|----------------|--|---|---|
| D-1 Score | C+ | D | D |
| Dimension (i) | B: Direct budget support has differed from donor forecasts by more than 10% in one of the last three years | D: In at least two of the last three years budget support fell short of the forecast by more than 15% | D: In two of the last three years budget support fell short of the forecast by more than 15%. |
| Dimension (ii) | C: Quarterly disbursement estimates have been agreed with donors at or before the beginning of the fiscal year and actual disbursements delays (weighted) have not exceeded 50% in two of the last three years | D: There is no projected breakdown of budget support by quarter | D: Disbursement delays have exceeded 50% in all of the last three years (in-year timeliness). |

Source: PEFA Reports of 2005, 2008 and 2012.

While Government rightly points to DPs low predictability as measured by the deviation between commitments and disbursements, DPs emphasise that their predictability also depends on the GoU's capacity and ability to implement projects and meet agreed conditionalities and pre-conditions. On this, documentation reviewed points, among others, to the following causes to explain the deviations of actual disbursement from projections:

- A cut of £10 million by the UK in FY 2003/04 in reaction to (excessively) high increase in defence spending;
- Cuts to budget support disbursements for an overall amount USD 68M decided by five bilateral donors (UK, Norway, Sweden, Ireland and Netherlands) in protest over democratic governance issues in the run-up to the 2006.²⁶ Although actual disbursements remained high, FY 2005/06 is the first year in which a particularly significant deviation can be noted (38%), also as a result of a delay in the disbursement of the PRSC, which however then led to a 102% performance rate in the following FY.
- The consistent withholding by the EU of all annual performance tranches of the MDG contract²⁷ due to lack of fulfilment of agreed conditions (e.g. *need for more concrete progress in addressing corruption issues* or *slower than expected pace of reforms in procurement and other key PFM areas*); as well as delays in the disbursement of the 2nd fixed tranche (from FY 2009/10 to FY 2010/11) and of the 3rd tranche.²⁸
- Delay in the disbursement of the USD 100 million first tranche of the first tranche of PRSC 7 from FY07/08 to FY08/09 due to delayed approval by Parliament, and of the second USD 100 million tranche due to the following FY due to the delayed fulfilment of a prior action.²⁹ Delays also occurred with PRSC 8 and again with PRSC 9 *“disbursement delayed until June 2013”* at first because of a material error in the documentation for Parliament (delay from April to June 2012) and then again because of the OPM scandal that put a freeze (in this case temporary) on budget support operations³⁰.
- The withdrawing of the Netherlands from BS in 2011 due to lack of results in the areas of corruption and education and justice (sectors supported) whereby the agreement was

²⁶ ODI (2014), Review of Budget Support to Uganda 1998-2012, p. 9 & pp. 13-15.

²⁷ The MDG contract (FY 2008/09 – FY 2013/14) foresaw: i) a fixed or base component (70% of total commitment, disbursed so long as eligibility criteria are met); and ii) a variable performance component (30%) made up of annual performance tranche – APT (9%) linked to Actions / Indicators taken from the second part of the JAF in the area of PFM, and an MDG based tranche (21%), determined at Mid Contract Review on basis of MDG-related result indicators.

²⁸ Notes from HQ to EUD of 09/07/2010 and 21/12/2011, 15/03/2012

²⁹ World Bank (2010), ICR of PRSCs 5-7, pp.5-6 & p. 44 where it is noted that full alignment of the PRSC series with the Government budget cycle was achieved as of PRSC 7. The delay in alignment which actually took place “was not due to program design or implementation but was the result of the Government’s own action, primarily delays in approving PRSC 7 and moving forward on procurement” [delays in approval of revised act to the Public Procurement and Disposal of Asset - PPDA].

³⁰ World Bank (2014), ICR of PRSCs 8-9, pp.5-6.

terminated and no support was received in FY 2010/11; similar action taken by Norway shortly after.

- Delays in some donors' internal procedures.

Unlike other countries however, in Uganda, the poor predictability track record, with significant under-disbursement did not affect budget implementation. The Government in fact has a robust strategy to cushion spending plans from budget shortfalls. On the one hand, the GoU benefitted until 2010, from an IMF programme which enabled the MoFPED to compensate shortfalls in projected levels of budget support by borrowing an equivalent amount from the Central Bank, which could in turn draw down its international reserves. On the other hand, based on past experience of unpredictable donor disbursements, the MoFPED routinely applies a discount factor to projected annual levels of budget support (different rates for different DPs depending on past performance) in order to limit the exposure of the Central Bank's reserves to inflow volatility which also allowed to cushion the repercussions of BS cuts on the budget and on macroeconomic management.³¹ As stated by one of GoU respondents to the e-survey *"Funding would come late, but Government found a way of using reserve funds to stabilise the budget."*

The only exception is FY 2012/2013 when the freeze of all BS disbursements did indeed lead to a reduction in outturns vis-à-vis budgeted amounts³². Repercussions were noted in the water and sanitation sector, where this was the only year in which interviewees at both central and local level identified a direct correlation between budget support funds and release of funds to the District Water and Sanitation Development Conditional Grant by MoFPED. To note however that the balance was released during FY 2013/14, when the outstanding budget support was paid into the Treasury³³.

As a result of these, budget support cuts applied by DPs in reaction to governance issues appeared to have almost no leverage effect and some interviewees question whether it was realistic for donors to expect that they would. That said, these cuts enabled the donors to express their dissatisfaction over government actions in the short term, while broadly maintaining their funding for longer-term poverty reduction programmes by redirecting in most cases the amounts to other programmes.

At sector level, the situation varied significantly. In the education and health sector, SBS was very unpredictable (e.g. of the committed EUR 12 million over the 2008-2012 by Belgium, only one tranche of EUR 4 million was disbursed whereas the others were withheld due to the above-mentioned governance issues and corruption scandals, key indicators not being met and Belgium not having a government for one year). In the water sector, high predictability of financial flows was confirmed through interviews with the important exception, as seen, of 2012/2013.

1.2.1.3 I-213 Trends of BS as a share of GoU public expenditure

The steep decline in the amount of aid on budget is strongly correlated with the significant decline of budget support flows. As shown in the figure below, the contribution of BS to the coverage of development expenditures and GoU expenditures has been steadily declining throughout the period, with the BS accounting for over 50% of development expenditures and 24% of GoU expenditure during the pre-JBSF period, falling to respectively 21% and 9% during the JBSF period and to 5% and 2% in the last two years (HLAM).

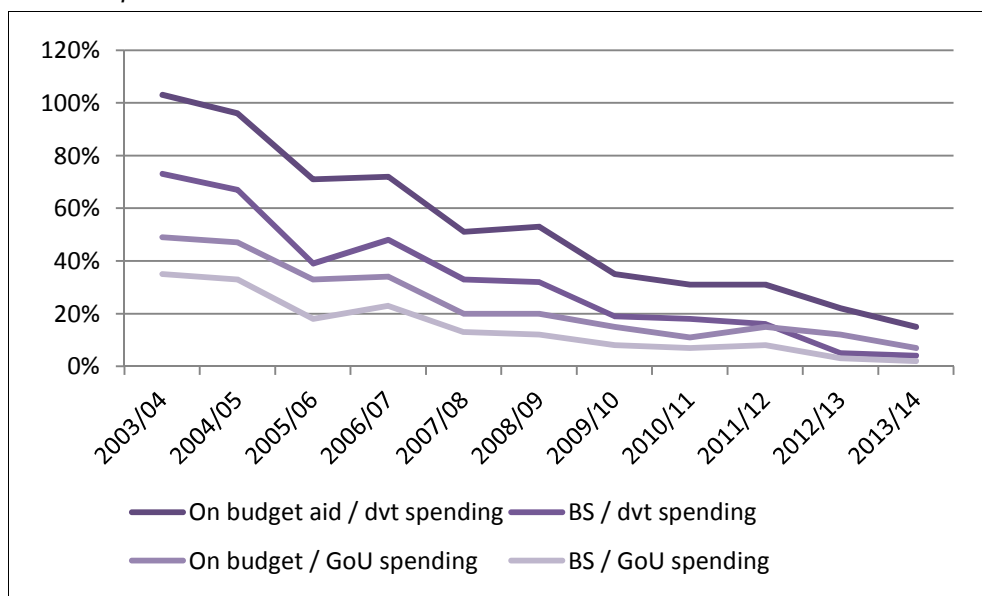
The reasons that underlie the progressive reduction of BS levels and hence also the share of BS as a % of the development expenditures are manifold, among them: i) Increase in absolute terms of government revenue, though primarily as a result of economic growth (see EQ 3 for details); ii) reductions in the overall amounts committed by BS DPs; and iii) shortfalls in actual amounts disbursed by DPs vis-à-vis the committed amounts. As seen under the previous indicator, the deterioration in the partnership between GoU and DPs has affected both the overall levels of BS flows and the predictability of BS disbursements.

³¹ Along the same lines the PEFA Report

³² The suspended aid was primarily general and sector-specific budget support (USD 288 million). Some DPs expanded the suspension to include all development assistance channeled through the GoU (USD 84 million). The total amount of suspended aid was USD 372 million as of December 2012.

³³ An analysis undertaken by TASU on the impact of the suspension of aid funding by DPs in November 2012 concluded that *repercussions to macro-economic stability were negligible in the short run with limited impact on growth, as the economy adapted quickly. This was largely owing to two key policy buffers built into the macroeconomic framework by the GoU the previous FY. Minimum impact of the suspension would hold in the short-run, premised on the fact that budget support started to flow again within FY 2012/13 or at the beginning of the next FY as was the case.* Final TASU Annual Progress Report 2012-2013 (p.31).

Figure 3 Aid and Budget Support as a % of GoU expenditure and as a % of Development expenditure



Source: own calculations based on MoFPED, Annual Budgetary Central Government Finance Statistics data. GoU expenditure includes both recurrent and development expenditures excluding donor funds; whereas development expenditures includes both GoU and donor funds.

Despite this, the importance of BS remains significant, especially when looking at the contribution to the coverage of sector level expenditures.

Evidence from the **water and sanitation** sector for example points to the fact that in most years SBS funds have covered well above 50% of GoU releases to the District Water and Sanitation Development Conditional Grant (DWSDCG) and in FY 2008/2009 funds disbursed by DPs in the form of SBS to the water sector go well beyond actual releases to the DWSDCG by MoFPED suggesting that DPs SBS contribution was used to finance other sectors' expenditures.

The overall share of **Health** SBS has remained relatively stable at around 50% of total health budgets over the evaluation period (MoH, 2013b, WHO, various years). Whereas the contribution of **education** SBS has declined to zero over the evaluation period.

1.2.2 JC22 Frameworks for policy dialogue between GoU and DPs have been established at overall and sectoral levels and encompass both the assessment of performance frameworks and broader policy issues

1.2.2.1 I-221 Evidence that instruments and structures to foster policy dialogue are in place and functioning (regular meeting schedules, clear objectives and mechanisms for recording decisions)

As of the start of the evaluation period, detailed and articulated frameworks for policy dialogue have been in place. While these have evolved towards increasingly structured and institutionalised frameworks also in light of the aid policy coordination framework established by the GoU, the 1994-2004 evaluation of GBS already reported the existence of clear structures for policy dialogue which enabled the discussion of substantive policy matters between GoU and DPs.

As a result, the pre-JBSF period already sees an articulated structure for policy dialogue largely based on pre-existing sector and budgetary forums (Sector Working Groups), with the PRSC Steering Committee (SC) being the main addition. Dialogue linked to the implementation of BS largely took place in the PRSC SC (formed in 2000), and chaired by the MoFPED. GoU representatives and donors providing BS met within this fora with the objective of discussing the PRSC policy matrix. As of 2004, dialogue centres around the PEAP whose third revision (2004) had seen already seen an important contribution by a broad array of stakeholders involved in this process, particularly through the sector working groups (SWGs). The revised PEAP also sees the elaboration of a more comprehensive monitoring and evaluation strategy, supported by a matrix which also acted as a focus of GoU-DPs dialogue.

Sector Working Groups (SWGs) are key fora for dialogue under this and successive periods. SWGs which are constituted around a Sector Programme, organize annual (or biannual) sector reviews and the results of these reviews inform budget support disbursement decisions.

This period is also marked by a number of other fora for dialogue including:

- the Public Expenditure Review (PER) working group which discusses issues related to PFM, fiscal policy, and budget
- the Joint GoU-donor annual review of PFM and Public Expenditure Management (PEM) which is organised at the end of the financial year.
- the Country Integrated Fiduciary Assessment (CIFA), which marks the first attempt by the GoU and development partners to integrate the findings on budgetary issues, procurement, and financial accountability to provide a comprehensive overview of the status of PFM and a subsequent action plan for GoU reforms. The Public Expenditure Management Committee (PEMCOM) was also established by the GoU as part of the process to provide additional coordination between Government agencies.

Finally, the Donor Democracy and Governance Group (DDGG) forum which served to promote internal dialogue for technical and heads of agencies to discuss progress in the governance matrix.

To note that in addition to this, as provided for under the Cotonou Partnership Agreement, EU's Political Dialogue with Uganda formally began in late 2004. After a slow start during 2005 with only a few meetings taking place, it was given new impetus in 2006 and restructured in 2007 whereby an effective Article 8 political dialogue was institutionalized with the Government with the participation of the EU Member States present in Uganda and the EU Presidency. As a result, regular political exchange took place through high level meetings around specific objectives deriving from the governance commitments taken by the Government in the context of the 10th EDF, as well as the from the joint EU-Africa action plan adopted in Lisbon. These objectives include regular reviews within areas such as: human rights and freedom of expression by media and civil society; strengthening multi-party democracy; improving the rule of law, especially in Northern Uganda; and internal and external security.³⁴

With the JBSF, structures for dialogue further develop in a more articulated manner. The JBSF is managed through the existing government coordination framework, which has four levels: the Cabinet level through the Policy Coordination Committee (PCC) under the Prime Minister; the Implementation Coordination Steering Committee (ICSC) under the Head of Public Service/Secretary to Cabinet; the Technical Implementation Coordination Committee (TICC) under the Permanent Secretary in the Office of the Prime Minister; and in Sector Working Groups (SWGs). A JBSF development partner technical and policy dialogue taskforce meets frequently to oversee the JBSF, and a JBSF development partner Policy Committee (Heads of Mission) meets about monthly and also 3 times a year with the Government's PCC committee and other high-level government committees. Implementation of the JBSF is led by the Office of the Prime Minister (OPM).

Box 1 Coordination Mechanisms

Building on existing structures, the following mechanisms will be used to coordinate development cooperation within the Government itself and between the Government and its development partners:

- **Policy Coordination Committee (PCC).** The Cabinet sub-committee is responsible for policy coordination and will review and monitor progress on the implementation of this Policy. The PCC will hold two joint sessions with DPs and national stakeholders every year (June and December) at one of which a formal annual review of the PP will be presented.
- **Implementation Coordination Steering Committee (ICSC).** This committee consisting of Permanent Secretaries will oversee policy harmonisation and sector performance monitoring. The Committee is charged with finding ways to align development cooperation to the Government priorities and will hold four joint sessions with DPs.
- **Technical Implementation Coordination Committee (TICC).** This inter-ministerial technical-level staff committee will coordinate programme implementation across ministries and sectors. It will monitor the implementation of the policy and the execution of development cooperation across sectors. The TICC will be joined by DPs in monthly sessions.
- **Sector Working Groups (SWGs).** The SWGs will form the basis for sector coordination and will be used to bring DPs around agreed sector objectives and policies. They will be responsible for

³⁴ Sources (PABS V, FA; Evaluation of General Budget Support 1994-2004 – Uganda Country Report, (2006), IDD, Stephen Lister et al; Uganda-European Commission, Joint Annual Reports, various years).

integrating and reporting on assistance within sector strategies, and will be attended by the Government, DPs and national stakeholders as appropriate.

- **Development Committee (DC):** To strengthen coordination on financing issues, the Government will expand the membership of the Development Committee to include the OPM and NPA, and make it a formal **Sub-Committee of the ICSC**. Its mandate will be broadened to implementing the Government policy on development finance (the PP and Debt Strategy), including supervising regular analysis of PP progress and debt sustainability, and ensuring that financing mobilised to support the NDP is compliant with the PP commitments.
- **PP Task Force:** To ensure maximum progress on implementing the policy, the PP Task Force comprising the Government, DPs and major stakeholders that has contributed to the preparation of this document will have its membership reinforced and mandate refined, to oversee execution of the policy, and to report to the TICC. In cooperation with TICC, it will commission and supervise reviews and undertake analyses to support this policy's implementation.

Source: Extracted from the Uganda Partnership Policy, Towards implementing the National Development Plan, GoU, 2012

Below the level of monitoring by OPM and Ministry of Finance, Planning and Economic Development (MoFPED), sector performance is also monitored through the SWGs, which coordinate closely with the JBSF technical and policy dialogue taskforce³⁵. Government and DPs assess the performance of each sector annually, discuss emerging issues, and agree on new undertakings and quantitative targets at Joint Sector Reviews and subsequently confirm them in the annual Joint Assistance Framework (JAF) identification process. Following the Joint Sector Reviews Government undertakes its annual performance review and prepares the "Government Annual Performance Report" (GAPR). JBSF DPs undertake data and information gathering for the annual JAF appraisal concurrently and jointly with the Government's own performance review and DPs. The JAF appraisal report includes a response to the GAPR; hence, DPs are using government systems to a large extent.³⁶

The mid-term review of the Uganda National Development Plan (2013) confirms the importance of the JBSF with respect to dialogue "*the Joint Budget Support Framework (JBSF) which since 2007/08 has provided the structure in which general and sector budget support is managed. The JBSF has become the principal focus for high level policy dialogue with joint meetings scheduled between budget support donors and both the Implementation Co-ordination Steering Committee in which permanent secretaries meet to oversee government performance and the Ministerial level Policy Co-ordination Committee which is chaired by the Prime Minister. Annual disbursement decisions are linked to a Joint Assessment Framework (JAF) of actions and indicators.*" (p.19)

Finally, in the last period marked by the HLAM, the same structures remain in place. This period sees the resumption of dialogue after the freeze of BS decided by DPs in response to the OPM scandal with unchanged structures.

Meetings of the different committees and working groups are regularly scheduled and have - with few exceptions - taken place as foreseen based on agreed agenda and with recorded minutes. Although the team has not been able to access earlier minutes of minutes (pre-JBSF period) multiple respondents indicated that these were indeed circulated and agreed. Regularity of meetings, especially at the higher levels has however been influenced by the political cycle and by the prevailing political economy and/or convergence / divergence of views between DPs and Government. This for example has led to an interruption of the EU's political dialogue with Uganda during 2008.³⁷

Dialogue structures are then further developed at sector level, whereby each sector presents some similarities but also its own specificities and articulation in working groups or committees (e.g.

³⁵ Sector Working Group (SWG) which existed prior to the NDP have continued, as they were under the PEAP, to be a key mechanism for ensuring dialogue between GoU and DPs. SWGs meet at least quarterly. Development partners are particularly active in 9 of the 16 main sector working groups: Agriculture, Water and Environment, Energy and Mineral Development, Works and Transport, Accountability, Social Development, Health, Education and Justice, Law and Order as well as in the cross cutting groups that have been established for HIV/AIDS and for gender. The larger sector working groups, such as those for health and education, break in to smaller groups at technical level to cover key sub-sectors. NPA, (2013), *Mid-Term Review of the Uganda National Development Plan*, p.22-23.

³⁶ Source: TASU Mid-Term Review, Nov 2012 and interviews.

³⁷ *The last official Article 8 Dialogue with the Presidency took place in November 2007. Despite EU attempts at revitalising the dialogue, President Museveni and key members of the Cabinet continued to declare that the country expects a reduction in donor dependency. This view is borne from donors becoming more demanding on good governance and from the prospects of increasing economic growth partially due to oil revenues as from 2010/2011.* Uganda-European Commission, Joint Annual Report 2008, MoFPED & EUD, (2009).

Education Sector Consultative Committee, Health Policy Advisory Committee, Water and Environment Sector Working Group) and sub-groups which are both sub-sectoral and cross-cutting in nature.

Box 2 Policy dialogue fora in the education, health and water sectors

In the **education sector**, mechanisms for substantive policy dialogue were put in place as part of the SWAp as of the end of the 1990s. However, with the halt to education SBS in the pre-JBSF period, the common understanding and interest in dialogue, with donors and MoES working closely together, deteriorated with DPs no longer funding the whole sector but rather their own sub-sectors and the MoES becoming less willing to discuss overall sector issues. This deterioration was reported to have begun at different points by different respondents starting from around 2005 and the launch of the USE policy without consultation with the DPs (GoU and Donor interviews). That said, a sector working group for education was established under the JBSF process linking with the MoES dialogue and review process. A section on the JAF indicators is included within the annual ESSR, where the achievement of these indicators are reviewed and both these structures encompass assessment of performance frameworks and broader policy issues. The Ministry of Education is also engaged in higher level JBSF dialogue (interviews).

In the **water sector**, the Joint GoU-DPs Sector Reviews (JSRs) and Joint Technical Reviews (JTRs), both held once a year, provide the institutional framework within which policy dialogue among sector stakeholders (DPs, line ministries and local governments) takes place. These are highly attended – as are the sector working groups – and act as milestones for the sector to monitor sector progress. Unlike the education sector, the importance of these mechanisms have grown throughout the period and their strength is such that one of the interviewees stated that quality and openness of dialogue would likely remain unchanged even in the absence of SBS.

Also the **health sector** has witnessed a high level of understanding and agreement between DPs and the GoU/MoH on key policy issues and the direction of strategies and it is reported that the health SBS has contributed to establishing a clear and most likely conducive framework for policy dialogue (personal communication with DPs and GoU/MoH representatives). This is reflected in the consistency of the support and the constructiveness of the policy dialogue. Key issues discussed have been pharmaceuticals, district level financial management issues (with DPs raising concerns on the impact of the decentralization process), and allocation of funds to critical areas (including reproductive and child health). However, several concerns have been raised during consultations as to the effectiveness of the current structures. Moreover, given the lack of progress on a number of key health outcomes, the link between the DP-GoU/MoH policy framework and outcomes is weak, at best.

1.2.2.2 I-222 Evidence that the two parties (GoU and DPs) share a common understanding and interest to foster policy dialogue at both overall and sectoral levels and deploy appropriate resources at the different levels to feed policy dialogue

Throughout the period analysed, strong efforts and resources have been deployed by both GoU and DPs in the different policy dialogue fora. That said, interviewees report a varying degree of interest and participation depending on the specific areas of interest as well as a varying degree of effectiveness of dialogue.

As of the early 2000s (pre-JBSF phase), the dialogue and partnership shifted from a strong focus on the expansion of basic services to an increasing focus on the efficiency of spending across the entire budget, and associated legal and other reforms to improve public service management and accountability. Documentation and interviews alike report that BS (most of which hinged on the PRSCs during this period) proved very effective in providing a forum to discuss cross-cutting issues such as issues related to public service reform and decentralization. At the same time however, it is during this period that divergences between GoU and DPs priorities which had started to manifest themselves prior to 2004 become more marked, putting an end to the earlier days characterized by common expectations and underpinned by a strong partnership.

Asymmetries in the relative interest of the two parties to dialogue on the different issues can be traced back to a number of issues: i) DPs' reluctance to adapt the budget support dialogue framework to take into account the shift in government priorities towards economic infrastructure and growth with ensuing divergences over budgetary priorities which also extended to spending on defence and public administration; ii) the GoUs decision to end the additionality of BS which limited the prospects of increased sector expenditure and in turn reduced the sectors' incentive to engage in dialogue with budget support donors; iii) the influence of political concerns and high-ranging powers of the President as exemplified for example by the announcement of universal secondary education and the decision to

abolish the graduated tax in 2006; and iv) growing DPs governance concerns – particularly in relation to corruption and human rights – which were not met by an equal interest by the GoU.³⁸

At the same time, it is during this period that DPs governance concerns – particularly in relation to corruption and human rights – became more prominent. However, the mechanisms for dialogue, focused on the Ministry of Finance, Planning and Economic Development, were not well structured to cater for this change in emphasis thus introducing a further issue of contention with the MoFPED who felt that DPs unilaterally wanted to introduce within the discussion governance issues which fell outside their remit (this is still true today with the Permanent Secretary of Treasury lamenting that GoU cannot be held responsible for decisions and acts taken by Parliament on which the GoU has no control – interview).³⁹ Documentation reviewed also points to the fact that the donor group was no longer as coherent (see also EQ 1) with differences emerging on whether GBS should remain solely an economic instrument or whether it should enlarge to embrace governance issues *“by delegating the leading role in managing the budget support instrument to the World Bank, [..bilateral donors.] have seen their influence on the dialogue diminished. In particular, the World Bank tended to focus on technical issues, when it is clear that many of the blockages to progress can be referred to political economy where bilateral donors might have had more room for influencing.”*⁴⁰

Quality and interest of the two parties in policy dialogue therefore varied depending on the prevailing political economy and it is during the pre-JBSF period the earlier days characterized by common expectations and underpinned by a strong partnership come to an end. The run up to the 2006 elections see a deterioration of dialogue, and a further undermining of the partnership also in light of the cuts applied by DPs to BS disbursements in protest over democratic governance. *At a technical level, the ‘meeting of minds’ between donors and the Ministry of Finance had lessened and the quality of the technical dialogue was generally considered to be in decline.* ODI (2014) p.15.

With the JBSF we assist to two major shifts which affect the management and dialogue around budget support: i) the establishment of a Joint Assessment Framework underpinned by four underlying governance principles whereby adherence and commitment to human rights, democracy, rule of law, and peace and stability in the region became an explicit requirement for donor engagement; and ii) the transfer of responsibility and leadership of the budget support framework from the Ministry of Finance to the Office of the Prime Minister. These changes and the effects they had on policy dialogue and more generally on the effectiveness of BS are perceived differently depending on the specific actors. Different views are held by different stakeholders ranging from: *‘the shift to the OPM allowed to increase coordination of action within the different sectors of GoU especially important in light of the cross-cutting nature of a number of reforms supported by BS’ to ‘the shift of responsibility for BS coordination to the OPM was too much too soon, and with hindsight might have been a mistake’, ‘when MoFPED was in the driving seat, BS was viewed as a key resource and was highly owned’; ‘the shift to OPM coincided with a decline in capacity on the DPs side’ ‘Many new ambassadors and donor representatives came in 2008. This seems to have changed the dynamic of the dialogue’.* (interviews with DPs and GoU).

Overall, while the JBSF allowed to bring together all partners as a group and talk to government collectively, it also carried with it a rising of expectations, defined as *‘unrealistically high’* by most interviewees also in light of the declining shares of BS. The JAF with its different sections and underlying governance principles brought within the dialogue fora a multitude of issues to discuss and the role of governance issues in policy dialogue become an issue of contention.⁴¹ While fora for policy dialogue remained active and well structured, and despite the high-level engagement of GoU (and DPs alike) as stated by some *‘government was confused by what to talk about; JAF performance? Governance? Human rights? Government would bring the technocratic ministers together, and donors*

³⁸ To note that during the previous period (up until the early 2000s) governance concerns were not dealt with through the BS dialogue but rather through personal direct relationships between the President and several development ministers of key bilateral donors. The mechanisms for dialogue, focused on the Ministry of Finance, Planning and Economic Development, were not well structured to cater for this change in emphasis thus introducing a further issue of contention with the MoFPED who felt that DPs unilaterally wanted to introduce within the discussion governance issues which fell outside their remit (this is still true today with the Permanent Secretary of Treasury lamenting that GoU cannot be held responsible for decisions and acts taken by Parliament on which the GoU has no control – interview). *“Expectations by donors that they could use budget support to influence governance outcomes ran increasingly contrary to the prevailing political economy in Uganda”.* ODI review, p.v

³⁹ Unlike the previous period (up until the early 2000s) where governance concerns were not dealt with through the BS dialogue but rather through personal direct relationships between the President and several development ministers of key bilateral donors. *“Expectations by donors that they could use budget support to influence governance outcomes ran increasingly contrary to the prevailing political economy in Uganda”.* ODI review, p.v

⁴⁰ DFID, Poverty Reduction Budget Support in Uganda: 2004- 2009, Project completion report (2009), § 70.

⁴¹ In 2011, during discussion on the draft MoU, the OPM requested that the underlying principles, being political in nature, should be discussed in a separate forum such as the Cotonou Article 8 consultations.

bring up the homosexuality bill. Government said these are not issues we can tackle. Dialogue became sidelined." (interviews)

Minutes of meetings continue to attest to their regular frequency but as reported by some, in a number of cases *all actors went through the motions*, with Policy Coordination Committee meetings becoming a formality with limited opportunity for real debate and resolution of differences.⁴²

Once again, relations and dialogue suffered from the political economy and run-up to the 2011 Presidential and parliamentary elections as exemplified by the fact that in 2010/11 neither DPs nor civil society were invited to participate in the national budget workshop for the 2011/12 budget. As synthesized by one of the interviewees *'PCC dialogue (horizontal higher-level dialogue) has deteriorated over the years. While corruption and anti-homosexuality bill have certainly played a role in deteriorating relations, one can see changes shortly after the shift in leadership from MoF to OPM. Formalised dialogue became too heavy, interest of GoU in dialogue was more limited, tones became more rude and there was a certain lack of substance / emotion to the dialogue'*.

At technical / sectoral level, the degree of understanding and interest to foster policy dialogue has been uneven. DPs who support donor engagement in different sectors, reveal concerns about variation in the quality of discussion in Sector Working Groups and a sense that technical discussions may have been more productive in recent years than higher level policy dialogue (including in annual reviews). Generally however it is recognized that the JBSF provided the opportunity to link up dialogue with the Government Annual Performance Reports which was highly appreciated by DPs and GoU alike as the shift towards the use of the GAPR led to an *'improved focus on outcomes and targets'*.

Finally, following the deterioration of dialogue in the latter part of 2012 and the suspension of BS disbursements and dialogue by DPs in reaction to the OPM scandal (end of 2012), dialogue was relaunched in July 2013 following the development of the HLAM by MoFPED and progress recorded against the seven key results action taken to tackle key issues articulated in the matrix. The JAF 4 appraisal report of August 2013 reports an *anomalous* quality and relevance of the dialogue over the reporting period due to the previous' years intense focus on a high-profile corruption scandal but also *'a constructive result-based policy dialogue and regular updates'*. During FY 2013/2014 dialogue between the GoU and DPs focused on the HLAM. *'This dialogue was constructive and resulted in timely action in the areas of the repayment of misappropriated funds, the implementation of recommendations on the IFMIS, and the appointment of two deputy IGGs. Less progress was made on administrative sanctions and criminal prosecutions of officials implicated in the misuse of public funds.'* To note however that *dialogue did not focus on progress against the indicators and actions outlined in the framework.*⁴³

The accompanying letter to the JAF Appraisal report, concludes that the DPs believe that the *'renewed engagement constitutes an opportunity to determine the content, the content, the fora, and audience for future policy dialogue between the GoU and DPs, both within the context of budget support, and support to the public sector more broadly.'*⁴⁴

1.2.2.3 I-223 Evidence that policy dialogue taking place at the formulation and implementation stages of BS operations includes substantive policy matters and does not remain at a mechanical level (how much and when): i) general & specific conditions and indicators are defined on the basis of the contents of policy dialogue; ii) monitoring of conditions and indicators feeds policy dialogue processes

There is strong evidence that policy dialogue taking place at the formulation and implementation stages has included substantive policy matters, although as we have seen under the previous indicator not always leading to an agreement among the two parties.

In the period which predates the current evaluation this was already true as indicated in the GBS evaluation 1994-2004 which states *"The dialogue and conditionality, at a sector level especially, have evolved in a way that reflects better understanding of what is technically feasible and what is not. Much of the PRSC dialogue focuses on technical reforms within government which will strengthen the ability of government to deliver, and which government is willing and able to implement effectively. Agreements have become more realistic and less ambitious."*⁴⁵

⁴² This deterioration of dialogue is also noted in the TASU Mid-Term Review (2012) where it is recorded that *'doubts are being increasingly expressed about the lack of impact of Policy Dialogue'* (p.25).

⁴³ JAF 5 Appraisal Report, 06/2014. Which also reports that *"While recognizing the need to allow criminal and judicial processes to take their course against those accused, the lack of progress on criminal and administrative sanctions remains a cause for concern";* p. 37

⁴⁴ Letter from Chairs on the DPs side of the JBSF to GoU in relation to the JAF 5-FY 2012/2013 Appraisal, dated 27/06/2014.

⁴⁵ Evaluation of General Budget Support 1994-2004 – Uganda Country Report, (2006), IDD, Stephen Lister et al

This remains the case during the pre-JBSF period and JBSF period.

In the pre-JBSF period, documentation reviewed clearly points to a highly consultative process in the definition of conditions and in the ensuing monitoring process. Many of the prior actions and more generally indicators (and targets) are defined on the basis of extensive dialogue in all sectors. *“The whole process including identification, appraisal and negotiation missions was conducted in an environment of give and take and mutual agreement, with outcomes and results as the driver of each undertaking.”*⁴⁶ *“[...] prior actions [were] developed jointly with the GoU, in close cooperation with Uganda’s other DPs as well as to how dialogue has enabled to reach agreements on changes.”*⁴⁷ Similar considerations are also valid for the EU PABS V programme *“The EC has been highly involved in discussions with GoU, which are a key feature in the development of the reform process”*.

Under the JBSF period, the importance of policy dialogue in all stages of design, implementation and monitoring is attested to by the different JAF Appraisal report, minutes of meetings and interviews alike which point to: i) the detailed discussions between GoU officials and DPs regarding the design of the Joint Assessment Framework (JAF) and in particular the definition of performance indicators and targets in the envisaged five sectors of concentration of the JBSF⁴⁸; and later on ii) how the intensive discussions between the two parties allowed to narrow down the JAF matrix to just 29, more strategic, indicators.

During both periods, documentation reviewed (in particular ICRs and JAF Appraisal reports) and interviews carried out with both GoU and DPs representatives, confirm that reports and reviews of PEAP, GAPRs (and earlier Annual PEAP Implementation Reviews – APIR) served as a structured M&E process which guided policy analysis, budget prioritization, work planning, and dialogue. M&E and dialogue were also fed by annual sector review performance reports. *“The annual sector reviews embodied country ownership, transparent processes, joint analytical work, and improved dialogue”*⁴⁹.

In particular the ICRs emphasise the role played by the PRSCs as *“vehicles for dialogue, not only not only between the Government and Development Partners, but also between the Ministries”*⁵⁰

Evidence from the sectors support the overall findings but also point to the significant deterioration of dialogue in the education sector over time and to some irregular dialogue in the health sector.

Box 3 Issues covered by policy dialogue in the education, health and water sectors

In the **water sector**, interviews and documentation reviewed point to intensive dialogue between GoU and DPs during the JSRs and JTRs (as evidenced by the agreed minutes which recorded policy issues and undertakings), and in the sector performance reports, where progress on previous year’s undertakings is recorded.

In the **health sector**, conditions and performance indicators have been monitored and reported on at set intervals and the achievements have been thoroughly discussed in HPAC meetings and other events. Limited resource allocations to the sector, and weakness in the management structures of the MoH however hindered the regular supervision and monitoring at sector level.

In the **education sector**, the indicators in the JAF were assessed as part of the ESSR process and are a subset of the indicators included in the education sector annual indicators.

⁴⁶ ICR of PRSC 4 (2006), p.

⁴⁷ ICR of PRSC 5-7 (2010). “There were 11-12 prior actions for each operation. These prior actions were developed jointly with the GoU in close cooperation with Uganda’s other DPs.” [...] “the prior actions presented to the Board for PRSC 5 were largely unchanged from those agreed to by the Government and DPs”. (p.6). “To address these issues, Development Partners (DPs) have agreed with GoU in the context of the PRSC to change performance benchmarks related to budgeting towards a more medium-term perspective.”

⁴⁸ On this also the *Statement by Development Partners -National Budget Framework Paper for 2007/08 – 2009/10* which states that *“In the context of the design of a Joint Assessment Framework (JAF), heightened dialogue has also taken place on the costing of policies, with a view to linking more closely budget allocations to performance in outcomes, notably in the area of service delivery in the Education, Health and Water sectors.”*

⁴⁹ ICR of PRSCs 5-7, WB (2010), p.30. Also p. 32 *“the 2008 and 2009 PERs on education and health served as realistic, fact-based inputs into the sector policy dialogue”* & p. 36 *“the PRSC mechanism enabled a continuation of the ongoing policy dialogue between the DPs and the Government that helped to support reform progress”*. *“Implementing agencies generally engaged well in the policy dialog and completed actions agreed in the program”* ICR 8-9, WB (2014), p. 25

⁵⁰ *The ministries reported widely that the PRSC series created a valuable forum to discuss cross-cutting issues such as issues related to public service reform and decentralization. The ministries also expressed that their cases could be better heard in interministerial, multi-donor settings. As noted, some of the most significant outcomes achieved under PRSC 5-7 (e.g., in agriculture and education) occurred as a result of the policy dialogue process.* ICR of PRSCs 5-7, WB (2010), p.47

1.2.2.4 I-224 Evidence of gender issues being included as part of the budget support policy dialogue processes

There is no evidence to suggest that gender has been a large part of the policy dialogue process as a result of BS interventions. As noted under I-141 the generalised recognition of the importance of gender issues did not translate in substantive dialogue. Review of documentation allowed to uncover only one instance during which the implementation of status of gender mainstreaming and equity policies is treated and that is in the JAF 4 Appraisal report (08/2013).

Gender however did feature more prominently in discussions at sector level although this was not always linked to BS as was the case for example with the development of the Gender Education Policy of 2009 (sector initiative and not related to BS). More interestingly, in the water and sanitation sector it is reported that BS, through policy dialogue, did push for addressing gender issues in the sector although implementation of gender awareness and gender promotion is lagging behind. Finally, in the health sector, gender issues, in particular the issue of reproductive and maternal health, have featured relatively high on the health sector policy agenda and in the continued policy dialogue. Generally, gender issues have been mainstreamed into the overall policy processes and performance monitoring but the analysis of the minutes and reports of the health sector partnership group meetings and consultations does not show that gender issues have featured very high on the agenda or been an issue that has been consistently discussed.

1.2.3 JC23 Accompanying measures complement BS (either as part of the BS package or through complementary projects), focus on GoU needs and feed into policy dialogue process

1.2.3.1 I-231 Evidence of accompanying measures (TA, capacity development, studies, ..) provided by DPs in the same / similar sectors as those covered by BS operations (including description linked to their management, issues covered, modality of implementation) & Evidence of explicit references (e.g. in programme documents) as well as potential linkages (including cross-fertilisation) between BS operations and other DPs programmes TA/capacity building activities

Remark: Compared to the initial evaluation matrix presented in the inception report the indicators I-231 and I-233 are now dealt with together.

As seen under EQ 1, no clear trends can be seen among the different DPs approach with regards to provision of complementary capacity building measures. While the introduction of the TASU in 2010 has streamlined some of the processes regarding the identification and carrying out of studies and underlying of analytical work there appears to be no clearly established framework to ensure the coordinated provision of TA and capacity building measures in connection with BS operations. That said, a number of instances have been recorded of important complementarities between BS operations and complementary assistance provided to support the improvements of government capacities and systems which were foreseen as specific objectives of BS operations.

During the pre-JBSF phase, capacity development assistance followed the shift towards greater emphasis on efficiency of spending across sectors (in line with the same shift witnessed in the focus of BS operations). As a result, project support and TA increasing focused on systems such as IFMIS, on the role of external audit for greater ex post accountability and on M&E functions.

Complementary project support played a big role under section II of the JAF (cross cutting technical reforms) through projects such as the Financial Management and Accountability Program FINMAP⁵¹ and the Public Sector Reform project which in some cases was explicitly targeted to support the achievement of JAF actions. Complementarities are also evident between BS programmes and support provided by both DFID and the EU (across the pre-JBSF and JBSF period) to enhance government monitoring and evaluation functions through the provision of cross-institutional technical and financial support to the three organisations (OPM, MoFPED and UBOS) responsible for the design and/or implementation of Government's M&E functions. Efforts made by the World Bank and other donors to coordinate their capacity-building support to PFM in Local Governments through the second Local Government Development Project (LGDP), second Economic and Financial Management Project (EFMP-II) instead did not allow to fully develop the potential complementarities between BS dialogue and conditions, and

⁵¹ FINMAP is financed by GoU and development partners through a basket fund established by a memorandum of understanding between GoU and Ireland, Norway, Sweden, the United Kingdom, and (from 2008/09) the European Commission. The World Bank supports specific FINMAP activities. Source: Public Finance Management Performance Report 2008, GoU. A second phase of the FINMAP has since been financed.

project support given that local government PFM did not feature prominently in the dialogue around the PRSC and there were no prior actions relating to local government PFM.⁵²

In other cases however, complementary project support played a big role under section II of the JAF (cross cutting technical reforms) through projects such as the Financial Management and Accountability Program FINMAP⁵³ and the Public Sector Reform project which in some cases was explicitly targeted to support the achievement of JAF actions. The FINMAP (2007-2011) in particular includes a sustainable human resource strategy, which plans the knowledge transfer and capacity building for government staff. Coordinated by the MoFPED, FINMAP is overseen by the Public Expenditure Management Committee which is also responsible for policy guidance and monitoring of all PFM reforms in GoU, includes representatives of DPs and is characterized by open discussion.

Another significant example of complementary measures / projects managed through government-led coordination systems at cross-cutting level is linked to the significant support provided by both DFID and the EU to enhance government monitoring and evaluation functions with the objectives of strengthening the evidence-base on developmental issues, and the use of this information in decision-making. Both projects were implemented across the pre-JBSF and JBSF period and aimed to address the challenges of poor coordination, limited data availability and limited capacity in the monitoring and evaluation of government policies by providing cross-institutional technical and financial support to the three organisations responsible for the design and/or implementation of GoU's M&E functions.⁵⁴

Accompanying measures to BS in the **education sector** were limited. Ireland provided TA to HIV AIDs as part of the SBS package while Belgium provided complementary flexible TA for the MoES. The support for policy and analysis provided by Belgium was designed to give whatever support was needed to education such as budget analysis, support in meetings and for the sector review; through this envelope support was provided to support the finalisation of the BTJET Strategic Plan-2012-2022 and organizing the task force that was working on this (Source: interviews and 2010 ODI).

Similarly, in the **health** sector there is evidence of very limited accompanying measures, such as TA, analytical products, reviews and studies and no clear evidence of systematic cross-fertilization between HSBS operations and other programs and projects by DPs.

At sector level, best practices can be seen in the **water and sanitation sector** where as of the pre-JBSF period, budget support was provided in parallel to contributions to the Joint Partnership Fund (JPF), a pooled project-like funding mechanism which allows to fund capacity building and innovative activities which would not be otherwise funded. 2008 sees the development of the Joint Water and Sanitation Sector Programme Support (JWSSP), which included a highly appreciated mix of complementary aid modalities (MWE, 2011). Parallel on-budget project assistance ensured the provision of TA and capacity building measures tailored through policy dialogue, to ensure responsiveness to the sector capacity development strategy.

As anticipated a key distinctive feature of the JBSF period is the set-up of a Technical and Administrative Support Unit (TASU) established through a Multi-Donor Trust Fund (MDTF) executed by the World Bank to strengthen the functions of the JBSF.⁵⁵ The basic aim of TASU was to provide technical/analytical and administrative support to the JBSF Task Force and, through them, to provide the JBSF Policy Committee with well-researched analyses and arguments for use in the Policy Dialogue with the GoU.

TASU performed two main types of activities: i) Technical and analytical support to JBSF including research and technical analysis for JBSF policy dialogue; JAF design and M&E for identification of future JAF indicators/actions (in conjunction with the GoU); and annual monitoring / appraisal of JAF. TASU products include: regular budget and fiscal analysis and commentary; policy notes; impact

⁵² Sources: ICR of PRSC 5-7 (2010); ODI review (2014).

⁵³ FINMAP is financed by GoU and development partners through a basket fund established by a memorandum of understanding between GoU and Ireland, Norway, Sweden, the United Kingdom, and (from 2008/09) the European Commission. The World Bank supports specific FINMAP activities. Source: Public Finance Management Performance Report 2008, GoU.

⁵⁴ Sources: Joint Review of DFID and EC support to Government Monitoring and Evaluation Functions in Uganda, OPM, October 2009; DFID PRSC-GBS submission document (2009) - Uganda: Poverty Reduction Budget Support - General Budget Support Programme (2009 to 2014); PABS V FA, TAPs (EU, 2005) which explicitly mentions complementary measures which then took the form – among others – of the provision of support to Government Planning, Monitoring and Evaluation Functions in Uganda under the 9th EDF through a complementary envelope.

⁵⁵ The TASU became effective in July 2010 and although it was expected to be active until October 2013 it actually continued to carry out its functions until the last months of 2014. The MDTF was financed by 11 DPs (the World Bank, the European Commission, Austria, Belgium, Denmark, Germany, Ireland, Netherlands, Norway, Sweden and the United Kingdom) with pledged amounts of USD 6.5 million of which more than half was set aside for research activities. ASU Mid-Term Review (2012), Calcopietro et al for DFC.

evaluations; other studies and monitoring of budget process; concrete outcomes such as a Local Government PEFA, and a project to support the strengthening the accountability function of the Office of the Auditor General and the Parliament in both service delivery and economic value for money audits; and work with the Uganda Bureau of Statistics (UBoS) on use of survey data; and ii) Administrative and Logistical support to the JBSF Technical and Policy Task Force: Secretariat functions; recruitment/contracting; aide memoires for JAF missions; briefing of sector groups; arranging annual meetings with GoU; logistics of JBSF missions, JAF appraisals and reviews; developing a communications strategy for the JBSF.

While the introduction of the TASU in 2010 has streamlined some of the processes regarding the identification and carrying out of studies and underlying analytical work, the TASU and more generally the JBSF did not succeed in promoting a clearly established framework to ensure the coordinated provision of TA and capacity building measures in connection with BS operations.⁵⁶

1.2.3.2 I-232 Evidence that accompanying measures (TA, capacity building activities, analytical work,..) are identified and managed through a government-led coordination system and address specific government priorities.

There is very little evidence of accompanying measures being identified and managed through government-led coordination systems. There are however a couple of exceptions which relate to PFM support and M&E support presented under the previous indicators.

The TASU served the needs of the GoU only indirectly and in all cases it was mediated by the JBSF. Unlike MDTFs established in other countries where the principal beneficiary is the recipient government, in this case, the primary beneficiaries of the MDTF set up to finance TASU are clearly the DPs who participate in the JBSF. Documentation and interviews alike highlighted this anomaly in the set-up of the TASU with interviewees (primarily GoU representatives but also some DPs) expressing the view that the TASU should have been more formally and structurally connected to the GoU (including being housed within GoU premises) so as to increase the relevance of TASU work to both the JBSF and the GoU.

That said, the work carried out by TASU is also beneficial to the GoU although indirectly and through the mediation of the JBSF as it supplies JBSF partners with evidence-based analysis, information and arguments to be shared and used in policy dialogue sessions with the GoU in various contexts - the Joint Assessment Framework (JAF), the Government Annual Performance Report (GAPR) and at the level of the JBSF Task Force.

The TASU mid-term review (pp. 32 & 34) explicitly recognises this as an anomaly and concludes by highlighting the need to engage the GoU more directly with the JBSF and TASU work *the third general recommendation of this MTR is to explore alternative ways of directly including GoU representatives at JBSF instances*".

The extent to which the different sector strategies / sector working groups are able to guide the provision of complementary measures by DPs varies leading to different degrees of alignment of capacity building efforts to GoU needs by addressing the most binding constraints. At sector level, in addition to the work carried out in support of PFM, another important exception is provided by the water sector as seen under the previous indicator.

1.2.3.3 I-234 Evidence that accompanying measures feed into policy dialogue process (e.g. results of analytical work used to inform policy dialogue, capacity building activities reinforce policy dialogue processes...)

There is extensive evidence that work carried out by TASU has fed policy dialogue processes. As summarized by the TASU Progress Report for EU 2010-13 (pp. 18-20) and confirmed through interviews: *Through the JBSF, TASU was mandated to conduct research and technical analysis to help underpin the JBSF policy dialogue as well as provide a basis for the design of the JAF process and contribute to effective monitoring of GoU's performance. TASU technical and research analysis contributed to: (a) the annual identification of JAF indicators and actions, and (b) the monitoring and appraisal of the JAF and also ongoing policy dialogue with GoU. To support these key activities TASU produced a set of policy notes giving policy guidance in proposed reforms or key performance constraints. In addition, TASU undertook in-depth impact evaluation of new policies or initiatives supported under the JAF.* The same report concludes that "TASU was able to influence the quality of

⁵⁶ Interviews and Review of Budget Support to Uganda 1998-2012, (2014), Williamson et al, ODI (p.10) *"the JBSF made no attempt to incorporate projects into its dialogue framework to ensure better complementarity between funding instruments.*

JBSF DPs dialogue with non-JBSF DPs, the content of the JAF in terms of recommendations to develop new actions and indicators, and to strengthen dialogue between the DPs and the associated central Government and GoU SWGs on priority and reform issues.”

That said, a certain ambivalence can be seen with regards to the appreciation by DPs of the work carried out by TASU. On the one hand, the JBSF DPs highly value the work done on fiscal analysis and commentary, budget cycle analysis, the many technical notes produced on issues linked to the JAF process, to the JBSF policy dialogue, policy proposals and TASU's contribution to the JAF appraisal process (analysis and verification of data, quality control, credibility, coherence and guidance to the sector focal points among the DPs and supporting the final consolidation process). On the other hand, while the quality of the work was recognized and appreciated questions were raised by most DPs with regards to linkages between the work carried out and the priorities of the DPs as well as on the lack of interactions between TASU and bilateral DPs. Some bilateral DPs went as far as stating that *‘money could have been spent differently, directly commissioning a study of greater interest’* or that *‘despite being present in the country for over a year, the head of one of the cooperation office had had no direct contact with TASU’*. A critical view was also expressed by GoU representatives who saw the TASU as their counterpart rather than a support unit *“TASU should have supported Government; in theory they offered to provide support but this never materialized.”*

The ICR of PRSC 5-7, also points to substantial analytical work carried out in support to the BS operations particularly with regards to economic sector work which has fed directly into policy dialogue also in the area of gender.⁵⁷

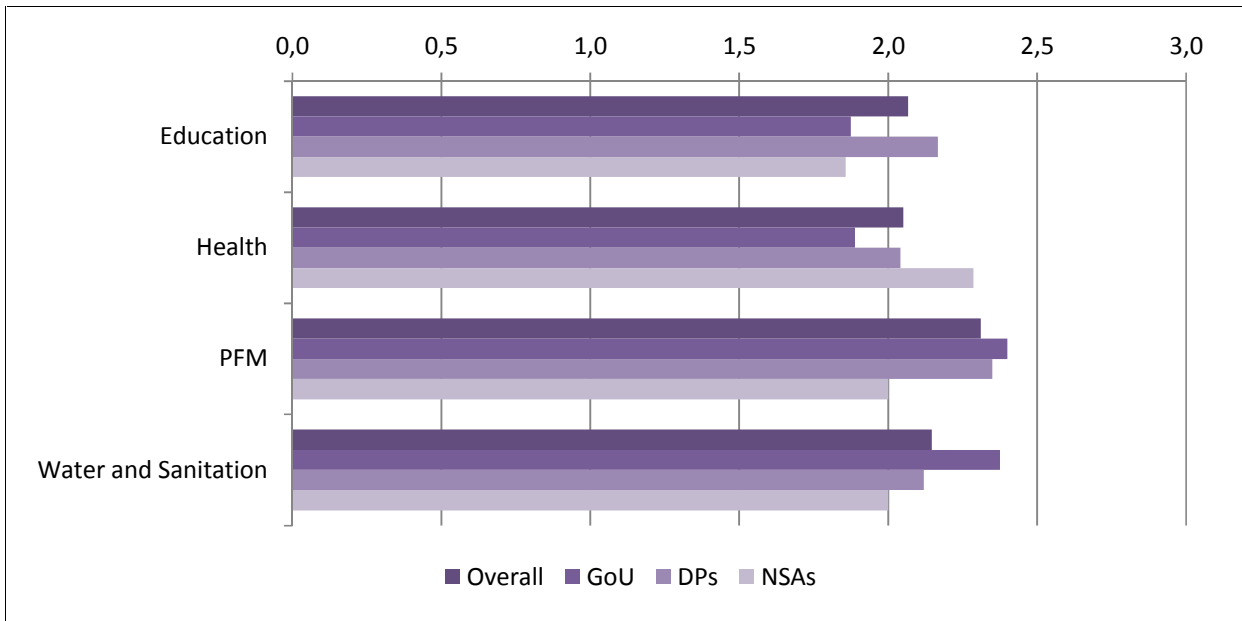
At sector level, the water and sanitation sector once again stand out as a best practice whereby many studies were carried out informed the design and formulation of the joint support programmes. Among these, the Fiduciary Risk Assessment of the Water and Sanitation Sector, and Review and Evaluation of effectiveness of Technical Assistance Support Modalities in the Water and Sanitation Sector, both of 2007, Identification Study and Feasibility Assessment of Options to Establish a WSDF (2008). In addition to this, undertaking 15, formulated during the JSR 2014, follows up on the Sector Capacity Development Strategy that was developed for implementation during the JWESSP: *“Develop, by the end of FY2014/15, a costed strategic plan for implementation of the Sector Capacity Development Strategy for the period 2013/14 – 2017/18, incorporating provisions in the JWESSP”*.

In the education sector, part of the work carried through the TA provide by the Belgian support was used to inform policy dialogue in the education sector while in the health sector there is mention and evidence of sharing of analytical material, for example, on health systems strengthening reports of the USAid to other DPs; it is not clear however that this in any way impacted directly on the HSBS policy dialogue, although it may have had some effect indirectly (no DP noted any such effect, however, during interviews).

The results of the online survey conducted in the framework of the evaluation confirm the findings highlighted in the previous indicators. Respondents indicated that *‘based on their experience, capacity development measures in the different sectors (either complementary or included in the budget support package) strengthened the effects of budget support’* to a great extent in the PFM sector (60% of respondents among GoU respondents and 42% among DPs); to a slightly lower but still strong extent in the water and sanitation sector (38% and 24% respectively of the GoU and DPs respondents gave the highest score), to a lesser extent in the education and health sectors (only 24% of DPs respondents identified a strong link compared to none among the GoU respondents gave the highest score though the majority of respondents identified some links) and poorly with regards to gender mainstreaming (the lowest scores). The most critical comments (but not scores) come from the DPs and NSAs categories of respondents which point to the need to better link capacity development and budget support including through the setting aside of funds to strengthen local institutions and capacities.

⁵⁷ [...] the 2005 PER covered the linkages between the budget and the re-orientation of the pro-poor growth strategy and service delivery, and examined how the PEAP could be better reflected in the budget. [...] the study *“Reform operations for public service pension fund in Uganda”* has underpinned dialogue on public sector pension reform. A Gender and Growth Assessment (GGA) was completed in 2006 and provided specific policy recommendations to strengthen women's economic empowerment; a GGA coalition (comprised of civil society and private and public organizations) was established to advocate implementation of those recommendations. Support for PEAP Pillar 4 was also informed by the Public Financial Management Performance Report and Updates of the CIFA Action Plan (2006). In the education sector, the education sector wide efficiency study, the national assessment of progress in education, and the diagnostic study of the causes of low completion rates helped to deepen the policy dialogue on actions for accelerating progress in indicators like primary completion rates. Finally, there were also other studies completed on education, health, and water and sanitation to inform the human development component supported by the PRSCs. (pp. 26-27).

Figure 4 eSurvey: Based on your experience, to what extent have capacity development measures in the different sectors (either complementary or included in the budget support package) strengthened the effects of budget support?



Scale: 0-Not at all, 1-some extent, 2-little extent, 3-great extent.

1.2.4 JC24 BS operations have promoted the attainment of increased levels of coordination and complementarity between DPs BS operations and other DPs programmes leading to reductions in transaction costs for both the government and the DPs

1.2.4.1 I-241 Evidence that BS operations have favoured an increased ODA coordination by the GoU / the establishment of joint coordination mechanisms between government (including line ministries) and DPs

1.2.4.2 I-242 Evidence that BS operations has favoured the establishment of joint coordination mechanisms among DPs

The OECD-DAC (2006) evaluation of GBS 1994-2004, concluded that PRBS-GBS in Uganda could improve by being better harmonised across development partners.

Documentary sources and interviews alike all point to significant improvements in terms of coordination between BS DPs and GoU although this does not necessarily extend to all ODA.

While donor coordination and alignment had been growing since the late 1990s, including through the establishment of joint sector working groups, the development of sectorwide approach programs (SWAPs) and pooled funding mechanisms, joint missions, silent partnerships, and joint analytical work and advisory services by development partners, it is in 2005 with the development of the Uganda Joint Assistance Strategy Paper (UJAS) that a harmonized approach of assistance by DPs centred on the PEAP is formalised with the objectives of managing the increasing transaction costs and promote aid effectiveness.⁵⁸

During this period, all donor budget support programmes were designed jointly with a view to harmonise aid transfers modalities, reduce transaction costs for both GoU and donors, and increase the predictability of budget support. In the earlier phases the importance of the PRSC process had already led to increased coordination structured around this instrument. Under the pre-JBSF period, this link was partly formalised with BS DPs linking explicitly their BS operations to the PRSCs “*coordination was good, and there was progress toward coordination of the major development partners*”. The PRSC

⁵⁸ The UJAS was centred on three principles: i) Supporting implementation of the PEAP to achieve the MDGs; ii) Collaborating more effectively, both among DPs and with the government; and iii) Focusing on results and outcomes (including improving decision-making for results, and strengthening systems for monitoring and evaluation). The initial seven partners were: the African Development Bank, Germany, the Netherlands, Norway, Sweden, the United Kingdom, and the World Bank Group. Five DPs signed up to the UJAS in 2006: Austria, Belgium, Denmark, Ireland, and the European Commission.

series 5-7 towards the end of the pre-JBSF period mark an important step forward in terms of strengthening donor harmonisation. *“DPs participated actively in PRSC discussions. The AfDB participated in the pre-appraisal and appraisal missions for PRSC 7 [...] the PRSC 7 prior actions were included in the interim Joint Assessment Framework (JAF) used by a number of DPs (in addition to the quantitative indicators jointly agreed among development partners). There was also close cooperation with the IMF particularly in the areas of public financial management, financial sector and debt sustainability”*. That said, and as seen under previous indicators, most MS programmes also integrated additional conditions in more politically sensitive areas such as governance or human rights, although these were based on a joint donor governance matrix taken from the PEAP thereby continuing to ensure strong coordination.

A review of the UJAS concluded that while increased coordination, in particular among DPs had been achieved, transaction costs had not been significantly reduced. Government interest or buy-in to the UJAS was extremely limited and further reduced following BS DPs reduced disbursements over the events leading to the 2006 elections. The EU Country level evaluation of Uganda (2009) covering the 2001-2007 period concludes that *“coordination has not been a priority for the GoU. It does not generally participate in the most comprehensive donor coordination mechanism, preferring sector-by sector work with individual donors, [...] Although the GoU does not coordinate aid as effectively as it could, it has put into place working mechanisms (mostly at sector levels) that constitute the main coordination approaches for the development partners’ interventions.”*⁵⁹

Partially in response to these findings, BS DPs developed a Joint Budget Support Framework (JBSF), an approach which emphasizes harmonization and alignment in line with the Paris Declaration on Aid Effectiveness the subsequent Accra Agenda for Action and the Busan Partnership Principles with the objectives to reduce transaction costs to the Government, increase the predictability of disbursements, and create mutual accountability.

Under the JBSF, coordination among DPs is further increased will all BS operations hinging on a single performance framework, the JAF, and a common appraisal process although each DP then draws its own conclusions with regards to actual disbursement levels. As summarised by one interviewee *“One JAF but different financing agreements. This then also means that while the JAF assessment is a joint process not all donors will react in the same way. Different donors have different priorities linked to one or the other section (or sub-set of indicators) of the JAF. Disbursement decisions will thus take this into account. Plus different procedures meaning that not all will disburse at the same time despite joint assessment.”*

Therefore, while the JBSF did not necessarily have the desired effects in terms of predictability (although improvements in aligning disbursements to the GoU budget cycle have been pursued), it did indeed contribute to reduce transaction costs to GoU by harmonizing donor policy inputs to the BS operations and its related policy dialogue. At the same time however, while donor coordination greatly increased, the JBSF also entailed *heightened transactions costs on the donor side and a degree of rigidity in the implementation framework* (TASU Mid-Term Review, 2012, p.21 and ICR of PRSCs 8-9, 2014). Finally, it is worth noting that with the shift in responsibility from the MoFPED to the OMP who clearly holds a coordinating role within GoU led to an increased involvement of all GoU stakeholders and as a result to the strengthening of coordination between GoU and DPs⁶⁰. (Interviews).

Finally, the effects of the JBSF on donor coordination at large and with regards to GoU taking the lead on coordination issues are mixed. While it has certainly increased coordination between DPs and between GoU and DPs through its different committees and task forces, the GoU has never been in the driver’s seat of the process and actually laments that the TASU has acted as a counterpart to GoU. The ODI Review (p.10) is particularly critical of the potential and unfilled role played by the JBSF in increasing coordination of ODA *“the JBSF made no attempt to incorporate projects into its dialogue framework to ensure better complementarity between funding instruments”*.

Findings from the online survey conducted in the framework of the evaluation largely confirm these findings but also highlight divergences in views between the different categories of stakeholders. In fact, whereas over 50% of DPs respondents stated that *the international donor community coordinated its efforts in providing budget support to Uganda* to a great extent, this percentage falls to 33% among GoU respondents. DPs also emphasised however that the increased coordination efforts deployed during the JBSF period also entailed fairly high transaction costs on the DPs side ‘Too much time spent talking to each other’ which did not however necessarily lead to common positions on disbursements.

Differences can once again be witnessed at sector level. In the education sector, all improvements in ODA coordination came as a result of the SWAP process and related SBS prior to 2004. In the water

⁵⁹ Country Level Evaluation Uganda 2001-2007, Consortium led by ECO Consult for the EC, 2009; pp.39-39, 41

⁶⁰ Before then, other ministries did not recognize the right of the MoFPED to exercise a coordinating role.

sector, there is strong coordination ensured through Joint Technical Reviews and quarterly meetings of the Sector Working Groups, chaired by both the PS/MWE and the Lead Development Partner. In the health sector There is relatively clear evidence that HSBS operations have favoured the establishment of more effective joint coordination mechanisms, at least formally so. However, there is also evidence of, at times, limited engagement on the part of some Development Partners (HDP-group, various years, e.g. 16.10.2012).

Finally, it is worth noting that the issues of improved complementarity between BS and the management of technical assistance and capacity building support had already been highlighted by the 1994-2004 BS evaluation. *PGBS has not had a strong influence on the provision of TA and CB by IPs, which remains poorly coordinated. However, TA and CB are often linked to PGBS through the dialogue, which, in certain circumstances, has improved coherence* (B2.12)

1.2.4.3 I-243 Adoption of shared / joint monitoring performance frameworks at general and sectoral level

BS both directly and through the provision of complementary measures has contributed to improvements with regards to the development and adoption of shared monitoring and evaluation frameworks. The provision of TA by DFID and the EU to support GoU monitoring and evaluation functions in conjunction with efforts deployed by the GoU through the development of a National Integrated Monitoring and Evaluation Strategy (NIMES) in 2003-4, followed by the introduction of the draft framework for M&E of the NDP, led to the institutionalisation of the Government Annual Performance Reports (GAPRs). These reports aim at providing timely, accurate information to policy makers and implementers, particularly Cabinet and Parliament on the performance of Government during the previous Financial Year. In so doing the reports analyse the outcomes that are being realized in terms of actual changes in the quality, access and utilization of public services, governance and security; and provide for accountability of the national budget expenditure, and outlines key areas of performance and under-performance. Review of the GAPRs produced in the last years and interviews with both GoU and DPs representatives attest to the continuous improvement in the quality of the reports. *“GAPR is getting better and better in terms of quality of data and analysis. Initially the drafting of the report received support from donors in the form of comments to first draft (data and quality of analysis), this is no longer the case”*. Growing quality which has eventually led to the discontinuation of the semi-annual JAF reviews and to the increased reliance on the GAPR for the JAF appraisal report thus reducing duplication of efforts as also stated in the GAPRs *“The harmonization of the JAF reporting within the national Government Performance Report continues to put Uganda at the forefront of fulfilling its commitments to reduction of transaction costs and the greater ownership of aid processes in line with the Paris Declaration and Accra Agenda for Action.”*⁶¹

A key feature of the GAPRs is that the report addresses performance of the sixteen sectors by focusing on three aspects of public sector performance: (a) Progress made against intended outcomes and planned outputs and the use of resources; (b) Explanation for the performance levels achieved; (c) Proposed measures to improve performance whereby Ministers are called to respond on underperformance, and as stated by one interviewee, *“they need to explain what they are going to do in order to overcome challenges which are preventing them from reaching their targets”*. Key recommendations included in the GAPRs are then followed upon by the OPM. The GAPRs thus also provides for national accountability against commitments made with international DPs. With specific reference to the JBSF it does so by addressing the indicators and actions agreed upon within the JAF with each report covering the agreements outlined in the JAFs (eg. GAPR FY 2010/11 covers agreements outlined in JAF 3, FY 2011/12 – JAF 4, ...).

Interestingly, despite massive time, dialogue and investments by budget support that went into M&E (especially until mid-2000), the contribution of budget support to M&E is rated modestly by respondents to the online survey carried out in the framework of the evaluation (about 1.2 on the scale 1-3) by all actors contrary to interviews which instead point to a strong role of BS (and complementary measures in supporting improved M&E processes *“BS has encouraged government to assess its policies”*. *“Already prior to the development of the JBSF, one of the issues discussed was an M&E system. A strategy was developed and put in place with DPs support”* (interviews with GoU).

At sector level, interviews and documentation (ODI 2010 and 2014) confirm that in the education sector all donors used a joint monitoring performance framework through sector level mechanisms established as part of the SWAp and SBS prior to 2004. A section on the JAF indicators is included within the annual ESSR but overall the adoption of shared mechanisms pre-dates the evaluation period. In the water clear improvements can be seen as of FY2011/12 when the status of implementation of the

⁶¹ P. 26 of the GAPR for FY 2010/11 but similar statements can also be found in successive reports.

targets for the JBSF JAF stopped being separately discussed in the Sector Performance Reports. This was due to the revision of the indicators within the JAF which focused on two headline indicators per sub-sector, which in the case of the water and sanitation sub-sector, are the ones for access to safe water, functionality and access to sanitation. Finally in the health sector, there is evidence that HSBS operations have contributed to the adoption of a more effective joint monitoring framework: the JBSF mechanism has provided the overall framework and the Annual Health Sector Performance Reports have described and reported on the health sector performance and achievement of the particular sector targets (JBSF, 2011, MoH, 2009, MoH, 2011, MoH, 2013a, MoH, 2014).

1.2.4.4 I-244 Establishment of coordinated and joint monitoring processes and procedures (reduced negotiation procedures and duplications of meetings, monitoring missions as reported in monitoring)

As anticipated under the previous indicators, most of the BS operations hinged around the PRSCs during the pre-JBSF period. Alignment of donors behind the PRSC is seen as having significantly reduced transactions costs to Government. Analysis and dialogue have been harmonised, and aligned with Government priorities. However, disbursement decisions were perceived as seen as disjointed from the main evaluation and often inconsistent across donors. One example is the decision to reduce budget support in 2005, mostly in reaction to a response to a reduction in political freedoms in the run-up to the elections. Lack of an agreed and transparent decision mechanism meant that each donor took an individual decision, and budget support donors failed to send a unified message to Government. Alignment of DPs behind the PRSC is also reflected in the participation of the EU (through its delegation and at times missions from Brussels) in all PRSC missions and discussion surrounding the strategies supported by budget support donors. (Sources: PABS V, FA – TAPs 2005; DFID Poverty Reduction Budget Support in Uganda: 2004- 2009, Project completion report, -2009).

The joint approach furthered through the JBSF aimed at reducing transaction costs for Government and to streamline performance assessments leading to a more constructive dialogue on policy and reform issues. Initial efforts focused on the development of the Joint Assessment Framework (JAF), as a shared mechanism to measure progress. The JAF grew over a 3 year period in size and complexity (with the number of indicators coming down again in JAF5). With the development of Government's own annual performance assessment (GAPR) system over the past few years, JBSF partners agreed that there was less need to continue a time-consuming parallel exercise. The GAPR is a product to which TASU has contributed) which in recent years has become an increasingly valid and useful reference for both the GoU and the JBSF. The critical analysis of the GAPR provides lessons and themes for the JBSF Policy Dialogue. (TASU MTR, 2012).

Indicator 11 of the Survey *"Do countries have results-oriented monitoring frameworks"*, assesses the quality of a country's results-oriented frameworks. In particular, it considers the quality of the information generated, stakeholder access to information, and the extent to which the information is utilised within a country level monitoring and evaluation system.

The 2011 survey on Monitoring the Paris Declaration (p.15) points to a deterioration of the *results-oriented monitoring frameworks* when compared to 2005/07 and received a score of C. *"Uganda has a national monitoring and evaluation (M&E) framework designed to assess and track implementation of its national development strategy (NDS). This M&E framework has clearly established responsibilities and co-ordination, and the data used to support it has comprehensive sectoral and geographic coverage. The main data sources have moderate frequencies of collection. However, it is unclear how quality and reliability are ensured, whether progress against the NDS is reported in a unified way, or whether there is comprehensive data coverage for the targets in the NDS. Stakeholder access to information is adequate but there remain serious barriers to improving access to vital information on public expenditure data and the NDS. Although the M&E system is designed to track input, output, and outcome indicators, it is unclear how it tracks these indicators. Furthermore, there is no evidence that policy makers or line ministries use the M&E reports."*

1.2.4.5 I-245 Monitoring reports of the Paris Declaration, MoFPED Reports on external assistance show progressing reductions in transaction costs (reduced negotiation procedures and duplications of meetings, monitoring missions....).

Since the 2005 baseline year, Uganda has made progress towards achieving many of the Paris Declaration targets. All harmonisation indicators are however below target, although the target for joint analytic work is close to being met. Uganda has registered a setback in its results-oriented framework since 2005/07, but a mutual accountability mechanism was put in place in 2010.

According to the 2011 Paris Declaration Monitoring survey Uganda reports steady progress on joint country analytic work over previous surveys, moving from 40% in 2005 to 56% in 2010 with the JBSF being identified as a possible factor behind this progress. However, only 24% of donor missions were

conducted jointly, a marginal improvement from previous years and far short of the 40% target although this data is questioned by some donors who call for a revision of the methodology as it only considers overseas missions and does not capture co-ordinated 'in-country missions', such as those conducted through the Joint Budget Support Framework. (2011 Paris Declaration Monitoring survey pp. 12-14).

At sector level, improvements are recorded in terms of monitoring processes and procedures in the water sector including through joint monitoring trips by DPs and GoU during the JTRs, preparation of consolidated comments by all contributing DPs to quarterly progress reports of the sector, and representation by the Lead Development Partner in the Sector Working Group meetings. In the health and education sectors instead there is no clear evidence that SBS operations and the associated coordination and joint monitoring processes and mechanisms have led to reduced demands on the part of all parties involved, although it is likely that these establishments have had such an effect compared with, for example, discrete projects or individual programs. Likewise, it is most likely that SBS operations have led to different types of coordination and joint monitoring processes and procedures compared with stand-alone projects and programs but in no case was this cited as an important effect of SBS.

No references found on reduced transaction costs in MoFPED Reports on Loans, grants and guarantees or other accessed reports on external assistance beyond a generic reference to the need to deploy greater efforts to reduce transaction costs, improve utilisation and absorption across MDAs with a view to strengthen the results for the Ugandan economy and maximize benefits from external assistance.

1.2.5 JC25 BS has contributed (directly or indirectly) to the observed changes in ways which could not have occurred through alternative level of aid and modalities

1.2.5.1 I-251 Counterfactual assessments

As noted in the previous JCs the direct effects of the different BS components (funds, dialogue, conditionalities, and accompanying measures) varied greatly both in terms of contributions to the different results and time-wise across the different periodisation followed (pre-JBSF, JBSF and HLAM).

Flow of funds effects have been particularly strong during the first period with BS accounting for over 50% of GoU development expenditures in the pre-JBSF period, falling to 21% during the JBSF period and to 5% in the last two years (HLAM). The importance of the contribution of the funds, and of their channelling through GoU systems has greatly contributed to increase the amount of financial aid aligned to the GoU budgeting process although effects on predictability, in theory also strong, have been lessened by the high number of reduced or delayed disbursements noted under JC 2.1. That said it is extremely unlikely that alternative forms of aid to GBS and SBS could have contributed to better results. This is attested by the continuing strong preference expressed by GoU for the provision of GBS in light of the fact that it: i) fully uses government systems thereby reducing transaction costs; ii) allows dialogue between the Government and DPs to focus on policy commitments and priorities; iii) gives the Government maximum flexibility to implement the NDP; and iv) strengthens the Government's accountability to Parliament, civil society and its citizens⁶².

The contribution of BS to the framework for policy dialogue has been strong. Although institutionalized frameworks for policy dialogue existed already prior to the period covered by the evaluation these have progressively evolved becoming extremely articulated. Despite the high and lows recorded in the quality and intensity of dialogue across the period, it is undoubtable that BS has contributed to establishment of different fora for dialogue ranging from high-level dialogue in the framework of the Policy Coordination Committees to sector level dialogue in the framework of the pre-existing sector working groups. Could similar results have been achieved through other aid modalities? Once again the answer is no, although the strong introduction of governance issues within the dialogue framework suggests that the policy dialogue has not been effective in forging a partnership between the GoU and DP on development cooperation challenges. What could be questioned is whether a different balance between GBS and SBS might have had the same or better effects. The centrality of BS and more specifically of GBS particularly in the later periods, in some cases diverted attention from sector specific issues with discussions on the underlying principles taking over and with dialogue focusing on conflicting views on GoU's performance leaving little room for discussion for joint problem solving or targeted assistance to overcome constraints. The evidence suggests that the policy dialogue has not been effective in forging a partnership between the GoU and DP on development cooperation challenges. As a result, while BS continues to be seen by most DPs as a privileged vehicle for dialogue, it could be argued that – with

⁶² Uganda Partnership Policy: Towards Implementing the National Development Plan, 2012. GoU

some exceptions – this could also happen as a result of SBS. Findings from the education sector for example point to the deterioration of intensity and quality of dialogue and more generally of the weakening of aid coordination frameworks as a result of the move from SBS to GBS and the discontinuation of SBS. And it could therefore conversely be argued that had SBS continued it is likely that there would not have been this deterioration in both coordination and policy dialogue within the education sector. In the water sector instead, it is reported by some that the mechanisms established at sector level (joint programme, strong dialogue...) are such that even in the absence of SBS dialogue would remain strong. Interestingly though the on-line survey confirm the contribution of BS to enhanced sector dialogue which is perceived as particularly positive in PFM, Health, Education and WatSan and registers not surprisingly in this case given the low degree of emphasis with which it has been pursued in the area of gender mainstreaming.

Findings from the on-line survey confirm the contribution of BS to enhanced sector dialogue which is perceived as particularly positive in PFM, Health, Education and WatSan and register lowest scores in the area for example of gender. In most cases, this confirms the findings emerging from the analysis of documentary reviews and interviews, with one possible divergence represented by the education sector. Here all evidence points to the deterioration of intensity and quality of dialogue and more generally of the weakening of aid coordination frameworks as a result of the move from SBS to GBS and the discontinuation of SBS. Conversely, it could also be argued that had SBS continued it is likely that there would not have been this deterioration in both coordination and policy dialogue within the education sector.

Finally, it should be noted that the centrality of budget support donors in the dialogue diverted attention away from efforts to consider how remaining projects could have played a more complementary role in each sector as part of a mix of instruments. Although again, this can only be partly attributed to the form of aid in and of itself as opposed to the lack of a more coordinated approach at sector level as has happened in the water sector and / or to a more strategic approach in the design of BS programmes or TASU.

1.3 Evaluation question 3

| | |
|---|--|
| EQ 3 – Macro-economic management | To what extent has budget support contributed to the improvements in the quality of macroeconomic management, and increased fiscal space and discretionary expenditure at sectoral and decentralised levels? |
| Judgement criteria | <ul style="list-style-type: none"> • JC31 BS funds have contributed to improved fiscal management and debt sustainability • JC32 BS has helped the GoU to put in place sound government revenue mobilization strategy and improved revenue mobilization • JC33 BS has helped the government institute aggregate expenditure control and prudent management of public expenditure and resource allocation in line with priorities |

Remark: Some changes have been made in the structure of the JCs / indicator. In the previous version, the contribution of BS was treated under the different JCs whereas it is now treated - consistent with other EQs.

1.3.1 JC31 Fiscal management and debt sustainability have improved

1.3.1.1 I-311 Fiscal deficit (before and after grants); total revenue, total expenditure; total debt and foreign debt; fiscal space and discretionary expenditures

Uganda's macroeconomic, in particular, fiscal performance has been broadly adequate, especially during the early years of the period under review, measured in terms of fiscal deficits, debt levels, and debt sustainability risks. Non-interest, primary fiscal expenditures were kept under control. Before the global recession, overall fiscal deficits including donor support, for example, were kept below 3 percent of GDP and generally within IMF programme limits.

Table 7 Uganda: Key Fiscal Indicators, 2005/06 to 2013/14 (in percent of GDP)

| | 2005/ 06 | 2006/ 07 | 2007/ 08 | 2008/ 09 | 2009/ 10 | 2010/ 11 | 2011/ 12 | 2012/ 13 (est) | 2013/ 14 (proj.) |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|----------------------|------------------------|
| Total revenue and grants | 19.7 | 17.1 | 18.5 | 15.1 | 14.9 | 18.4 | 15.5 | 14.8 | 14.5 |
| Revenue | 13.2 | 12.6 | 13.3 | 12.5 | 12.4 | 16.2 | 13.2 | 13.2 | 13.1 |
| Tax | 12.4 | 11.9 | 12.8 | 11.8 | 11.8 | 12.7 | 11.9 | 12.6 | 12.6 |
| Non Tax | 0.7 | 0.7 | 0.5 | 0.7 | 0.6 | 3.4 | 1.3 | 0.5 | 0.5 |
| Grants | 6.6 | 4.5 | 5.3 | 2.6 | 2.5 | 2.3 | 2.3 | 1.7 | 1.4 |
| Budget Support | 4.1 | 3.7 | 2.2 | 1.8 | 1.4 | 1.3 | 1.2 | 0.4 | 0.3 |
| Project Grants | 2.5 | 0.9 | 3.1 | 0.9 | 1.1 | 1 | 1.1 | 1.3 | 1 |
| Expenditures and Net Lending | 20.6 | 18.2 | 21 | 17.3 | 19.8 | 22.8 | 18.5 | 18.9 | 19.5 |
| Current Expenditures | 13 | 11.5 | 11.8 | 10.9 | 12.5 | 15.3 | 11.1 | 10.5 | 10.7 |
| Wages and Salaries | 5 | 4.7 | 4.6 | 3.9 | 3.8 | 4.3 | 3.7 | 3.9 | 3.8 |
| Interest Payments | 1.5 | 1.1 | 1.3 | 1.2 | 1.1 | 1.1 | 1.2 | 1.6 | 1.7 |
| Other current | 6.5 | 5.8 | 5.9 | 5.8 | 7.6 | 9.9 | 6.3 | 5 | 5.1 |
| Development Expenditures | 7.3 | 5.7 | 8.5 | 5.6 | 6.7 | 7.1 | 6.9 | 7.6 | 8.6 |
| Net Lending and Investment | -0.2 | 0.2 | -0.6 | -0.2 | -0.1 | -0.1 | -0.1 | 0.7 | 0.2 |
| Other Spending | 0.7 | 0.7 | 1.2 | 0.9 | 0.7 | 0.5 | 0.6 | 0.1 | 0 |
| Overall Balance | -0.9 | -1 | -2 | -2.2 | -4.9 | -4.3 | -3 | -4.1 | -5 |
| Public Domestic Debt | 9.1 | 9.3 | 10.7 | 8.4 | 9.4 | 13.7 | 13.4 | 15.4 | 16.1 |
| Public External Debt | 43 | 11 | 12.3 | 13.8 | 15.5 | 17.3 | 16.2 | 17.5 | 17.5 |

Sources: IMF Country Report 2011; IMF Uganda Country Report 2009; World Development Indicators 2014.

Uganda's long-term reform and macroeconomic reform track record made it eligible for the large external debt reduction under the HIPC initiative. Following the substantial external debt reduction in the context of the HIPC completion point in 2006, Uganda's external public debt was reduced dramatically, from 43 percent of GDP to 11 percent in 2006/7. This has effectively eliminated a substantial debt burden, reduced external debt service, and substantially reduced debt sustainability risks. External debt

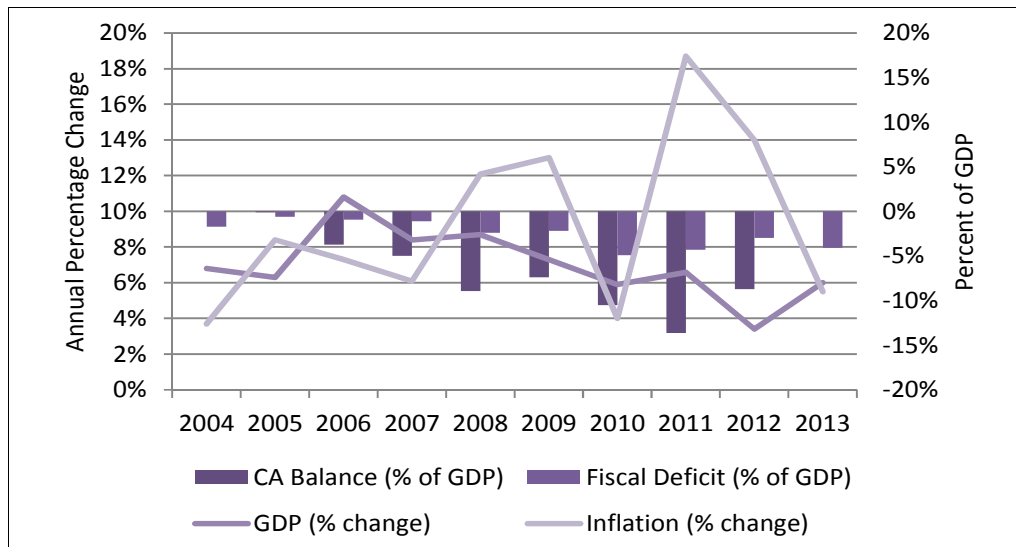
was since kept at manageable levels, in part because of the continued economic growth and continued, highly concessional terms of its new external debt (Table above).

Since 2006, Uganda has maintained moderate external debt levels thanks to adequate fiscal management under a series of IMF programmes, and grant support. The government adopted good practice guidelines on external debt management. No concessional borrowing or loan guarantees was limited to the power sector. Those guidelines established clear procedures for contracting, managing, and monitoring external debt in line with best practice. As a result, external public debt increased only moderately, from 11 percent of GDP in 2006/7 to only 17.5 percent in 2013/14. Domestic public debt also increased moderately, from about 10 to 16 percent of GDP. The overall public debt level at the end of the period (33.5 percent of GDP) remained moderate and on highly concessional terms.

1.3.1.2 I-312 Other indicators (and trends) of the overall macroeconomic framework: inflation, exchange rate, credit to the economy, growth, investments (public, private), wages/unit labour costs

Overall macroeconomic performance and macroeconomic developments broadly mirror fiscal performance (Figure below). Twin fiscal and external deficits increased over time while the pace of economic activity moderated, especially since the onset of the global recession. Moreover, the global commodity price shock in 2010-11 resulted in volatile inflation, at times significantly exceeding the official 5 percent target. External shocks such as the regional drought and a spike in commodity prices were compounded by an election related escalation of public expenditures, which benefited disproportionately expenditures not directly related to service delivery. The government subsequently tightened monetary and fiscal policy and brought inflation down in 2013 to within the official targets. But the election related political cycles in loosening of macroeconomic, especially fiscal policies, undermined overall macroeconomic management and policy credibility.⁶³

Figure 5 Uganda's Macroeconomic Performance: Twin Deficits, Growth, and Inflation

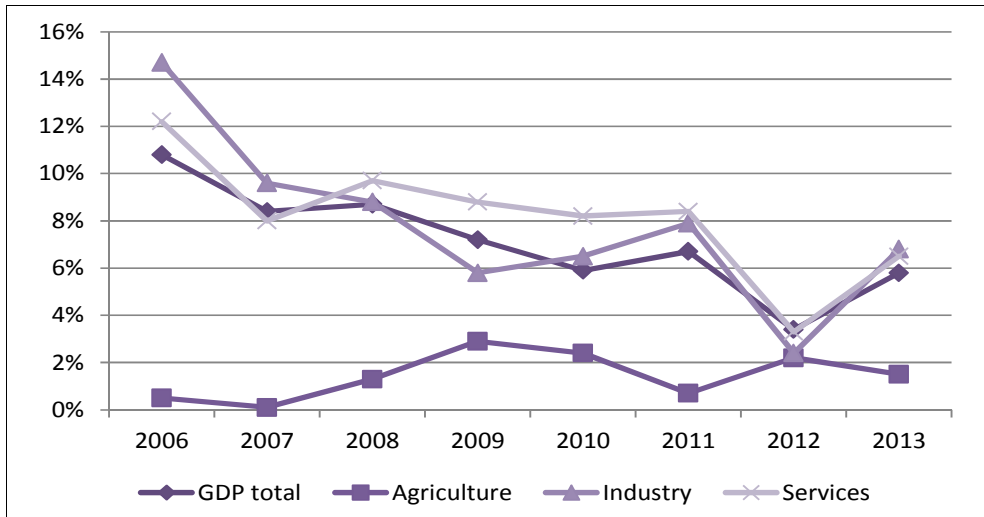


Source: IMF data.

As the global crisis hit and demand slowed, growth in services and manufacturing – previously engines of overall growth – moderated. Meanwhile, agriculture growth picked up somewhat but remained modest, highly dependent on the vagaries of climatic conditions (see Figure below).

⁶³ Ministry of Finance, Planning and Economic Development (2014). Uganda: Poverty reduction Paper: progress report, November.

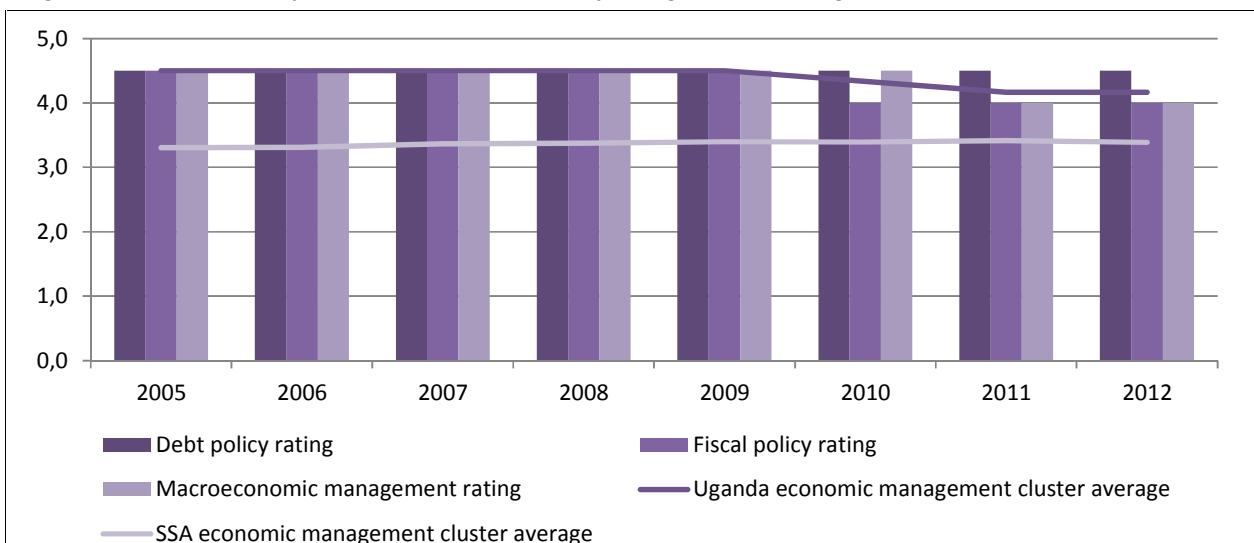
Figure 6 Uganda's Real Growth Performance and Sectorial Structure of Growth



Source: WDI, World Bank.

International metrics of the quality of macroeconomic policy remained favourable throughout the period of review, compared with regional benchmarks, albeit with clear deterioration in terms of fiscal and overall macroeconomic management (Figure below). As debt sustainability risks remained modest and the country continued improving its debt management capacity, policy, and procedures, its comparative debt rating against other Sub-Saharan countries remained high. However, rising fiscal deficit and inflation during and after the global recession resulted in deteriorating ratings on these dimensions, although they do remain higher than the average for the SSA region.

Figure 7 Quality of Macroeconomic Policy in Uganda and Regional Benchmarks

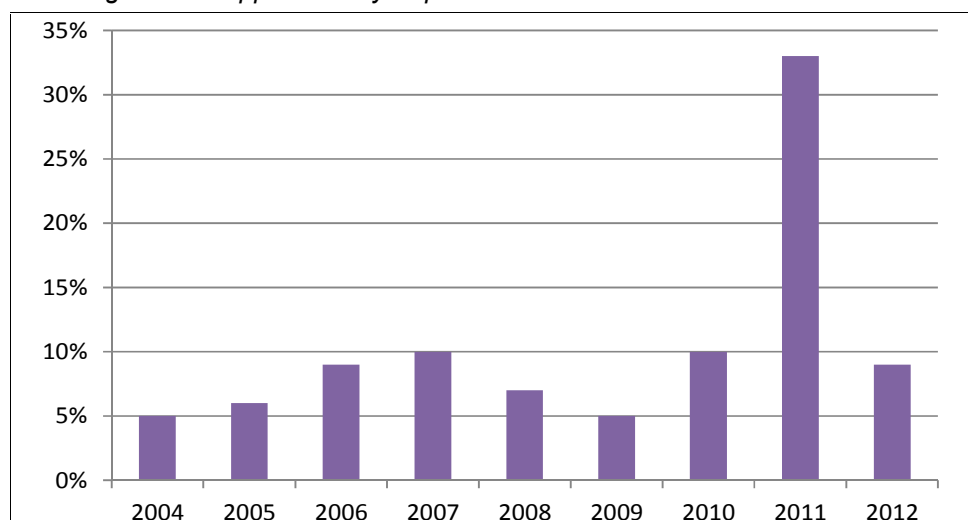


Source: World Bank's CPIA database⁶⁴.

At the same time, it should be noted that basic and comparative macroeconomic indicators do not fully capture important political economy aspects of macroeconomic and fiscal performance. For example, during the electoral cycles in 2006 and 2011, fiscal and monetary policies were subject to considerable political influence, resulting in temporary escalation of public expenditure and inflation. Also, increasingly frequent and politically motivated supplementary budgets undermined budget credibility and predictability (see Figure below and details in EQ4).

⁶⁴ Country Policy and Institutional Assessment (CPIA) Index, Cluster ratings on economic policy.

Figure 8 *Uganda's Supplementary Expenditures*



Source: IMF data.

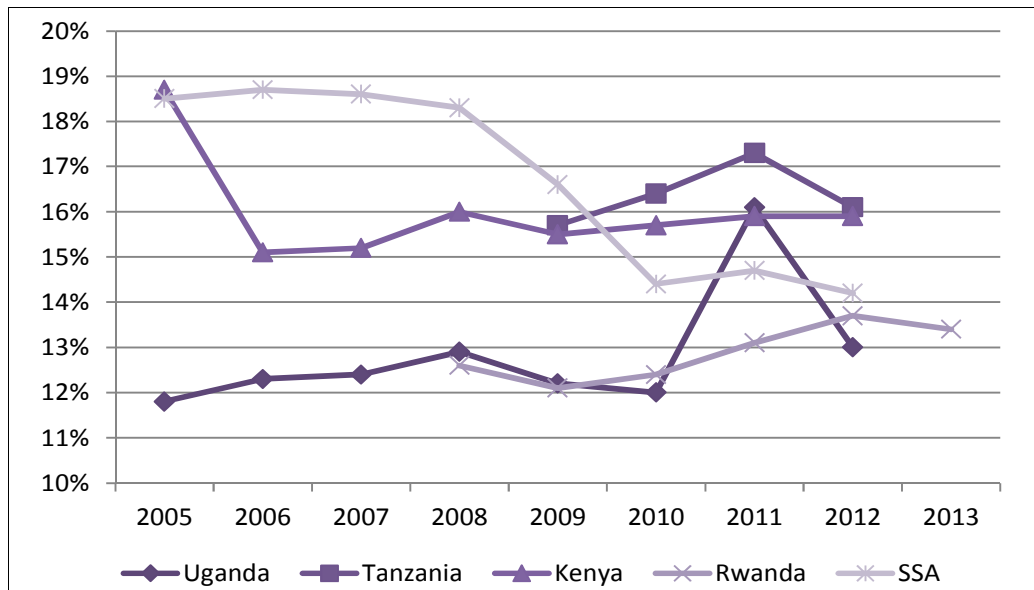
More broadly, beneath the veneer of sound basic macroeconomic indicators, there was considerable and increasing policy uncertainty about direction of policies arising from several sources. First, periodic announcements of major policy initiatives without prior consultation (within the government and with development partners) or adequate resources and capacity (e.g., universal education mandates) undermined implementation of policies already in place, strained resources and capacity, and compromised trust with development partners. Second, repeated targets to increase revenues were missed, suggesting deep-seated political economy reasons behind the government's reluctance or inability to increase domestic revenue mobilization. Team mission work, wide discussions with stakeholders, and field visits all point to the lack of leadership and interest as well as conflict of interest with large tax exemptions to the private sector, including those who provide financing for political parties. Also, the culture of non-compliance is rooted in the wealthier segments of the populations, including in the upper echelons of the public sector where private businesses and farms that pay little to no taxes appear to be common. Third, supplemental budgets are used more as a tool of political influence, especially during elections than an instrument of budgetary adjustment to major economic shocks, consistent with broad budgetary priorities.

1.3.2 JC32 GoU has put in place a sound government revenue mobilization strategy and has improved revenue mobilization

1.3.2.1 I-321 Indicators and trends of aggregate revenues, broken down by main groups of revenue instruments; budgeted, actual deviations; VAT revenues; Indicators and estimates of exemptions (tax expenditures); Local government (LG) revenues; LG own-revenue sources

Despite solid overall fiscal performance, Uganda's government revenue and tax performance continued to lag behind most regional comparators (figure below). Except for the exceptional year 2011 with the advent of initial oil revenues, government revenues never exceeded 13 percent of GDP. This poor revenue performance cannot be attributed solely or even mostly to the income level, capacity constraints or poor execution.

Figure 9 Tax Revenues in Uganda and Regional Comparator Countries



Source: World Development Indicators 2014.

An analysis of the structure of government's revenues reveals that the structure has largely remained unchanged, except for the most recent addition of oil revenues (see figure below).

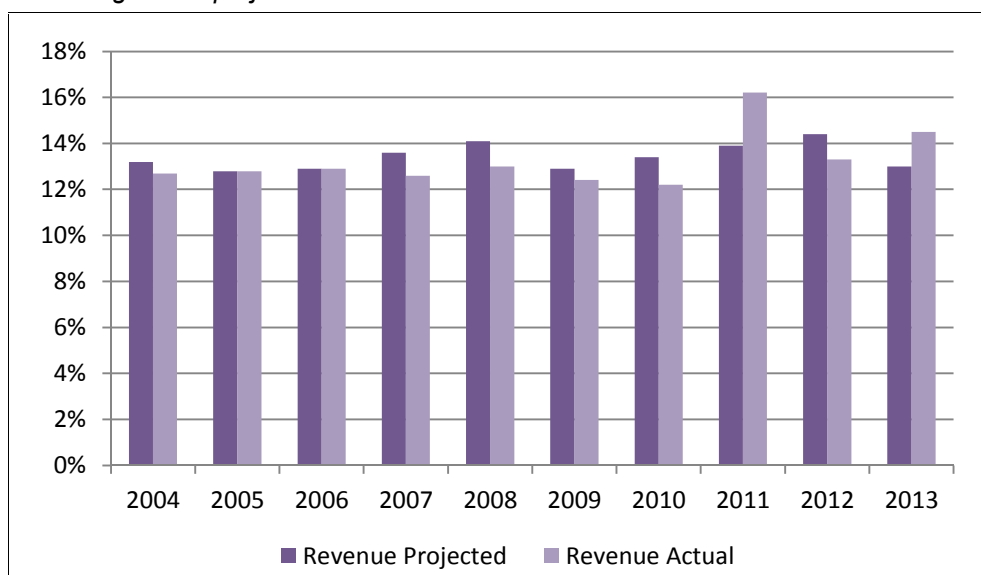
Figure 10 The Structure of Uganda's Government Revenues



Source: IMF data.

Key, related revenue instruments – VAT and excises – that account for more than half of government revenues yield stagnant share of GDP, despite considerable increase in real economic activity and consumption tax base on which these taxes are levied. Normally, under these conditions, it would be expected that these revenues – taking into account appropriate tax policy and tax administration measures – rise proportionately or more than nominal income. Relatedly, in most years, government's revenues consistently and sometimes significantly underperform relative to the relatively modest budgetary revenue targets (see Figure below).

Figure 11 Uganda's projected vs. Actual Government Revenues



Source: IMF data.

That this problem has persisted during the entire decade under review suggests its structural nature and deep-seated political economy factors. In fact, it predates the period under review. As early as 2001, the government had a target of 15 percent of GDP, which never materialized and by 2004, revenue-to-GDP ratio was still below 13 percent. The problem has been found to be related to the political economy of large statutory (on the books of the budget law) and non-statutory (discretionary to the Ministry of Finance) exemptions as well as the broader culture of non-compliance, especially among the relatively well-to-do segments of the population and the private sector, including members of parliament and the government. The extent of the problem is significant. Recent VAT gap analysis suggests that the government is collecting less than [60 percent] of its potential revenues (Hutton, Tackray and Windgendor 2014).

In 2014, in the context of drastically reduced BS and the need to control fiscal deficit, the government has taken renewed actions to address the problem. As of July 1, 2014, Parliament approved the elimination of many VAT exemptions. In addition, several zero-ratings for some goods were eliminated and corporate income tax base was expanded. Excise duties were also increased on fuels, sugar and money transfers. However, as of writing in early 2015, these actions are yet to translate into tangible gains in revenue mobilization.

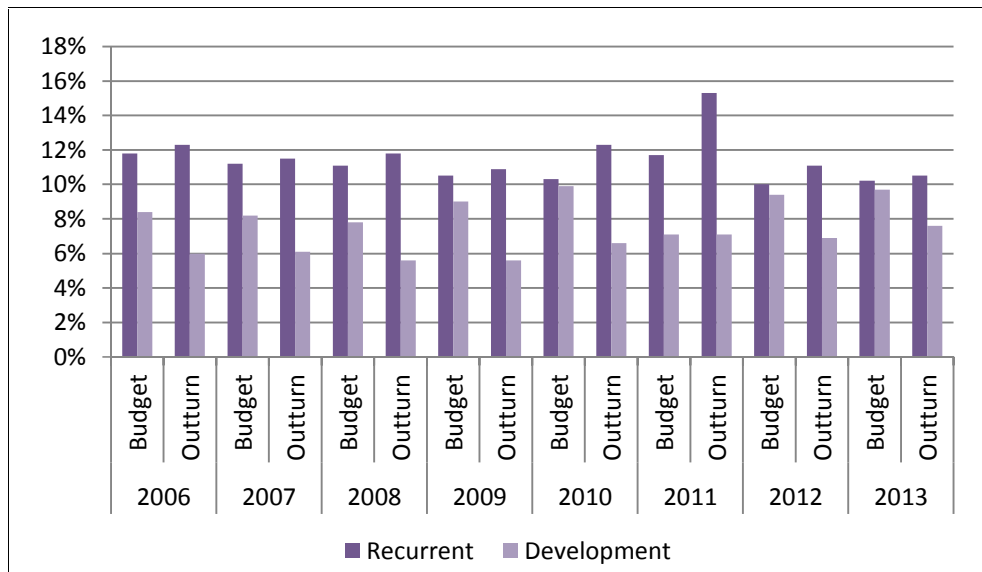
1.3.3 JC33 Government has instituted aggregate expenditure control and prudent management of public expenditure and resource allocation in line with priorities

1.3.3.1 I-331 Indicators and trends of the aggregate public expenditures by main, large categories of expenditures (economic classification); budgeted, actual, deviations; current and capital expenditures; wage bill; indicators or estimates of quasi-fiscal expenditures and arrears; MTEF

As discussed in JC31 above, during the early years under review, the government managed public expenditure within a fiscal envelope substantially enhanced by BS. Public expenditures were maintained well above 22 percent of GDP in most early years, about a quarter of which was directly funded by BS. In that sense, BS helped create fiscal space which was used to fund a broad array of public expenditures including pro-poor expenditures and service delivery. Fiscal deficits were under control. In the latter years, however, public expenditures were cut to well below 20 percent of GDP by reductions in both current and development expenditures. But even these cuts were insufficient to prevent fiscal deficits from rising to levels which required stepped up domestic borrowing at much higher costs than the previous external borrowing on concessional terms.

The way that aggregate expenditure control was exercised was politically expedient and economically inefficient. Looking at the economic classification of expenditures, development expenditures bore the brunt of adjustment in that outturns typically underperformed budgeted amounts. By contrast, current expenditure outturns typically exceeded budgeted amounts, absorbing the bulk of the frequent and political cycle-related supplementary budgets (see Figure 12 and Figure 8).

Figure 12 Uganda's Public Expenditures: Budget vs. Outturn



Source: IMF data.

Moreover, as discussed in EQ5 on the composition of public expenditures, the bulk of supplementary expenditures went to economically “unproductive” expenditures such as defence and security and public administration as opposed to pro-poor expenditures financing service delivery for the poor. To be sure, security and defence are important government expenditures providing a critical function of a state and security was also a pillar of government’s overall development strategy. This analysis does not question this basic priority, just the way expenditure policy was used to finance some of defence and security expenditures during the period of elections, which appear at odds with massive needs for other, poverty-reducing expenditures. In that sense, it is arguable that supplementary expenditures, which were the main cause of deviations of the budgets from the outturn, significantly undermined the ex-ante, pro-poor orientation of the budget.

As a result of the twin downward pressure – cutting overall public expenditures and shifting its composition towards unproductive expenditures – it appears that the productive pro-poor expenditures in the social sectors bore the brunt of the expenditure adjustment in the latter years.

Economic classification of expenditures reveals government’s priorities by government function. Expenditures on education, health, and water and sanitation, are of particular interest in this regard. The overall conclusion here is that these sectors, despite being declared as priorities, suffered in periods of expenditure adjustment, directly undermining their expenditure commitments and pro-poor orientation of expenditures. As discussed at length in the sector EQs on education, health, and water and sanitation, this translated into acute funding shortages for service delivery at the local level, undermining both access and quality of service delivery.

1.3.4 JC34 BS has contributed (directly or indirectly) to the observed changes in ways which could not have occurred through alternative aid modalities

1.3.4.1 I-341 BS related dialogue and TA have helped the GoU, in coordination with the IMF, to improve policy framework and capacities on revenue mobilisation (performance matrices, documents on policy dialogue, and studies, various TA)

A review of the budget support inputs (esp. policy dialogue and technical assistance) related to revenue mobilization and the technical assistance suggests several broad conclusions.

First, there has been broad awareness of the problem of deeply inadequate revenue mobilization throughout the period under review and the issue continues to be highlighted in most documents on the policy dialogue; so, it is not an issue of insufficient awareness. Also, targets were set, and policy and administrative measures announced and technical assistance provided, often by the IMF in the context of successive programmes.

Second, despite the awareness and declarations of intent, revenue mobilization never rose to the true priority policy agenda of either the government or the donors.

Third, consistent slippages in revenue performance never resulted in consequential changes in corrective domestic policy or donor response. The donors continued to provide substantial BS during the first part of the decade under review, irrespective of the repeated slippages in government revenue performance. Perhaps this is because the main focus of BS was on social expenditures and service

delivery and, in large part, ensuring steady and sizeable budget support to that end was implicitly the overriding objective.

Fourth, during the early years when budget support was a substantial part of the total expenditures, the lack of progress on revenue mobilization suggests that there might have been an inverse correlation between the high volume of budget support and low revenue mobilization.

Fifth, relatedly, the government began making more concerted effort in the latter part of the review period when the volumes of budget support declined; but even in this period, except in 2011, those efforts yielded little tangible results in terms of additional revenues.

1.3.4.2 I-341 Explore a counterfactual narrative scenario of lower BS and associated macroeconomic and fiscal policies, including on revenue mobilization and expenditure management

Regarding the budget support contribution to fiscal management, it is possible to distinguish two periods. In the first period, roughly in the early period between 2003/4 and 2006/7, until Uganda benefitted fully from the HIPC and MDRI debt relief, budget support relative to the size of Uganda's budget and public expenditure was substantial. In this period, budget support contributed, on average, 4.8 percent of GDP, equivalent to close to one quarter of total public expenditure, expanding the fiscal space and flexibility of the government budget to finance expenditure priorities broadly agreed with the development partners. Those priorities, in turn, emphasized the shared poverty reduction agenda largely focused on social service delivery. Aggregate gains in fiscal space from budget support, therefore, were substantial. Compared with the counterfactual of the absence of budget support and realistic annual gains in domestic revenues of 0.5 percent of GDP per year, the actual budget support still provided more than 4 percent of GDP, equivalent to about 20 percent in additional public expenditures than what would have been possible otherwise.

There were additional fiscal benefits more indirectly associated with the budget support: debt relief. Stock of external debt was reduced by over 30 percent of GDP in 2006/7 and annual debt service savings for the next four years at that time were estimated at about 0.6 percent of GDP (IDA and IMF 2006, 2011). This helped the government significantly in safeguarding pro-poor expenditures and ensuring funding for basic government service delivery and development projects. Moreover, the government absorbed this significant budget support within a broadly coordinated budget framework while maintaining solid fiscal management and strengthening its debt management procedures and practices. Policy dialogue on macroeconomic and fiscal management with the government was led primarily by the IMF with substantial involvement of the World Bank in the context of its series of PRSC5-9. In that sense, budget support with associated policy dialogue, and reforms provided substantial, direct expansion of fiscal space of the government whose domestic revenue mobilization was very limited. Indirectly, the debt relief, which was predicated on a long-term track of reforms and policy performance, which budget support helped, also supported long-term debt sustainability and a reduction in external debt service.

In the second period, since 2007/8, however, as the mutual trust between the government and the development partners began to decline in response to some corruption episodes. Also, the priorities of the government (increasingly focused on productive sectors and infrastructure, in particular) the donors (which largely remained focused on the social sectors) began to diverge. Finally, the global recession of 2008-9 hit hard many developed countries that provided budget support to Uganda, changing their domestic political constraints and attitudes on large-scale external budget support, including to Uganda. Development partners' home country budgets came under severe pressure. It is in this context that the budget support declined to 1.4 percent of GDP, an equivalent of only 7 percent of total public expenditures. It also became less predictable. From the government's point of view, the timing of the already declining support became more uncertain in any given year, complicating budget formulation and execution. In 2012/13, budget support reached the low point of only 0.4 percent of GDP with only a handful of donors providing very limited support. This latter period, which also coincided with the global financial crisis and the slower post-crisis global growth also featured a weakening of the fiscal policy stance as measured by the overall fiscal deficits, which exceeded 3 percent of GDP every year since 2009/10.

Overall, therefore, it appears that budget support supported and contributed to solid fiscal management during the early years of the period under review, through the provision of significant funding for government expenditures and service delivery as well as a broadly coordinated policy dialogue and consensus on the policy agenda. In the second part of the period of the review, however, budget support began a steady decline, which was reflected in the rising fiscal deficit against low domestic revenue mobilization.

1.4 Evaluation question 4

| | |
|---------------------------|--|
| EQ 4 – PFM | What were the improvements in the quality of Public Finance Management and to what extent BS operations have contributed to these improvements? |
| Judgement criteria | <ul style="list-style-type: none"> • JC41 Quality of the PFM reform process at central level has improved • JC42 Quality of the PFM reform process at decentralised level has improved |

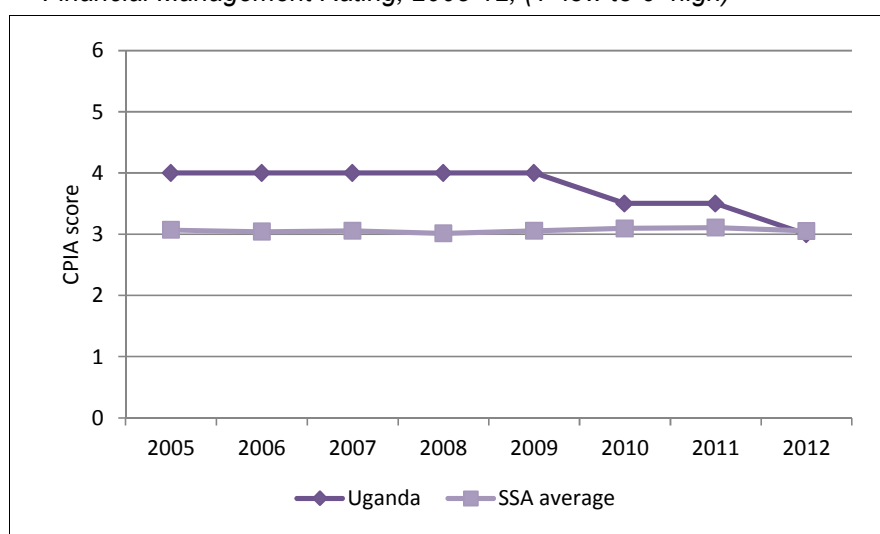
1.4.1 JC41 Quality of the PFM reform process at central level has improved

1.4.1.1 Overall PFM Performance and Regional Benchmarking

Legislation and supporting circulars elaborated during the period provided a relatively strong and comprehensive legal framework, although there remains some ambiguity with regard to the roles and responsibilities in enforcing compliance. Progress was also made with regard to budget classification, budget formulation, and minimizing overall deviations from the passed budget, making the budget more in line with agreed strategies and policies. This has helped improve the credibility of the budget. An Oracle-based Integrated Financial Management Information System (IFMIS) was successfully set up and rolled out. It is currently operating in all central government ministries and budgetary agencies, in the Office of the Auditor General, as well as 36 districts and four municipalities. (Government of Uganda 2012)

Consequently, for most of the period under review, Uganda has been rated above its Sub-Saharan African (SSA) peers. However, political pressure during the budget execution process has in recent years compromised the budget credibility, as reflected in the deterioration of the Country Policy and Institutional Assessment (CPIA) rating on the quality of budgetary and financial management (Figure 13), as well as the respective PEFA indicators (Figure 14). Budget credibility is largely undermined by increasing domestic supplier arrears, regular practice supplementary budgets, and frequent bypassing of internal controls in execution. (World Bank 2014)

Figure 13 Uganda vs. Sub-Saharan Africa (SSA): CPIA Scores on the Quality of Budgetary and Financial Management Rating, 2005-12; (1=low to 6=high)⁶⁵



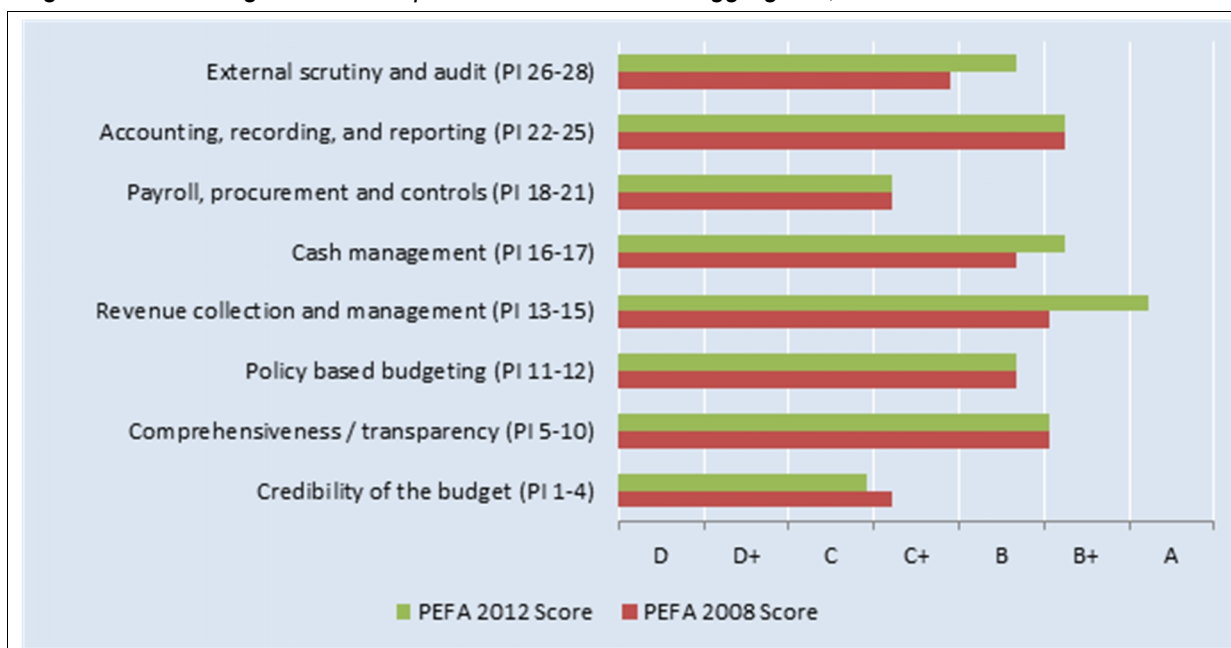
Source: World Bank's CPIA database.

PEFA scores, which capture more detailed aspects of PFM performance than the CPIA, have shown modest improvements in some key areas while remaining broadly stable in others. Revenue collection and management appear to have improved due to better management of information on revenue collection and better management of cash balances. Despite these efforts, however, revenue collection remains at a regional low of about 12 percent of GDP (see also EQ3, JC3.2). Also, cash management and audit systems have seen modest improvements since 2007. The credibility of the budget on the other hand, has suffered from a deterioration in the control of aggregate expenditure because of supplementary expenditures, a high variance in expenditure composition (actual composition of

⁶⁵ Quality of budgetary and financial management in the CPIA assesses the extent to which there is a comprehensive and credible budget linked to policy priorities, effective financial management systems, and timely and accurate accounting and fiscal reporting, including timely and audited public accounts.

expenditures to original budgeted expenditures at the agency level), and tax revenue shortfalls in relation to the budget. Ratings for payroll procurement and controls have remained relatively poor over the period. A comparison of the PEFA score aggregates between 2008 and 2012 is shown in Figure 14.

Figure 14 Uganda: A Comparison of PEFA Score Aggregates, 2012 vs. 2008⁶⁶



Source: PEFA Secretariat, World Bank.

1.4.1.2 I-411 Improved quality of budgeting and planning (matching resources and priorities)

There has been strong political engagement of both parliament and cabinet during the budgeting process, and an adherence to a comprehensive budget calendar. However, significant structural shortcomings remain to credibly match priorities with resources. This is reflected in details of the relevant 2012 PEFA indicators (see table below).⁶⁷

Table 8 Uganda: Summary of PEFA scores (Indicators 11-12)

| No. | Indicator | Score | Justification |
|-------|--|-------|---|
| PI-11 | Orderliness and participation in the annual budget process | C+ | |
| (i) | Existence of and adherence to a fixed budget calendar | C | An annual budget calendar exists, but MDAs do not have at least 4 weeks from receipt of the final budget circular to complete their estimates |

⁶⁶ As there were some methodological amendments on the rating of some indicators, the revised scores have been used for the 2008 PEFA ratings. The graphical presentation is derived by assigning a numerical value from 1 to 7 in a descending order (from D to A) to each possible score in the PEFA methodology. This is then averaged across each area of assessment. Indicators are grouped as follows: Credibility of the budget PI 1-4; Comprehensiveness and Transparency PI 5-10; Policy-based budgeting PI 11-12; Revenue collection and management PI 13-15; Cash management PI 16 - 17; Payroll, procurement and internal controls PI 18-21; Accounting, recording and reporting PI 22-25; External scrutiny and Audit PI 26-28. Indicators of Donor Practices have been excluded.

⁶⁷ Each indicator seeks to measure performance of a key PFM element against a four-point ordinal scale from A to D. Guidance has been developed on what performance would meet each score, for each of the indicators. The highest score is warranted for an individual indicator if the core PFM element meets the relevant objective in a complete, orderly, accurate, timely and coordinated way. The set of high-level indicators is therefore focusing on the basic qualities of a PFM system, based on existing good international practices, rather than setting a standard based on the latest innovation in PFM. More information on the derivation of individual PEFA scores can be found at PEFA (2011), www.pefa.org.

| No. | Indicator | Score | Justification |
|--------------|---|-------|--|
| (ii) | Clarity/comprehensiveness of and political involvement in the guidance on the preparation of budget submissions (budget circular or equivalent) | A | A comprehensive and clear budget circular includes politically approved budget ceilings. |
| (iii) | Timely budget approval by the legislature or similarly mandated body (within the last three years) | D | The budget has been approved with more than two months delay in all the last three years |
| PI-12 | Multi-year perspective in fiscal planning, expenditure policy and budgeting | C+ | |
| (i) | Preparation of multi-year fiscal forecasts and functional allocations | C | Forecasts of fiscal aggregates are prepared for at least two years, but links between multi-year estimates and subsequent setting of annual budget ceilings are not clear with differences explained |
| (ii) | Scope and frequency of debt sustainability analysis | A | The DSA for external and domestic debt is undertaken annually |
| (iii) | Existence of sector strategies with multi-year costing of recurrent and investment | C | Costed strategies exist for more than 25% of primary expenditure but are inconsistent with aggregate fiscal forecasts |
| (iv) | Linkages between investment budgets and forward expenditure estimates | C | Linkages between investment budgets, sector strategies and recurrent budgets are weak |

Source: PEFA 2012.

The budget is based on a resource envelope derived from credible multi-year macro-fiscal forecasts and a sound debt profile but there is still considerable uncertainty about policy directions. Also, the process allows for parliament and cabinet to provide inputs at early stages before the budget is formally presented. Consultative workshops with the private sector and civil society are being held to make their views heard. However, the 2012 PEFA Assessment notes that the participatory process starts only after the budget has already been presented to parliament. Sector group meetings are held to incorporate sector priorities into the process, and the MOFPED prepares and submits the National Budget Framework Paper. Despite a strong de jure policy formulation process, significant uncertainty remains in the face of frequent and unanticipated ad hoc changes in major policy directions coming from the state house, often bypassing the consultative process outlined above.

Shortfalls in the process relate to frequent modifications of the ceilings that make it challenging for Ministries, Departments, and Agencies (MDAs) to adjust their priorities. The expenditure framework is finalized only five days after the final MTEF ceilings are issued. Although the introduction of the computerized Output Budgeting Tool (OBT) has improved the MDAs capacity to plan and respond faster to modifications, the timeframe still appears insufficient to finalize, verify, and submit timely expenditure estimates to MOFPED. Furthermore, the planning process is still somewhat removed from execution as OBT is a separate software that is not integrated into the FMIS; it, therefore, results in inefficiencies and it is prone to human error during transcript.

Medium term estimates for sectoral expenditures are outlined in the MTEF and provide a breakdown of main activities and give details on wage and non-wage recurrent expenditures, domestic development expenditures and donor funded development expenditures. A number of sectoral strategies have been developed and costed in line with the National Development Plan. However, recurrent and development expenditures of the MTEF appear to be divergent from the priorities set in the NDP. Though costed projects by sector exist, there is no consolidated analysis that links projects with MTEF and budget expenditure categories and fiscal targets. Sector working group plans by and large tend to ignore medium term fiscal targets.

Although the MTEF is prepared for five years, budget ceilings for overall expenditure and sectoral allocations often do not match earlier MTEF expenditure forecasts. Effectively, the MTEF is considered a one-year plan, revised each year, with little medium-term constraint on the scale and composition of revisions. The Auditor General reports that there has been an increasing divergence of the budget from the NDP. This is because the NDP projected higher levels of resources than available in annual budgets and this has resulted in unwarranted sectoral reallocations. It also adds to delays in budget releases, which have been reported in the agricultural and education sector, in particular, where expenditure releases do not necessarily coincide with the planting season or school terms.

1.4.1.3 I-412 Improved budget credibility (allocations and outturns; reduction in supplementary budgets)

In the aggregate, the Government was able to broadly control and implement the budget with a variance of total expenditure of below 3 percent. However, there has been considerable over- and underspending across ministries. Also, frequent and sizable supplementary budgets – especially around the elections – have undermined budget planning and credibility. As it is illegal for any expenditure vote to spend more than its approved budget, any deviation must be covered through supplementary authorization of Parliament (Constitution of Uganda, section 156(2))

Large supplementary expenditures were, for example, justified at various times for the Ministry of Defence to buy fighter jets and pay for salary shortfalls; state house expenditures to meet operational shortfalls; Ministry of Energy and Development to clear payment arrears; and Uganda Police to police the 2011 elections. It is unclear why many such expenditures (e.g., security during the elections) would not have been anticipated, discussed, and planned for in the regular budget process. Furthermore, the Auditor General notes that many budget cuts were affected unilaterally by MOFPED on the MDAs' budgetary prioritized activities without prior consultation of the respective MDAs (Auditor General Report on 2010-11, Vol. 2). This deterioration in control of aggregate expenditure and composition of expenditure outturns has resulted in the decline in budget credibility and a corresponding decline in the respective PEFA score.

In principle, arrears on goods and services should not happen as the commitment control system (IFMIS) rejects any unwarranted commitment by the spending agencies. In practice, arrears do happen, but as of FY12, they have been reduced considerably to below nine percent of total expenditure. They tend to be concentrated in the payment arrears to government's suppliers. While in the past, spending agencies would bypass IFMIS by placing orders directly with suppliers, this practice is said to have been reduced as now the Accountant General refuses to pay a bill without a local purchase order (LPO) in the system. Arrears, however, still accumulate due to inadequate budgeting practices, as spending agencies can fetch higher allocations for some items by deliberately under-estimating expenditure for core expenditure items such as salaries, pensions, rent, or utilities. This practice is still considered widespread. During discussions with civil society, the school examination board was noted where allegedly the examinations are grossly under-budgeted in order to later allow for later revisions.

In a stakeholder survey (n=96) conducted during this evaluation some 80 percent of government officials report that there has been considerable progress in in budget credibility linked to PFM reforms. In contrast, 60 percent of non-government actors and DPs share this sentiment.

In brief, despite reforms, at present, budget credibility remains relatively weak, and improvements remain modest. This has also been evidenced by the PEFA indicators 1-4, as outlined in Table 9.

Table 9 Uganda: Summary of PEFA scores on budget credibility (Indicators 1-4)

| No. | Indicator | Score | Justification |
|-------------|--|-------|---|
| PI-1 | Aggregate expenditure out-turn compared to original approved budget | C | |
| (i) | The difference between actual primary expenditure and the originally budgeted primary expenditure | C | In one of the last three years, aggregate primary expenditure deviated from the original budget by more than 15%. |
| PI-2 | Composition of expenditure out-turn compared to original approved budget | D+ | |
| (i) | Extent of the variance in expenditure composition during the last three years, excluding contingency items | D | In 2 of the last 3 years, the variance in expenditure composition compared with the original budget exceeded 15% |
| (ii) | The average amount of expenditure actually charged to the contingency vote over the last three years | A | In the absence of a contingency vote or any charging of expenditure to such a vote, the default score is A. |
| PI-3 | Aggregate revenue out-turn compared to original approved budget | D | Revenue collections were less than 92% of budget in 2009/10 and more than 116% of budget in 2010/11 |
| PI-4 | Stock and monitoring of expenditure payment arrears | C+ | |

| No. | Indicator | Score | Justification |
|------|---|-------|---|
| (i) | Stock of expenditure payment arrears (as a percentage of actual total expenditure for the corresponding fiscal year) and any recent change in the stock | C | The stock of arrears constitutes 2-10 percent of total expenditure and has not reduced in the last two years. This matches the Framework requirement for a C score. |
| (ii) | Availability of data for monitoring the stock of expenditure arrears | B | Data on the stock of arrears is generated at least annually, but may not be complete, and does not include an age profile |

Source: PEFA 2012.

It was noted that the introduction and gradual roll out of the Oracle based FMIS solution, together with a concerted effort to build capacity on the usage of the systems, has reflected positively on the overall budget credibility. The improved linkage of budget preparation, integration to the ICT platform, and budget and commitment controls, have reportedly improved effective planning and execution.

1.4.1.4 I-413 Improved efficiency, accountability and transparency of the framework and systems as recorded in PEFA assessments and other studies

The Government uses an appropriate budget formulation that is based on administrative, economic and functional classifications. Since 2004/05, the classifications include fund and funding source, administrative organization, project, sector, MTEF (objective, output, and activity), and account (class, item, and sub-item) codes. The quality of information and comprehensiveness is sound, but there are some transparency issues discussed below.

The 2012 PEFA rates the comprehensiveness of the information included in the budget documentation as strong based on all documentation presented to Parliament. While the Budget Speech of the various MDAs provide a fairly comprehensive picture on total external indebtedness and grants received as well as guarantees provided, information on debt stock and financial assets is provided in the Audit Report and Consolidated Accounts. Unreported extra budgetary expenditures (other than donors' funds) are estimated relatively low—between one and five percent of total Government expenditure—and non-tax revenue collected at the level of MDAs have largely been contained to the referral hospitals that collect user fees and retain them at facility level.

Transparency of fiscal transfers between central and Local Government (LG) is lacking, however. The Constitution provides for transfers to LG in the form of conditional, unconditional, and equalization grants. Most grant expenditures are conditional grants (95 percent); followed by unconditional (4 percent); and equalization grants (less than 1 percent). Except for the unconditional grant, which is generally based on area and population, the LGs cannot calculate the grants they will receive because the vertical allocation (part of the total sectoral allocation that relates to decentralized services) by each sectoral ministry that precedes the horizontal allocation across the LGs, is not predictable, there is uneven adjustment for donor interventions, and also because of frequent, unanticipated intersectoral shifts due to policy changes during the year. Relevant PEFA indicators, scores, and justifications are summarized in the table below.

Table 10 Uganda: Summary of PEFA scores (Indicators 5-10)

| No. | Indicator | Score | Justification |
|------|--|-------|---|
| PI-5 | Classification of the budget | A | Budget formulation and execution is based on administrative, economic and sub-functional classification, using a standard that can produce consistent documentation according to GFS and COFOG standards. |
| PI-6 | Comprehensiveness of information included in budget documentation | A | |
| (i) | Share of the information listed in the budget documentation most recently issued by the central government (in order to count in the assessment, the full specification of the information benchmark must be met). | A | Recent budget documentation meets all nine information benchmarks |
| PI-7 | Extent of unreported government operations | D+ | |

| No. | Indicator | Score | Justification |
|--------------|--|-------|---|
| (i) | The level of extra-budgetary expenditure (other than donor funded projects) which is unreported i.e. not included in fiscal reports | B | The level of unreported extra-budgetary expenditure is in the range 1-5 % of total expenditure |
| (ii) | Income/expenditure information on donor-funded projects which is included in fiscal reports | D | Information on donor-financed projects in the in-year and annual financial statements is seriously incomplete (both grant and loan financed operations) |
| PI-8 | Transparency of inter-governmental fiscal relations (between CG and HLGs only) | D+ | |
| (i) | Transparent and rules based systems in the horizontal allocation among subnational governments of unconditional and conditional transfers from central government (both budgeted and actual allocations) | D | Less than 10% of the allocation formulae are determined in a transparent manner. |
| (ii) | Timeliness of reliable information to sub-national governments on their allocations from central government for the coming year | C | Reliable information is issued too late for significant changes to be made to the budgets for LGs. |
| (iii) | Extent to which consolidated fiscal data (at least on revenue and expenditure) is collected and reported for general government according to sectoral categories. | C | The LG fiscal information is collected on time and recurrent expenditure (60-75% of total expenditure) is consolidated into annual statistical tables. |
| PI-9 | Oversight of aggregate fiscal risk from other public sector entities | C | |
| (i) | Extent of central government monitoring of autonomous government agencies and public enterprises | C | Most major AGAs/PEs submit annual reports to MoFPED but there is no consolidated overview of fiscal risk. |
| (ii) | Extent of central government monitoring of SN governments' fiscal position | C | The net fiscal position is monitored at least annually for higher-level local governments, but there is no consolidated overview |
| PI-10 | Public access to key fiscal information | B | |
| (i) | Number of listed elements of public access to information that are fulfilled (in order to count in the assessment, the full specification of the information benchmark must be met) | B | The government makes available to the public 4 of the 6 listed types of information |

Source: PEFA 2012.

Key fiscal information to the public has become quite transparent. MOFPED now publishes the national, sectoral, and district budget framework papers annually on its website along with annual budget performance reports, the budget speech, background to the budget report, draft revenue and expenditure estimates, budget monitoring reports, audited financial reports, reports of the auditor general, and annual statistical abstracts. Performance of the economy reports are updated and published on a monthly basis. In a recent study on open budget transparency by the World Bank (Dener et al 2014), Uganda scores a B, meaning that significant information is visible and accessible to the public from FMIS. This score is matched only by few peer SSA countries (i.e. Gabon, Ghana, Namibia, South Africa, Tanzania, and Zambia) but most have a score of C or below.

Through IFMIS, a chart of accounts that aligns all government financial activity to budgets, users, purpose, organizational structure and accounting types for fiscal discipline has significantly improved the efficiency and transparency of PFM operations. Additionally, it has been reported that the introduction of electronic fund transfers has significantly increased the disbursement speed. In districts that have not yet converted to IFMIS, as found by the team field visits, transfers can take up to a month, which compares to less than 48 hours for those that have a functioning FMIS system in place.

1.4.1.5 I-414 Gender budgeting guidelines developed and applied

Uganda has made some progress in the creation of a statutory enabling environment for gender responsive development over the long period since the civil war years. This includes the ratification of the Convention on the Elimination of all forms of Discrimination against Women (CEDAW); a gender sensitive constitution (1995) that affirms equality of all persons and prohibits discrimination based on gender; and a national action plan on women.

Regarding policies, gender is also included in the budget circular, and training on gender budgeting has been provided to budget officers centrally. However, there is little to no substance or implementation to this initiative. The budget circular suggests that budget officers indicate how their activities impact on gender. This, however, is not implemented, as no funding is available for gender activities per se. The only ministry with a gender budget line is the Ministry of Education, which had a minimal budget for gender, largely spent on arranging for the Woman's Day.

1.4.2 JC42 Quality of the PFM reform process at decentralised level has improved

This section largely relies on the findings of the 2013 local government PEFA assessments, and a 2013 LG Public Expenditure Review as well as the field work by the team in Uganda. The PEFA of 2013 selected eight districts and 10 municipalities for evaluation. An overview of the recommendations can be found in the table below:

Table 11 Uganda: Highlights from Draft 2013 LG PEFA Assessment

| Positive findings | Negative findings |
|---|---|
| Low variance of aggregate expenditure outturn compared to Approved Budget | High variance in aggregate revenue outturn compared to Approved budget |
| Budget classification meets international standards, budget documentation is comprehensive and transparency of intergovernmental fiscal relations is positive | For some districts the budget process is inefficient due to lack of respect of the budget calendar or incomplete circular |
| Budget process is orderly and consultative for most districts assessed | Multi-year estimates are inconsistent with budget ceilings |
| Procurement systems, payroll controls, non-salary expenditure controls and internal audit work well in most cases | Taxpayer obligations and liabilities are not transparent and measures of taxpayer registration and tax assessment are not effective |
| Accounts reconciliation is regular and timely in most cases | Availability of funds for committing expenditures are not predictable |
| | External audits are timely but there is little or no follow up |

Source: World Bank (2014b).

The central government broadly respected its commitments on transfers to the LGs in terms of the amounts (aggregate transfers) it has programmed to transfer (2008/09–2009/11). This is the case for a majority of the local government entities. However, the central government did not respect its commitments on transfers to the LGs with respect to the amounts of earmarked grants. Regarding the within-year timeliness of transfers from higher level government, the PEFA assessment concludes that transfers did not arrive in a sufficiently timely fashion to allow for efficient service delivery by the districts. In effect, slow transfers directly and adversely affected local service delivery.

1.4.2.1 I-421 Improved quality of budgeting and planning (matching resources and priorities)

Overall, the 10 LGs under review of the PEFA have adopted a multi-year perspective in fiscal planning and budgeting. However, multi-year budget estimates are not always consistent with budget ceilings. In addition, for costed sector strategies of districts/municipalities, links between investments and forward recurrent costs are weak.

1.4.2.2 I-422 Improved budget credibility (allocations and outturns)

Variance of aggregate expenditure outturn compared to the original approved budget among the 10 LGs is high and it affects budget credibility for most entities. Variance in the composition of expenditure outturn compared to the original approved budget is also high among entities. It is high for four LGs, which indicates low performance; fairly high (average performance) for another four entities; and very low (very good performance) for just one LG.

Aggregate revenue outturn compared to original approved budget differs significantly for all local government entities. This indicates low performance in the forecast of internal revenue, an element that affects the preparation of a credible local government budget. The stock and the monitoring of expenditure payment arrears for most of the entities are overall high and/or ineffective, respectively; this further affects the credibility of the local government budget.

Arrears are not registered in most LGs and they are not collected in any district or municipality. The availability of funds for local government expenditure commitments is not predictable in any of the 10 LGs. In practice, districts do not undertake cash-flow planning and quality of any existing planning is poor, with limited reliable information provided to budget entities. The management of cash balances is satisfactory in only about half of the evaluated entities.

1.4.2.3 I-423 Improved efficiency, accountability and transparency of the framework and systems as recorded in PEFA assessments and other studies

Budget classification meets international standards for practically all of the 10 LGs assessed. This is an element that strongly supports comprehensiveness and transparency in Public Finance Management. On balance, the evaluation for the 10 entities indicates that the budget is comprehensive and budget information is accessible to the public. However, fiscal risk oversight remains weak for most entities.

Procurement systems operate broadly adequately for all the 10 LGs. The legal and regulatory framework is transparent, fairly comprehensive and based on competition. Due to the isolation of some districts, the public does not always have access to complete, reliable and timely procurement information. It should be pointed out that there is no independent administrative procurement complaints system. Controls for non-salary expenditure are ineffective and weak for about half of the entities. In these cases, risks are not assessed and the controls do not manage the risks. In addition, existing rules are generally not respected.

The introduction of electronic fund transfers was reported to have significantly increased the disbursement speed. In districts that have not yet converted to IFMIS, transfers can take up to a month, which compares to less than 48 hours for those that have a functioning FMIS system in place. (World Bank 2013)

1.4.2.4 I-424 Gender budgeting guidelines for local governments developed and applied

With donor support there have been training activities on gender budgeting at both the central and district levels. However, as the majority of grants at the district level are conditional and there is generally no gender budget line, no gender-focused budgetary activities have been implemented.

1.4.2.5 Elements on BS contributions to the observed changes and counterfactual considerations

Stakeholders consulted in the e-Survey note that BS had a positive impact on the pace and content of the reform. Out of 66 respondents of a stakeholder survey, there is a general agreement that there has been progress in PFM linked to the PFM reforms supported by budget support. While 80 percent of government officials also claim that this is linked to improvements in budget credibility, this is true for about 60 percent of DPs and non-state actors. There has also been broad agreement across stakeholders that budget support dialogue in PFM improved policy formulation and implementation of reforms, and that it helped sector and cross-sectoral dialogue. Capacity development efforts, provided in tandem with BS, appear to be an important contributory element.

PFM was central and increasingly important to budget support since 2004, and was particularly stressed again after the misappropriation of funds in 2012 (see box below). It was widely noted in team discussions with stakeholders that donors who passed on the responsibility of their funds to the Government by channelling it through the consolidated fund services were intrinsically more interested in sound government PFM systems to manage their funds well and transparently than donors who retained control of their funds through vertical aid channels. Budget support, therefore, acted as a catalyst for donors to strengthen government PFM systems, while at the same time providing the necessary leverage to pursue reform at the central level. It can, therefore, be argued that absent such channelling of resources through the government's PFM systems, important progress in building PFM systems and capacity to date would have been more limited. Further, abandoning, or substantially reducing BS will reduce the DPs capacity to contribute to PFM improvements through political pressure and high-level dialogue.

Box 4 The misappropriation of budget support funds and the government's response

Following the large-scale misappropriation of budget support funds in 2012, the Auditor General released a report on the special investigation into financial management at the OPM stating that funds of about 38 billion UGX (the equivalent of about USD 13.5 million) were misappropriated. Importantly, this was a result not of the failure of the existing PFM system per se but a collusion of several individuals in key government agencies who acted in unauthorized and illegal fashion. In addition, upstream governance accountability institutions (in particular Auditor General) worked to uncover and bring to light this problem. Following the misappropriation, all donor budget support disbursements were suspended pending action by the governments to restore confidence in the PFM systems. The MOFPED drafted in response a high-level action matrix containing a comprehensive set of actions.

The following seven interventions were identified as triggers to restart dialogue:

- Administrative sanctions against officials involved in the OPM fraudulent misuse of DP funds.
- Progress in prosecution of officials, individuals, and firms involved in the OPM fraud case.
- Refund of misappropriated funds to affected DPs.
- Implementation of IFMIS security audit and related OAG recommendations as well as appointing a security consultant for IFMIS.
- Processing of the new PFM Bill through Parliament with agreed on amendments covering oil revenue management, the independence of internal audit, and strengthened sanctions to enforce PFM regulations.
- Operationalizing the Integrated Payroll and Pension system (IPPS) with links to IFMIS.
- Effective establishment of the IGG with appointment of two deputies.

A series of updates provided by the MOFPED rendered progress on the above actions sufficient for DPs to reengage the government in the policy dialogue. In a letter to government in 2012, JBSF DPs indicated their willingness to restart the dialogue on budget support, and proposed to include outstanding areas from the action matrix to be included in future dialogue. (World Bank 2014b; Williamson et al. 2014). However, the actual budget support disbursements recovered only marginally since then, reflecting the donors' continued reservations about the budget support, and later the passing of a controversial homosexuality bill.

Throughout the evaluation period, the government demonstrated commitment to the reform program, as is documented in the various JAFs, independent PFM assessments, as well as in the IMF Article IV consultations. This commitment is in part driven by the strong emphasis on progress through conditionality agreements, and in part advanced from within government: an authorized PFM workforce increasingly recognized the need to improve the performance of systems for effective service delivery. The example often cited was the set-up and implementation of the Oracle-based IFMIS, which is now sought after by district officials who have not yet made the transition.

By contrast, progress in domestic revenue generation was modest, reflecting a combination of factors such as the lack of political will, local political economy, large non-statutory exemptions and the culture of non-compliance, and inadequate focus by budget support partners. To be sure, as of end-2014, the government, in collaboration with the IMF has taken steps to eliminate statutory VAT exemptions and other measures to strengthen tax administration and increase revenues by 0.5 percentage points of GDP per year. However, the overall performance in this area for the period of review—2004-13—is unambiguously weak. This is discussed in more depth in EQ3.

The Technical Assistance Support Unit (TASU) was instrumental in the PFM reform program. It was financially supported by a multi-donor trust fund, contributories toward which were most budget support DPs. The TASU managed Uganda's first Local Government PEFA Assessment, and undertook an in-depth analysis of the relationship between fiscal decentralization, fiscal incentives, and decentralized service delivery outcomes in Uganda. Additionally, TASU supported the development and monitoring of PFM JAF indicators and actions, and it also supported research and policy formulation agenda.

1.5 Evaluation question 5

| | |
|---|--|
| EQ5 – Allocative and operational efficiency of public spending | How has the level and composition of public spending across sectors changed, and with which consequences in terms of allocative and operational efficiency, including at decentralised levels, and what was the contribution of budget support, through its different components, to the observed changes? |
| Judgement criteria | <ul style="list-style-type: none"> • JC51 The pro-poor budget allocations (PAF, etc.) and actual disbursements have increased in the early stages of BS and over the period of this evaluation have responded to the agreed strategic priorities • JC52 The pro-poor budget allocations (PAF, etc.) have been largely allocated at decentralized level, strengthening the financial capacity of LGs with a focus on service delivery |

1.5.1 JC51 The pro-poor budget allocations (PAF, etc.) and actual disbursements have increased in the early stages of BS and over the period of this evaluation have responded to the agreed strategic priorities

1.5.1.1 I-511 Pro-poor expenditure allocation and outturns in the different periods have reflected the national, budget and MTEF plans; also, how do the actual outcomes on poverty compare with expected outcomes

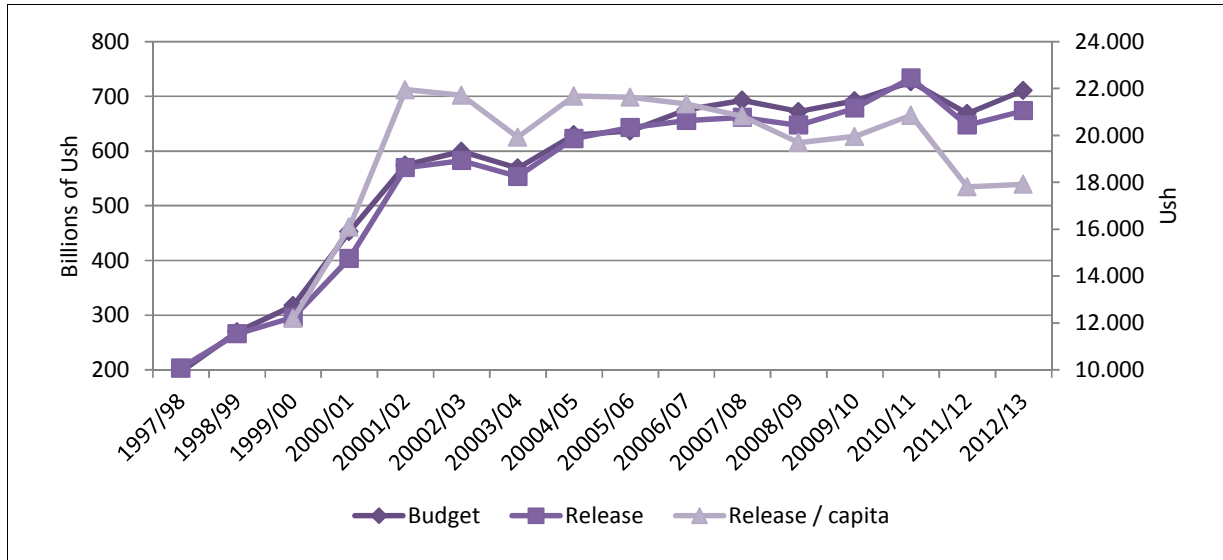
Since 1998, the MTEF has formally become the key tool for integrating budgeting and planning. The MTEF formulation starts with the projection of the aggregate resource envelope, as part of a three year macro-economic framework. The resource envelope projection takes into account the assessment of future developments in macroeconomic conditions and parameters. The resource envelope available for sector and district spending ceilings is determined after taking into account non-discretionary commitments including debt and other statutory obligations. The sector spending ceilings are determined within Sector Investment Plans, which are based on the strategic priorities identified in the PEAP. The MTEF is thus the vehicle used by the Ministry of Finance to translate policy priorities, including the PAF, into resource allocations over the medium term.

The government used the PAF as a virtual fund to identify which budget lines within the social service sectors were considered to be ‘pro-poor’; these primarily related to transfers to local governments to finance service delivery in education, health, and water. The Government further committed to increase budget allocations to the PAF year-on-year, and to protect them from cuts during budget execution. BS donors, in turn, used Government’s budget allocations to the PAF as a mechanism for demonstrating that their financing was supporting increased pro-poor spending in the budget.

Overall government’s pro-poor budget allocations, as identified in the PAF⁶⁸, grew rapidly in the first years after the set-up of the PAF, more than tripling in real terms. However, from 2004/05 onwards, as the Government started to reduce its fiscal deficit without increasing government revenues, the real increases in allocations to the PAF were just a fraction of what they had been in the earlier years. In per capita terms, however, real PAF releases have declined by about one fifth between the peak period in 2004/05 and 2012/13 (see figure below).

⁶⁸ The PAF definition changed over the review period, but consistently focused on key social sectors and included a core set of decentralized grants. The definition follows Williamson 2014 and includes: decentralized grants under agriculture, education, health, social development, water and environment and works and transport, the PAF monitoring and accountability grant, LGDP, Dutch development grant and the hard to reach allowance.

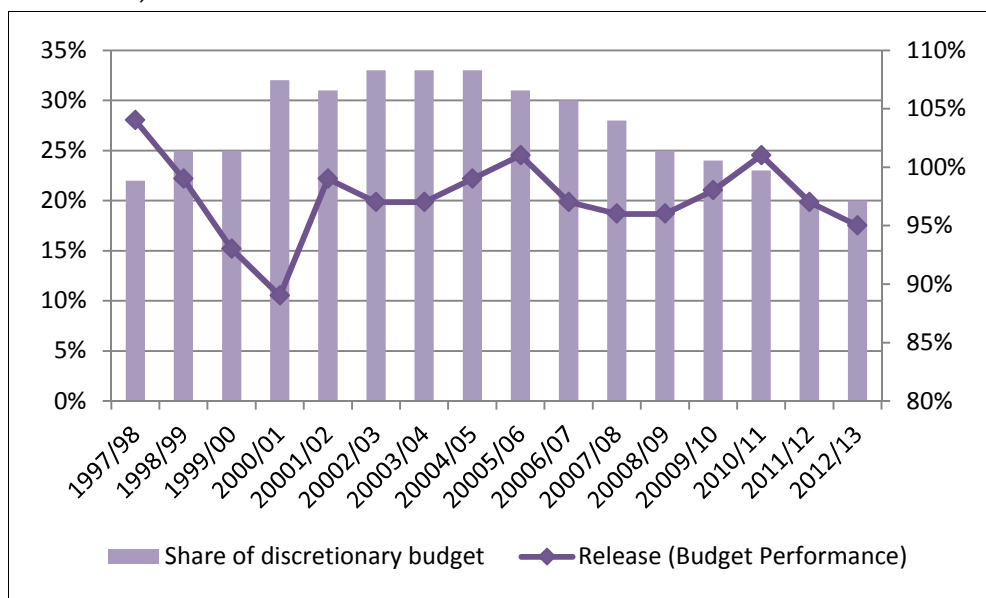
Figure 15 Real PAF Budget Allocation and Release (Primary Axis), and Per Capita Release (Secondary Axis)



Source: MoFPED and World Bank BOOST data⁶⁹, adjusted by GDP deflator and population.

Similarly, the level of PAF spending as a percentage of the discretionary budget⁷⁰ reached a peak of 33.2 percent in 2004/05, and subsequently declined steadily, to 20 percent in 2012/13 (see Figure 16). Nonetheless, the government continued to meet its formal commitment to increase pro-poor allocations and protect PAF expenditure during budget execution, as targets were set in nominal terms, and not relative to total government expenditure. The government also successfully protected PAF allocations. Execution rates for PAF expenditures averaged 97 percent across the period (Williamson et al 2014), which is significantly different from the average budget performance across all government expenditures amounting to only 45 percent (WB Boost data).

Figure 16 PAF Share of Discretionary Budget (primary axis) and Share of Release (secondary axis)



Source: MoFPED and World Bank BOOST data, adjusted by GDP deflator.

After the initial surge in allocations to the PAF between 1998 and 2004, it became increasingly difficult for donors and the government to reach a common agreement on the budget framework. The gradual

⁶⁹ MoFPED MTEF for 1997/98 – 2002/03; Boost Data for 2003/04 – 2007/08; and MoFPED approved estimates and annual budget performance reports for 2008/09 – 2012/13

⁷⁰ Discretionary budget expenditures exclude interest payments, taxes and arrears.

slowdown in PAF allocations is precipitated by an increase in the allocation for productive sectors such as roads and infrastructure, and defence expenditures that frequently exceeded the approved budget.

Overall, pro-poor budgets and outturns have thus increased substantially in the early years of BS, and have since slowed, despite continuous growth. This was a result of the government's commitment to deficit reduction without increasing government revenues, and a change in priorities toward productive sectors. While PAF expenditures have always been fully (and accurately) reflected in MTEF estimates, so has been the change toward productive sectors.

Substantial progress has been made in poverty reduction. Poverty fell from 39% in the early 2000s to under 20% in 2013 (see Table 12), as calculated by the national poverty line of USD 1 per day.

Table 12 Number and share of Ugandans that are poor, insecure, and belonging to the middleclass

| | 1992/93 | 1999/00 | 2002/03 | 2005/06 | 2009/10 | 2012/13 |
|------------------------------|---------|---------|---------|---------|---------|---------|
| <i>Millions</i> | | | | | | |
| Poor | 9.8 | 7.2 | 9.8 | 8.4 | 7.5 | 6.7 |
| Non-poor insecure | 5.8 | 9.4 | 10.1 | 10.9 | 13.2 | 14.7 |
| Middle class | 1.8 | 4.8 | 5.4 | 7.8 | 10 | 12.6 |
| <i>Percent of population</i> | | | | | | |
| Poor | 56.4% | 33.8% | 38.8% | 31.1% | 24.5% | 19.7% |
| Non-poor insecure | 33.4% | 43.9% | 39.9% | 40.2% | 42.9% | 43.3% |
| Middle class | 10.2% | 22.4% | 21.2% | 28.7% | 32.6% | 37.0% |

Source: Government of Uganda (2014).

However, progress has been unequal across regions with the northern regions most notably lagging behind. Though much of the progress can be attributed to a catch-up effect after a period of violence and political instability, some of the government's programmes supported by BS were found to have had poverty alleviating effects. Early evidence from Fan et. al. (2004), for example, suggests that government spending on rural roads had a substantial impact on rural poverty reduction by providing access to markets for farms and smallholding/ garden sales. Given that small holdings and garden sales are activities predominantly carried out by women, this is likely to have had empowering effects and helped alleviate poverty of women. Furthermore, Calderon and Serven (2010) suggest that growth is positively affected by the stock of infrastructure assets, and that income inequality declines with higher infrastructure quantity and quality. Despite protection of PAF expenditures, Tsimpo and Wodon (2014) find that coverage rates of essential services to promote early childhood development tend to be low, especially in rural areas among the poor.

Finally, it is noteworthy that analytical work produced in the context of BS provision and the associated policy dialogue have been key contributing factors to the establishment of the PAF, the focus on service delivery in early years, as well as the shift in government priorities to productive sectors from 2007/08 onwards. The 2007 Public Expenditure Review (World Bank 2007) stressed allocative efficiency and the importance of the productive sectors vis-à-vis the PAF and service delivery. The 2007 Country Economic Memorandum (CEM -- World Bank 2007) has helped GoU to develop a prioritized set of policy actions, investments, and interventions in the productive sectors to accelerate economic growth. Both of these were instrumental to making growth and economic transformation more prominent in the third PEAP and the NDP than had previously been the case.

A number of sectoral PERs that followed the CEM have been critical inputs into GoU's budget reforms. Most notably, the 2007 PER underscored that a shift in budget composition toward infrastructure spending was urgently needed to support growth, but that this shift would require deep public administration reforms to increase the efficiency of public expenditures. (World Bank 2007)

Evidence from the education sector showed that as much as 20 percent of recurrent expenditure was estimated to be "waste" owing to staff absenteeism, ghost workers on the payroll, and inappropriate use of capitation grants (see EQ7 and World Bank 2007). Similarly, the health sector PER of 2008 (World Bank 2008) explored budget composition trends and resource performance in the sector, and identified value for money as a key factor to improved service delivery. Both of these have been important analytical underpinnings of the PRSC series 8-10, which focused on the efficiency in service delivery.

Conversely, the 2010 agriculture PER (World Bank 2010) does not appear to have been an important input to the Joint Budget Support Framework, despite its direct relevance to the productive sectors, and poverty reduction.

1.5.1.2 I-512 Pro-poor allocations and disbursements have been protected from other budgetary pressures; and the level of pro-poor sector allocations and disbursements is in line with regional benchmarks

PAF expenditures have indeed been protected, and budget execution rates have averaged 97 percent, which would classify as an “A” performance in a PEFA assessment. However, PAF expenditures exclude some poverty related categories such as infrastructure for the urban poor and energy, which are under more budgetary pressure as a direct corollary of the protective nature of the PAF.

There are no clear regional benchmarks available in terms of Government expenditures that specifically target poverty. However, comparisons of specific pro-poor sectoral expenditures can be made. A number of Sub-Saharan governments, including Uganda, have for example committed to providing 15 percent of their budget for the health sector in Abuja in 2001, which is commonly referred to as the Abuja target. Uganda has spent 12 percent of its budget on health between 2003 and 2005, but this share has decreased to about 7 percent since. This is considerably less than its regional peers Tanzania and Rwanda, which spend 10 and 22 percent respectively on health (National Health Accounts data).

Similarly, in education, governments have committed to the “Education for All” target of 20 percent of Government expenditure. As in health, the education share of the budget has diminished since the early part of the 2000s from 19 percent of the budget in 2004 to about 14 percent in 2014, which compares to 21 percent spent on the sector by both Tanzania and Rwanda in 2010 (WDI 2014). This is especially worrisome since government initiatives such as the abolition of user-fees and the extension of universal primary and secondary education have expanded demand for services resulting in an acute shortage of resources in these key sectors. The extension and quality of service provision in health and education has suffered, as is evidenced in EQ7 and EQ9.

1.5.1.3 I-513 Pro-poor spending is easily identifiable and monitored annually and remedial actions are taken at next budget to remedy possible imbalances between plans and outturns

Major improvements have been made in budget classification, which is now comprehensive and meets international GSF/COFOG standards. The 2012 PEFA rates budget classification as well as budget documentation highly with an “A”. (Government of Uganda 2012) A breakdown by sectoral, economic, and thematic classifications is available, which allows a detailed analysis of expenditure. Poverty expenditure as classified by the PAF is identifiable, monitored and classified in the budget. Additionally, it is possible to extract budget lines such as primary education and health that are likely to disproportionately benefit the poor.

The annual budget monitoring report is published at the Ministry of Finance website and provides a breakdown of budgets, releases and expenditures, including the PAF. No detailed analysis however, is provided.

1.5.1.4 I-514 There identifiable gender related, pro-poor expenditures that are monitored and protected

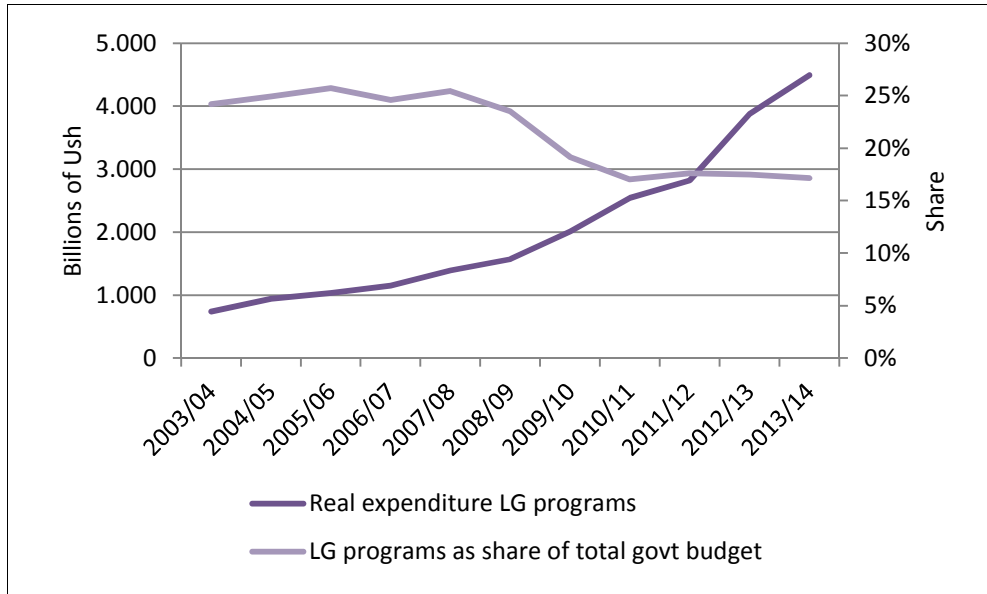
Gender is included in the budget circular, and training on gender budgeting has been provided to budget officers centrally as well as at the district levels. However, there is little to no substance or implementation to this initiative. The budget circular suggests that budget officers indicate how their activities impact gender. This, however, is not implemented, as no funding is available for gender activities per se. The only ministry with a gender budget line is the Ministry of Education, which had a minimal budget for gender, largely spent on arranging for the Woman’s Day. The bi-annual budget monitoring reports provide minimal coverage on the issue.

1.5.2 JC52 The pro-poor budget allocations (PAF, etc.) have been largely allocated at decentralised level, strengthening the financial capacity of LGs with a focus on service delivery

1.5.2.1 I-521 The pro-poor allocations and actual transfers at local level have increased and allowed the execution of the plans. Over time, discrepancies between allocations and actual transfers at local level should have decreased

The PAF definition changed over the review period, but this consistently included a core set of grants to the district level with a focus on social services. The budget performance for LG grants has been consistently good, and there have been real expenditure increases. However, the resources made available to the LGs as a share of the total budget have declined (see figure below).

Figure 17 Trend of LG budget (Billions of Uganda Shillings), and LG share of Total Budget envelope



Source: MOFPED budget data 2014.

1.5.2.2 I-522 Decentralization of pro-poor public expenditures should have contributed to improved service delivery; including gender-sensitive targets for service delivery.

Implementation of service delivery was negatively affected by the reduction in the discretionary powers of Local Governments, their weakened ability to collect local taxes and user fees, and the proliferation of districts.

In per capita terms, transfers to Local Governments and unconditional grants, declined over time while local revenues were being reduced. Though there has been a considerable capacity development effort at local governments with support from the central government and BS development partners, in terms of planning and budgeting⁷¹, almost all allocation decisions were made at the centre and the improved planning capacity of LGs could therefore be used only in a limited way. The pool of unconditional grants declined as a share of total grants from 32 percent in FY 2000/01 to 10.5 percent in FY 2010/11 and to less than 5 percent in FY 2012/13, according to the latest Public Expenditure Review (World Bank: 2013). Also, these declining resources are being divided among a greater number of districts, reducing the funds—and performance rewards—available per district over time. Non-wage, recurrent conditional grants declined in real terms over the period FY 2000/01-FY 2010/11, which means that less funding was available for government programmes ensuring quantity and quality of service delivery. Furthermore, new districts were initially dramatically understaffed with often less than 10 percent of strategic posts filled. These general findings were corroborated by the 2014 IEG-EU field visit to Mbarara and Masaka districts. Understaffing meant that district officials often had to act for missing senior positions whilst retaining their lower level salaries, qualifications, and associated incentives. (IEG 2014)

The proliferation of districts, carried out by splitting existing districts into smaller units appears to be due to political reasons (patronage), ignoring the adverse impact on local service delivery. It also had the effect of reducing local capacity and increasing the overhead and service delivery cost in these districts, as each new district would add capital and operating costs and they would divert staff from the existing ones.

The 2014 IEG evaluation of decentralization in Uganda analysed in more detail the effects of the proliferation of districts. The case of Bushenyi - one of the best performing districts in Uganda - both before and after the splitting is instructive. Bushenyi was divided into five separate districts in 2010. Before this, the district had a population of 723,427 and was receiving government grants of UGX 42,621 per capita. It ranked 10th in the FY09 Health District League and 11th in the FY08 Education District League (out of 80 districts) and it had 91 percent of strategic posts filled. The splitting of the district into five in 2010 led to a dramatic reduction of per capita grants even in nominal terms for 80 percent of the combined population of the five new districts, a reduction of staffing to 81 percent for

⁷¹ See EQ4 for further information on capacity development at local level on budgeting and planning.

what remained as Bushenyi and to 8 percent for the other four districts. While Bushenyi itself improved its FY11 Health District League position from 10th to 2nd, the remaining four new districts fell to 61st, 68th, 93rd, and 104th position out of 112 districts. (IEG 2014)

Regarding gender sensitive targeting, no progress has been made as the majority of grants at the district level are conditional and there is generally no gender budget line, no gender-focused budgetary activities have been implemented.

1.6 Evaluation question 6

| | |
|---|---|
| EQ 6 – Policy formulation & implementation processes | <p>To what extent and through which mechanisms (funds, dialogue and TA) has budget support contributed to any improvement in the policy formulation and implementation processes and related accountability?</p> <p><i>The question will consider poverty reduction strategies and supported sectoral policies, with a specific focus on focal sectors (education, health and water & sanitation), gender equality and decentralisation.</i></p> |
| Judgement criteria | <ul style="list-style-type: none"> • JC61 Policy processes and quality of policies, including gender equality, strengthened overall and, in particular, in areas / sectors supported by BS operations • JC62 Public sector institutional and technical capacities, particularly at decentralised level, strengthened in areas / sectors supported by BS operations • JC63 M&E capacities and systems have been strengthened, in particular with regards to the performance in areas / sectors supported by BS operations • JC64 Public service delivery / service management, particularly at decentralised level, strengthened in areas / sectors supported by BS operations. Focus on education, health, water & sanitation • JC65 BS has contributed (directly or indirectly) to the observed changes in ways which could not have occurred through alternative aid modalities |

1.6.1 JC61 Policy processes and quality of policies, including gender equality, strengthened overall and, in particular, in areas / sectors supported by BS operations

1.6.1.1 I-611 Evidence of changes in overall poverty reduction strategies and key priority sectors supported by BS

As seen under EQ 1 and 2, the evaluation period sees a shift in GoU overall development strategies and policies. Following a third iteration of the Poverty Eradication Action Plan (PEAP) for the 2004-2008 period, the GoU launched the National Development Plan (2010-2015).

Until 2007, the lead role for national planning in Uganda lay with the Ministry of Finance, Planning and Economic Development (MoFPED) who collaborated closely with DPs during the preparation of the PEAP and its iterations. The revised PEAP for the period 2004-2008 had five pillars: (1) economic management; (2) production, competitiveness and incomes; (3) security, conflict-resolution and disaster management; (4) governance; and (5) human development. Government's priorities during this period were focused on the expansion and quality of frontline health care and primary education services along with programmes to support income generation through commercialisation of agriculture, all areas strongly supported by DPs.

2007 sees the establishment of the National Planning Authority (NPA) which assumes the leading role for national planning. The NPA developed an ambitious new vision for the development of the country, with the objective of achieving middle-income status within 30 years through a series of five-year plans. The first National Development Plan covers the period 2010-2015 and sees an important shift in priorities towards economic infrastructure, linked to the discovery of oil, gas and minerals with the social services sectors including education, health, water, relegated to a secondary priority. This shift was also reflected in the relative shares of the budget: the social sectors share of the budget declines from around 40% in 2002 to 28% in 2013, whereas the economic and productive sectors have seen their allocations increased from 25% to 35%. As seen this shift leads to a breakdown in the partnership whereby most donors have continued to target the majority of their assistance to the social sectors.

1.6.1.2 I-612 Evidence of changes in policies in the three focal sectors (education, health and water & sanitation)

Education sector. The two most significant sector policies in education have been the introduction of Universal Primary Education (UPE) in 1997 and the introduction of Universal Post Primary Education and Training (UPPET) in 2006, which were both Presidential policy commitments in the 1996 and 2005 elections respectively (Williamson et al 2014). The UPE abolished user fees in primary education and UPPET aimed to expand access to secondary education. These policies were translated into the Education Strategic Plan (ESSP) 2004-2015 and the ESSP 2010-2015. Other policies of note have been the Gender in Education Policy of 2009 and the Education Act of 2009, which defined the roles and responsibilities of the key institutions at different levels of government and institutions.

The decentralisation process of the 1990s resulted in the education sector in: i) the MoES being responsible for education policy and monitoring, the implementation of sector policies, as well as teacher training; and ii) districts and municipalities were responsible for teacher recruitment, deployment and supervision. Districts are also responsible for disbursement and management of funds for primary education received to implement UPE through conditional grants (UPE and USE capitation grants are now sent straight to schools), but there are significant conditions on how these grants can be spent and the purchase of instruction materials is still centralised. There is less decentralisation for secondary and technical/vocational education, which remains largely centralised. The payment of salaries and supervision is decentralised, but the recruitment and deployment of secondary teachers remain centralised. (Hedger et al, 2010, p. 16) The roles and functions of key actors in the education sector were outlined in the Education Act of 2008.

Water sector. The shift in national policies from the PEAP targeting poverty reduction to the NDP targeting wealth creation resulted in an increased focus by government in the water and sanitation sector from access to water and sanitation for domestic use, to access to water for production. Looking in particular at the sub-sector supported by SBS, i.e. increasing and sustaining water and sanitation for domestic use - strategies have changed to optimise support for piped water supplies to rural growth centres and small towns rather than for point water sources. This was supported by the introduction of the Water Supply Development Fund (WSDF) which funded piped water supplies in rural growth centres; change which became necessary in light of the fact that larger piped schemes cannot be implemented via the District Water and Sanitation Development Conditional Grant (DWSDCG) in light of: i) its one year budget cycle, and ii) it would be very challenging to implement at DWO level.

A further change was the creation of a separate budget line for sanitation within the DWSDCG to increase support for sanitation.

Box 5 Relevant W&S GoU policy initiatives, strategic and operational documents governing the sector

- Rural Water and Sanitation Operation Plan 2002-2007 (known as the OP5)
- National Framework for Operation and Maintenance of Rural Water Supplies (2004) – emphasis on Community Based Maintenance System for rural water supply facilities.
- Strategy for Water and Environmental Sanitation Emergency Response in Uganda (2004)
- Steps in Implementation of Water and Sanitation Software Activities (2005)
- Strategy for Mainstreaming HIV/AIDS (2004)
- Long Term Strategy for Water Supply and Sanitation Services in Small Towns (2003)
- Sanitation Mobilisation Steps (2004)
- Planning Guidelines for Hygiene Promotion and Education (MoH/EHD, 2005)
- Water Supply and Sanitation Sector Investment Plans and Allocation Principles, known as the SIP (2008-2035) issued in 2009.
- District Implementation Manual for Water and Sanitation (2013)
- 5 year Capacity Development Strategy (2012)
- Self-Supply Strategy-aims at promoting self-help initiatives by individual or communities to improve their water supply with little or no external assistance.
- Rainwater harvesting strategy- advocates for Domestic Roof Rainwater Harvesting at household level.
- Bulk water supply strategy- aims at bulk transfer and supply of water to serve water stress areas with low groundwater potential.
- Water Sector Pro-Poor Strategy (2006)
- National Water Quality management Strategy (2006)
- School Health Minimum Requirement (2000)
- The 5-year updated (from 2003) Water and Sanitation Gender Strategy (2010)
- The Community Empowerment Strategy
- The Kampala Declaration on Sanitation (1997)
- The Sanitation Memorandum of Understanding (2001) between MWE, MoH and MoES
- Long term Strategy for Water Supply and Sanitation in Rural Growth Centres (2005)
- Improved Sanitation and Hygiene strategy (2013)
- IWRM at catchment level strategy (2010)
- Peace, Recovery and Development Plan for Northern Uganda (2007)

Health sector. The goal for health in Uganda is to reduce morbidity and mortality from major causes of illness and disparities in health status through the delivery of an essential healthcare package. The main health objective is to reduce the disease burden from major communicable diseases and maternal

and childhood illnesses through a sector wide approach (SWAp) by mobilizing funding; improve efficiency, recruitment, and deployment of the health workforce; improve supply, distribution, access, and rational use of essential drugs; implement the health sub district concept; strengthening public private partnerships for health; and improve environmental health and sanitation. The majority of partners shifted to providing sector budget support, which afforded the government the opportunity to increase budgetary allocations to priority programs. The successive 5-year Health Sector Plans have aimed at delivery of a minimum package of primary health care services along with an effective referral system from rural facilities to District Hospitals. This has included efforts to reduce the consistently high levels of maternal mortality and programmes targeting infant and child health care.

Following the launch of the NDP and the end of the Health Sector Strategic Plan - HSSP-II (2005-2009), the government introduced the Health Sector Strategic and Investment plan (HSSIP) 2010/11-14/15. The HSSIP provides the overall strategic and implementation framework for the health sector priorities. It was intended to be implemented under five (5) major Strategic Objectives: 1) Scale up critical interventions 2) Improve access and demand 3) Accelerate quality and safety improvements 4) Improve efficiency and budget effectiveness and 5) Deepen Health Stewardship. For each strategic objective, HSSIP identifies priority strategies, key interventions, indicators with targets, and implementation arrangements.

The first of the SWAp (prior to 2004) is regarded as a success. It catalysed reform in the sector, especially during the first one half of (the Health Sector Strategic Plan (HSSP) I when key policy guidelines and strategies were put in place. After that, the pace of reform in the health sector slowed down and has yet to pick up. The Health Sub District concept, which underpinned the reform agenda, is partially implemented, and the majority of HC type IV remains incomplete and not fully functional. (World Bank, 2010).

1.6.1.3 I-613 Evidence of specific changes in policies which aim to increase gender equality

Education sector. The Gender in Education Policy was introduced in 2008 as the result of a government initiative. This was however not widely known about or implemented within the sector. It was highlighted in interviews that few MoES staff was aware of this initiative until Irish Aid and UNICEF established a gender unit (through project support) and began to raise awareness of the policy (DP interviews). Prior to this there was a gender focal point in the MoES but this member of staff was not specifically trained in gender issues. Other initiatives introduced by the MoES and supported by DPs aim at increasing gender equality, among them the introduction of policies to ensure the provision of separate latrines for girls and the need for more female teachers in schools to encourage girls against dropping out of education (interviews, MoES 2013).

Water sector. All new guidelines in the water and sanitation (W&S) sector, include a specific section dealing with gender issues. The Sector Investment Plan, the updated District Implementation Manual and reporting guidelines for the districts all include gender aspects. The same holds true Design for public sanitation takes gender aspects into account (latrines for vulnerable groups, and separate stances for men and women, with more stances for females). Other examples include (vi) the pro-poor strategy (2006);⁷² the Community Resource Book (2007), and the Extension Workers Handbook currently under review.

Health sector. There is little or no evidence of any specific, major change in health sector policies aiming at enhancing gender equality. Largely, gender issues have been mainstreamed into overall policy development (personal communication with Gender focal person of MoH).

1.6.1.4 I-614 Evidence that GoU has put in place an effective performance monitoring system to monitor the implementation of policies supported through BS operations

Deleted as the same indicator is treated under JC 6.3

1.6.1.5 I-615 Evidence of strengthened consultation processes leading to the drafting / revision of policies

Education sector. Strengthened consultation processes characterised the earlier phases of the SWAP process in the education sector in support of the ESSP. The consultative process which mainly takes place through the Education Sector Consultative Committee which comprises senior technical and operational personnel from MoES, other ministries, the Education Sector Consultative Group (ESCG), formerly the EFAG and the private sector, no longer works well, as there is less interest on the side of

⁷² Targeting the poor has an important gender aspect, as rural women often don't have an income yet do most of the work.

both MoES and donors to participate in meetings and reviews. This deterioration was reported to have begun at different points by different respondents starting from around 2005 and the launch of the UPPET policy without consultation with the DPs.

To note however that DPs, via the Heads of Mission, strongly argued for and succeeded to persuade the GoU to delay the implementation of UPPET by 1 year and to establish an agreed pass rate to be achieved before transition to secondary level. DPs then played a role in developing the Universal Secondary Education Strategy and incorporating this into a revised ESSP (interviews) and also GIZ and the Embassy of Belgium (both of whom were SBS DPs) were involved in the drafting and finalisation of the Uganda Skills Strategy and Plan.

Water sector. Consultation processes between MWE the water and sanitation DPs, the DWOs and the NGOs are well developed, through the quarterly water and environment sector working groups, and the water and sanitation sector working groups. Consultation is also taking place during the JSRs and JTRs, although the actual interaction through break-away sessions and discussion groups gradually reduced, until it was revised through a different discussion set-up in the JSR 2014. However, consultation with other line ministries on shared responsibilities including sanitation and water, like the ministries of Local Government, Education and Sports, and Health, is hardly taking place.

Water and sanitation policies developed as a result of undertakings formulated during JSRs are many, and include amongst others the Sector Investment Plan, the Pro-Poor Strategy, the Water for Production Reform Strategy, implementation of the urban water and sanitation reforms (transformation of NWSC in an asset holding authority, though the regulation process is taking long to be implemented), National Water Quality Management Strategy, Decentralised WRM Reform Strategy, integrated sanitation and hygiene budget line/grant to local Governments (urban and rural) for health, education and water sector, revision of allocation formula for the conditional grants to districts, regulation of small towns' water supplies, water abstraction and wastewater discharge compliance and enforcement monitoring strategy, strategy for sanitation and hygiene promotion for small towns, review and update the O&M Framework, Good Governance Action Plan, co-ordination framework for de-concentrated structures, strengthening of Community Based Maintenance O&M support structures.

Health sector. There is evidence to suggest that consultations as part of policy development processes have improved largely through the different dialogue fora including sector working groups. For example, Development Partners have been able to raise key issues, such as human resources for health, absenteeism, and pharmaceutical supply and distribution within the discussions (personal consultation with Development Partners). However, there is also clear evidence of weaknesses in the consultation process, such as the Presidential directive to abolish user fees for health in 2001 (pre-evaluation period). These and other directives and initiatives from outside the health sector appear to take precedence over some of the formal policies developed within the sector.

Cohherent policy development, planning, and implementation of programs in the Health sector have been adversely affected by the large volume of project funding from the health sector development partners, including USAID, the Global Health Initiatives (GHI) targeting specific diseases, and more recently the World Bank. This became a particular problem for budget allocations when MoFPED incorporated donor funding in the national budget with fixed ceilings. With a less unified development partner group, the quality of coordination and collaboration has been constrained. The relationship was further undermined by corruption scandals involving the GHI funding (GfATM, GAVI), which implicated the leadership of the Ministry.

While the MoH is able to develop the sector plans in collaboration with some of the main development partners, the actual implementation of the plans has left much to be desired. A recurrent issue in the policy discussions of the sector is the apparent weaknesses in project and program implementation, in particular on the local levels. The implementation problems are the result of several factors, including shortage of financial and other resources, unrealistic targets, and an imbalance between well-funded vertical, global programs and national priorities and resources.

1.6.2 JC62 Public sector institutional and technical capacities, particularly at decentralised level, strengthened in areas / sectors supported by BS operations

Background and context to the institutional framework in the three sectors is provided under each sector evaluation question (EQs, 8, 9 and 10) in volume 1.

1.6.2.1 I-621 Evidence of increased technical capacities within line ministries and LGs particularly in sectors supported by BS operations

Education sector. In interviews with MoES and DPs it was highlighted that the technical capacity of the MoES had decreased over time, problem exacerbated by the move to projects which are managed by PMU's rather than the MoES. The capacity of LG remains weak and as noted by the 2010 ODI report,

there was a ‘disproportionate focus on central government processes over local service delivery’ by DPs in education (Hedger et al 2010 p. xi). Prior to 2004 a significant amount of attention was directed by SWAP and BS DPs at policy, planning and budgeting at the central government level and the MoES planning dept. District level service planning, management and inspection was not a priority and received less attention, which remained the case from 2004 onwards with capacity building at the central level also receiving less focus.

Water sector. Technical Support Units (TSU) were set up as temporary structures to build capacity in the districts for rural water supply and sanitation. The mid-term evaluation of the first period of the Joint Partnership Funding concluded that “*the Technical Support Units (TSU) seem to have been a valuable tool in building capacity at district level, However the assumption, that such a support mechanism would be required for a limited number of years only is no longer realistic.*” (Danida/GIZ, 2007, p. 37)

The needs of the sub-sector are mainly related to the districts particularly as the growing number of districts has led to the spreading of available capacity. The districts need support in planning and management of water supplies and sanitation both in administrative and technical terms. The policy and facilitating role of the centre (MWE as line ministry) has become well established over the years and capacity building needs are clearly identified with respect to specific areas, e.g.; assistance to revitalize the community based management system, to improve the supply chain and increase involvement of the private sector (JWESSP Programme Document 2013-2018, p. 57).⁷³

The capacity at national level to prepare the quarterly reports however remains a point of concern. Reports are sent out late in the subsequent quarter, and often contain considerable shortcomings. There is certainly room for improvement concerning the MWE internal quality control. If not strengthened, the current quality of reporting could undermine efforts to lobby for more resources to the sector and to get more DPs on board of the JWESSP/JPF (consolidated DP comments on Q2 report FY2013/14).

Health sector. Several Development Partners and sector experts testified to the gradual erosion of technical capacities on the part of the MoH.

“The health sector and the MoH are losing good people [with the necessary technical and analytical capacity]”. (Interview health sector expert on November 14, 2014)

There is overwhelming evidence that technical, managerial, and other capacities at local government levels are particularly weak. One factor that is frequently cited is the continuous decentralization process in combination with the creation of ever more Districts in Uganda (World Bank, 2013, EPRC, 2013, Lutwama et al., 2012). Interviews in Districts and evidence gathered through the field survey confirm this.

“Due to decentralization and lack of resources ([from central level], we can’t staff all clinics. Some health clinics only have one staff instead of [the official] six staff”. (Interview with district health officer, November 2014).

Of the sampled health units in the survey, only 19% report having been fully staffed over the last 5 years. In all other cases, understaffing is evidenced at all levels (nurses, midwives, clinical officers, laboratory technicians). Views on trends are varied with 41% of respondents indicating an improvement over the 2009-2013 period and a slightly higher percentage (43%) indicating a deterioration. Finally, with regards to capacity ‘*extent to which the qualification of health staff allocated by local authorities has matched the needs of the health units and its patients*’ results from the survey show a slight improvement over the evaluation period whereby capacity was deemed mostly adequate by 30% of respondents during the 2004-2008 period rising to 46% in the 2009-2013 period. (see annex 7 for details)

1.6.2.2 I-622 Evidence of changes introduced at institutional level in sectors supported by BS operations, namely at decentralised level

Education sector. Key changes which affect the sector during the evaluation period relate to the introduction of UPPET and to funding rather than to modifications in the institutional framework. Education represents around 45-50% of local governments budgets through conditional transfers from central government, which cover teacher salaries, instructional materials and facilities (WB PER 2013). The School Facilities Grant was highlighted in interviews as being particularly useful in supporting the construction of teachers housing and classrooms. Overall funds are however insufficient to cover all

⁷³ The same document emphasizes the need for a continued use of the regional TSUs to provide much needed support, quality assurance and capacity building services to local governments through regional TSUs. As a result, it is envisaged that TSUs will continue to exist throughout the JWESSP period and possibly become a permanent element of the sector institutional framework (JWESSP Programme Document, pp.47-48).

educational needs particularly in light of the increased demands on district schools following the adoption of UPPET. No funding has been given by the GoU budget for the District Education Offices who are reliant on declining local revenues for funding. This means that they have been less able to undertake their key functions of oversight of primary level education, particularly since the graduation tax was abolished in 2006 (Hedger et al, 2010). There is however an Inspection Grant (introduced in 2009 following the revision by the MoES of the Basic Requirement Minimum Standards for conducting school inspections) that is provided to the District Education Office for schools inspection (JICA 2012). It was highlighted in interviews that this grant is helpful, but again insufficient for conducting the required 3 number of school inspections at primary level per year.

Water sector. Since 2004, District Water and Sanitation Coordination Committees (DWSCC) were gradually set up for planning and implementation, with participation from local government and NGOs, similar to the Sector Working Group at the national level. This was stimulated through the 2004 Undertaking agreed in the framework of the W&S review: “By September 2005, 10% of the local governments should have active DWSCCs in place with HP&S workplans”. The DWSCC have increased coordination, especially in the areas characterised by the presence of strong NGOs or implementing agencies (e.g. UNICEF or SNV) which support these processes.

Another change is the hiring of district water office staff on a contract basis rather than on a permanent basis as a result of the increasing difficulties encountered to fill vacant positions for civil servants in the water offices at the district level. The water sector has in the past used the LGDP to hire contract staff, and recently, uses the capacity building budget line of the DWSDCGOR to recruit vital staff on a temporary contract basis, as due to the continued fragmentation of districts vacant posts cannot be filled due to wage ceiling (DWSDCG guidelines FY2012/13, p.13). This is especially true in remote areas with no facilities, and/or where the development budget is so low that no outputs can be achieved making the post highly unattractive to qualified personnel.

Health sector. Documentary reviews and interviews alike point to a deterioration of the sector’s institutional capacities over the past few years. Several DPs and sector experts have testified to the gradual reduction in the analytical, technical, and managerial capacities of the MoH.

Importantly, there is strong evidence to suggest that health sector institutional and technical capacities are particularly weak at the District and sub-district levels (personal communication with Development Partners). Recent analyses testify to serious weaknesses in the Ugandan health sector and among health service delivery agencies, both public and private (World Bank, 2013, Chandler et al., 2013, EPRC, 2013, IHME, 2014).

1.6.2.3 I-623 Evidence of improved cross-sectoral coordination across line ministries and coordination of activities across government levels

Education sector. There was little evidence found of increased cross-sectoral coordination in the education sector during the evaluation period. An important exception was found. This is linked to the shift towards GBS and to the related joint performance assessment process which involved discussions on education sector issues with OPM, Heads of mission and the Ministry of Finance. The involvement of OPM was reported to put pressure on the MoES to implement commitments. This allowed issues in the education sector to be raised to a higher level, which gave them more focus. Teacher absenteeism is an example of this. During the 2010 annual governance performance retreat chaired by the Prime Minister (PM), the PS of MoES was challenged by the PM about low proficiency rates in numeracy and literacy, which were below 50%. As a result, the MoES assessed the key issues related to this and with Dutch support developed the Quality Enhancement Initiative (QEI), which focused on raising proficiency levels in the 12 worst districts (recruitment of teachers undertaken & classroom construction). This was reported to have been successful, as 75% of the districts have moved out of the bottom of the district league table (GoU and DP interviews).

Water sector. There is an improved level of coordination at the district and inter-district level within the sector, as a result of the setting up of District Water and Sanitation Coordination Committees, which meet quarterly, inter-district meetings in the water sector, and coordination of communication between districts and MWE as coordinated by the TSUs. However, cross-sectoral communication is hardly happening, unless between Ministry of Gender, and Ministry of Finance and MWE in terms of gender mainstreaming. Coordination has actually worsened over time, as initially, many line ministries would join sector working groups and Joint Sector Reviews to discuss issues of joint interest, specifically Health, Agriculture, Local Government and Education. This is no longer happening, although they are invited to participate in JSRs.

Health sector. Similarly to the education sector, while there is no convincing evidence of improvement in the coordination across sectors in Uganda, there is some weak evidence of positive changes in the coordination across government levels (personal communication with Development Partners and MoH).

Change which can be partly linked to BS. For example, the HPAC provides a platform for all stakeholders to unite across government levels, including MoH, MoFPED, and other line ministries, but

“[...] there are still problems with coordination [within the GoU] as, for example, the MoFPED almost never participates in these meetings”. (Interview with DP on November 20, 2014)

Furthermore, the AHSPR notes that, while the Compact for the implementation of the Health Sector Strategic Investment Plan (HSSIP) has led to a more coherent and effective platform for policy dialogue between sector stakeholders, there is

“[...] satisfactory presence of private sector representatives and CSOs, [...] very low participation of other line ministries”. (HSAPR 2014, page 13)

1.6.2.4 I-624 Evidence of increased institutional and technical capacities with respect to gender equality (e.g. establishment of gender units at line ministry level, proportion of line ministries/LGs staff knowledgeable about sector-specific gender issues, practice within the water sector to team engineers with social scientists....)

Education sector. Prior to 2010 the MoES had a focal point for women and girls, but this was only one member of staff who was nominated to this position with no specific training or experience on gender issues. In 2010 Irish Aid established a gender unit co-funded by UNICEF to support the mainstreaming of gender in the education sector encompassing gender budgeting, capacity building and policy advocacy. As a result of the unit, the MoES now has a budget line devoted to gender mainstreaming activities. The lack of additional specific gender sensitising or gender mainstreaming activities undertaken in the MoES is also evidenced by the fact that interviewees point to the almost equal enrolment of girls at primary level as an achievement, but little attention has been paid to key gender issues such as drop-outs, teenage pregnancy and gender-based violence within schools. Also indicators are disaggregated by gender, but this is a minimal action and there are no gender sensitive indicators included within the education sector.

Water sector. The Ministry's staffing structure was modified to enhance gender expertise and activities including through: i) an increase in the number of sociologists (initially two, later increased to five with an envisaged number of 15 in the new structure); and ii) the appointment of a gender officer under the Water Sector Liaison Division⁷⁴ of the Directorate of Water Development of MWE. Finally to note that while the Permanent Secretary and Minister are quite articulate in gender aspects, the number of overall staff knowledgeable in gender is low, and key decision makers have little interest in gender aspects. According to MoFPED⁷⁵ the Sector does very well in terms of gender mainstreaming from a budgeting perspective, however attitudes and behaviour are still not gender-oriented.

Health sector. There is weak evidence of increased capacities with respect to gender issues. While the MoH has appointed a Gender Focal Person (GFP), it is not a full-time position and the sheer load of tasks already on the GFP makes gender issues less of a priority. The MoH has conducted workshops and seminars to disseminate knowledge and strengthen staff capacity in human rights and gender issues. Similar activities have taken place at the local level, but testimonies suggest that these have rarely been effectively followed-up to ensure sustainability or effectively promote change.

1.6.3 JC63 M&E capacities and systems have been strengthened, in particular with regards to the performance in areas / sectors supported by BS operations

1.6.3.1 I-631 Evidence that GoU has put in place an effective performance monitoring system to monitor the implementation of policies supported through BS operations

Education sector. There is a reasonably good performance monitoring system established in education to monitor the implementation of policies, with the system linked closely to the dialogue process. This consists of annual undertakings and indicators decided by MoES and DPs in the ESSR, which are then monitored via the ESCC (MoES, 2007 and 2013). This supports the implementation of UPE and UPPET policies and although this framework has in the past been effective, as noted previously, there is now less interest by MoES and DPs in engaging in monitoring the whole sector. Concerns however remain regarding the quality of the data produced by the EMIS system, as the framework on which it is based is not robust. This has led to the revision/introduction of new policies in some instances. For example the introduction of the grant for school inspection for districts was in response to MoES concerns regarding the quality of primary education under UPE.

⁷⁴ Currently the Department of Water Sector Liaison

⁷⁵ Gender and Equity Assessment for the Water and Sanitation Sector, Final Report (Phase two). Ministry of Finance, Planning and Economic Development (2014).

Water sector. The performance monitoring framework, consisting of a set of golden indicators monitoring progress in all W&S sub-sectors on a yearly basis, is concise and complete. Sector Performance Reports (SPRs) for Water and Sanitation are produced (as of 2003) on a yearly basis with support from the whole sector, and are discussed in a sector-wide audience through the annual joint sector reviews and joint technical reviews. Monitoring of some of the indicators is however not perfect. Current statistics on service delivery suffer from inaccuracies, as well as from arbitrariness in the definition of utilisation rates and walking distances, which adds to the uncertainty of the figures of actual achievements (Karlsson, 2009, p. 60). Monitoring of gender community-based maintenance is not accurately monitored. During the various interviews, it became clear, that progress on some targets in the sector is not monitored, and could benefit from a specific indicator. These include targets on good governance, domestic hygiene and capacity building. See also '*Background on the monitoring of key sector indicators*', volume 2, EQ 8.

Health sector. The Annual Health Sector Performance Reports (AHSPRs) constitute strong evidence that the GoU/MoH has put in place a functioning reporting system on the sector's performance (MoH, 2009, MoH, 2011, MoH, 2013a, MoH, 2014). AHSPRs in fact, describe and report on the achievements with respect to the health sector. However, there are also indications that the quality of the AHSPRs has varied considerably over the years (personal communication with national and international health sector experts).

1.6.3.2 I-632 Evidence that performance monitoring systems explicitly include gender-sensitive and gender-specific indicators

Education sector. Performance monitoring systems through the ESSR, the MoES Annual Review and the JBSF JAF include gender sensitive indicators, as most indicators are disaggregated by gender. There are however no gender specific indicators included in the documents reviewed, although it was not possible to review all the Education Sector and Sports Sector Reviews (ESSRs) due to a lack of documentation (MoES 2007, 2013 & 2014).

Water sector. The sector monitors progress on a yearly basis through a set of (11) golden indicators. One of the golden indicators - # 10 - is a gender specific performance indicator: "Percentage of Water User committees/Water Boards with women holding key positions". District Water Offices (DWOs) report on this golden indicator on an annual basis, for the Sector Performance Report. District quarterly reporting also includes gender aspects in relation to support provided to vulnerable or marginalised groups, case studies on gender where applicable, and on community mobilisation meetings disaggregated by gender. DWOs also report on training of hand pump mechanics, artisans and scheme attendants, where women are encouraged to attend. Gender planning and budgeting (target people who need it most, poverty, vulnerability, equity) has recently been introduced within the sector by the Ministry of Finance, Planning and Economic Development, but this has not yet taken off.

Health sector. There is evidence that the performance monitoring system includes gender sensitive indicators, such as for reproductive and maternal health. For example, maternal mortality and access to delivery services are regularly reported on. However, most indicators are not reported separately for men and women (AHSPR, various years).

1.6.3.3 I-633 Evidence that data on selected indicators is collected on a regular basis and that data is reliable

Education sector. Performance monitoring in education relies on the EMIS system, which was developed in conjunction with USAID, UNESCO, WB and Microsoft. The EMIS is not an effective performance monitoring system, as there are significant weaknesses, the data is unreliable and often incomplete (GoU 2012, p.xxvi). The EMIS system is also incapable of generating real time data, information for planning, policy development, and decision-making mainly as a result of inadequate investment in the system (MoES, 2014). This is also due to the fact that it runs as a project, rather than being integral to the core functions of MoES.

The data included in the EMIS is not complete as only 54% of private sector schools respond compared to 97% of public schools. (JBS, 2010). The collection of data relies on data from head teachers in the Annual School Census with no independent verification, therefore the quality and reliability is suspect. For example, numerous incidences have been found of ghost pupils, schools and teachers and pupil/teacher absenteeism and falsification of records by teachers, as there is an incentive to exaggerate enrolment figures as the capitation grant is based on the number of pupils enrolled (GoU 2012).

Water sector. There is strong evidence in the form of the yearly sector performance reports, and the related water supply database. However, some indicator monitoring seems to be non-structured or haphazard, resulting in indicators changing considerably from one year to the other, even if district sizes have not changed. Examples are the indicators on gender and water quality, where the sample sizes

change on a yearly basis. Karlsson (2009, p. 27) noted for instance: “*The fluctuation of gender balance over time casts doubts over the reliability of the figures. Why would, for example, women in key positions in one year increase from 18% to 71% in UWSS and decrease from 81% to 63% in RWSS (as reported in the 2008 SPR)? Or is this just a reflection of the fact that reporting is still haphazard? Note that only 44% of districts reported on the gender golden indicator*”. However, there is evidence that the sector makes a true effort in continuously improving indicator monitoring, notwithstanding funding limitations.

Health sector. There is evidence in the Annual Health Sector Performance Reports that data on the identified performance indicators are being collected on a regular basis and reported on. However, there are also indications that the data may not be very reliable and of particular concern is the indication that even the health sector survey data may not be sufficiently reliable (personal communication with health sector experts).

1.6.3.4 I-634 Degree of access, use and dissemination of data collected

Education sector. EMIS data is easily accessed and used for annual reporting by the MoES and DPs. This is through MoES through statistical reports, performance reviews and other publications.

Water sector. The national water supply database can be accessed by all through internet. District groundwater potential maps, produced by the Directorate of Water Resources Development, can be purchased. Sector performance reports are handed out at the Joint Sector Reviews, and can be downloaded from MWE’s website, as well as many other important sector documents. However, it is doubtful whether the DWOs really use the maps of the WSDB, as updating procedures and cross-checking of data with other databases carried out by the MIS unit of DWD reveals that there are still wrong or missing data, which are never reported by districts themselves.

Health sector. There is evidence in the AHSPRs that the data that is collected, is being reported on and used for policy development. The reports are also widely disseminated to relevant parties inside and outside of the sector, including the Parliament and other government agencies.

1.6.3.5 I-635 Degree of use of data to reflect on lessons learnt and best practices

Education sector. The data is used in the Annual Sector Review to reflect on annual sector performance and has been used in many other donor and GoU publications to assess performance and key lessons.

Water sector. The sector has numerous studies on best practices and lessons learnt using amongst others sector indicators, especially through NGOs and through support by DPs to implement the yearly undertakings.⁷⁶

Health sector. There is only weak evidence that the data is used to reflect on lessons learned and best practice. There is a process in place, according to the MoH, to allocate funds to better performing areas, although it is not clear how this policy is being implemented. There are also several challenging issues with actually using the data to learn and develop more effective policies. This is partly due to the gradual erosion of analytical and technical capacities in the MoH noted earlier.

1.6.4 JC64 Public service delivery / service management, particularly at decentralised level, strengthened in areas / sectors supported by BS operations. Focus on education, health, water & sanitation

1.6.4.1 I-641 Improved public service delivery / management in the education sector.

Evidence collected indicates that public service delivery/management in the education sector has not experienced an improvement over the evaluation period. Pupil-teacher ratios (PTR) for P1-7 remained constant throughout the period (54:1 in both 2004/5 and in 2013), meaning that the increase in number of teachers has barely kept up with the significant increase in the number of pupils (World Bank, 2010, MoES 2013 and JBSF 2013). The PTR at primary 1 to 3 is also reported to be much higher than the average primary PTR as a substantial number of pupils have dropped out by P7 (interviews). The

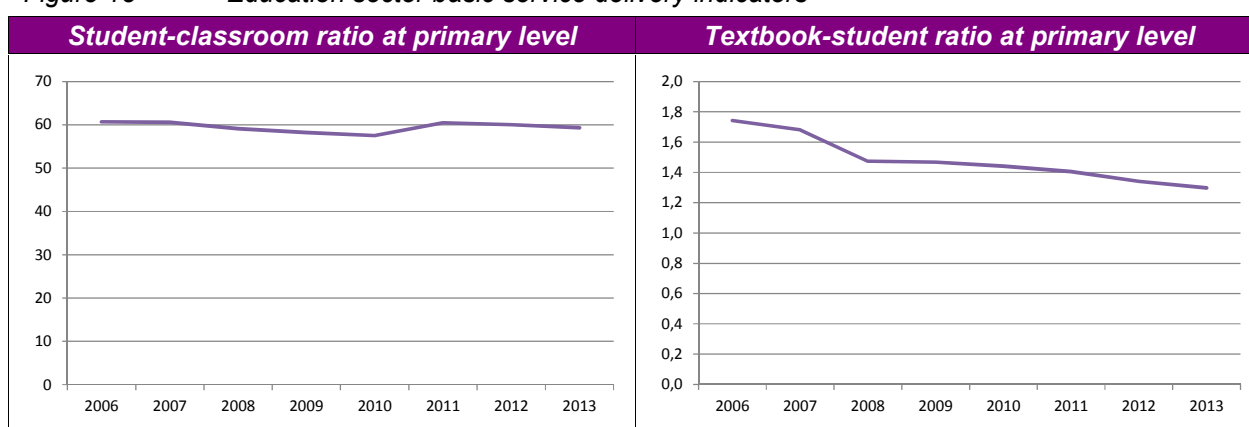
⁷⁶ Examples include: Promoting Universal Access to safe & water and good sanitation in Apac District, International Life Line Fund/Rotary International; Exemplary District Co-ordination, Lira District Local Government; Research findings on the iron water challenge in Eastern Uganda, WaterAid in Uganda; Promoting effective menstrual hygiene management among women and girls in Uganda, Plan International; The meaning & Application of Community Led Total Sanitation, Plan International in Uganda; Assessment of Groundwater Investigations and Borehole Drilling Capacity in Uganda, Unicef (2010).

number of female teachers employed has also only increased marginally, from 31% in 2006 to 41.5% in 2013 (EMIS, 2014).

The PTR has not declined due to the budget for employing teachers being capped, which has led to a ban on employing new teachers with interviewees on field visits reporting that they were only allowed to replace teachers who retired or leave (interviews/survey). Schools in Mbarara and Msaka also reported employing private teachers through teacher contributions or using the capitation grant.

Pupil classroom ratios have significantly improved at primary level from 85:1 in 2004/5 to 58:1 in 2010. There is however considerable regional disparity with the North, Northeast and eastern region at a ratio of over 70:1 in 2010 (JICA 2010). Official figures also report a decrease in the pupil textbook ratio at primary level from a ratio of 1.74 students per textbook in 2006 to 1.30 in 2013 (see Fig below). A study of service delivery reported that Uganda in 2013 did very well on availability of minimum teaching resources, with nearly universal availability, but also that in 90% of the Primary 4 classrooms observed by the authors there was no student with a textbook and that nationwide there were about 14.4 students per textbook. Teachers' knowledge of the subjects they taught was also very low. On average, teachers scored 65% and 58% on the mathematics and English tests. Absenteeism was also found to be high as on average, 1 in 4 teachers were not in school and about the same share of schools (26%) had absenteeism rates higher than 40% (Wane and Martin, 2013).

Figure 18 Education sector basic service delivery indicators



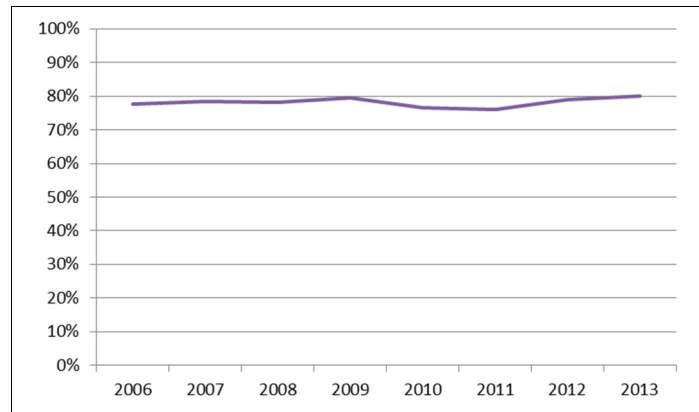
Source: EMIS (2014).

At primary level, the number of separate girls toilets with a door/shutter per 1000 girls aged 6-12 years increased from 22.9% in 2006 to 27.7% in 2013 (EMIS). This is reflected in the graph that indicates that a high percentage of primary schools have separate toilets for girls. It was also noted from the field trip that in most schools visited these toilets were located separately from boy's toilets as per MoES guidelines.

The 2007 World Bank PER noted that in 2007 a fifth of the education recurrent budget expenditures did not generate a tangible input to teaching children. The World Bank estimated in 2007 that one-third of expenditures in primary education were wasted or used inefficiently, although it was acknowledged by the authors that some types of leakage had decreased over time (ghost teachers, UPE capitation grants and teacher absenteeism).

Internal efficiency of primary education was found to be low, with the four principle sources of inefficiency in 2007 as follows (WB 2008 p.6): i) leakages of resources between central government and school (ghost teachers, misuse of UPE grants to districts); ii) leakages of resources within schools (high rates of absenteeism by pupils, head-teachers and teachers); iii) deployment of teachers across districts in a way which is unrelated to measures of need (schools with the highest drop-out and repetition rates had the fewest teachers); and iv) inefficient allocation of resources within government schools (large class sizes in early grades and lower sizes at higher grades).

Figure 19 Percentage of primary schools with separate girls toilet (Uganda), 2006-2013



Source: EMIS (2014).

Similarly in secondary education in 2007, the distribution of secondary education expenditure was found to have no relationship with need. Inefficiencies stemmed from low workloads, poor teacher deployment and high teacher salaries (WB 2008 p.9). In response to these findings the education sector and GBS donors ensured that indicators related to quality of education were included in the JBSF JAF framework, but these have been mixed in terms of their achievement.

The 2012/13 MoES Annual Performance Report, also notes continuing problems with pupil, teacher and head teacher absenteeism, limited community participation as UPE is considered to be free, high dropout rates of pupils particularly girls and attrition rates of teachers at secondary level. The main problems highlighted were that the capitation grant has been static, there are inadequate skills and competencies in managing private schools and a failure to match capitation grant releases with academic terms, inadequate science and maths teachers and science equipment/laboratories (MoES 2013, p.122).

Evidence collected through the implementation of the field survey (see annex 7 for details) points to the following:

- Poor performance in terms of timely allocation of teachers to the school: more than 57% of respondents indicated that this happened 'sometimes', 21% reported that it happened 'rarely' and another 21% reports that it happened 'in most cases'.
- Improved timeliness of allocation of teachers to schools and in qualification levels of teachers in the period 2011-2013 when compared to the 2006-2008 period.
- Insufficient availability of physical resources be it electrification, sanitation facilities, classroom equipment, general status of classrooms, teaching materials, computer labs and sport facilities/equipment (between 65% and 79% of respondents), although almost half of respondents report an increase in availability (particularly in classroom equipment and textbooks and other teaching/learning materials), an average of 15% reports a decrease in availability while the remaining 36% indicates that they have witnessed no changes.

1.6.4.2 I-642 Improved public service delivery / management in the water & sanitation sector.

Overall, service delivery has somewhat improved in terms of access and functionality when looking at the whole evaluation period though improvements in access have been primarily registered during the first years with a subsequent stagnation or partial decline. Data on water quality are inconclusive and data on gender suggest that representation of women in water user committees is somewhat reducing.

Table 13 Trends in: i) Functionality of rural safe water sources; ii) Rural water quality; iii) Actively functioning Water and Sanitation Committees; and iv) Representation of women in key positions in WUCs (rural areas, FY 2003/04 – FY2012/13)

| Indicators | 03/04 | 04/05 | 05/06 | 06/07 | 07/08 | 08/09 | 09/10 | 10/11 | 11/12 | 12/13 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Rural water coverage , % of people within (benchmark distance of) 1 km (rural) of an improved water source | | 61 | 61 | 63 | 63 | 65 | 65 | 64 | 64 | 64 |
| Urban water coverage | | | 51 | 56 | 61 | 66 | 67 | 66 | 69 | 70 |
| Functionality: % of improved rural water sources functional at time of spot-check | 80 | 81 | 83 | 83 | 82 | 83 | 80 | 83 | 83 | 84 |
| Water quality: % of water samples taken at the point of water collection, waste discharge point that comply with national standards | - | - | - | - | - | 70 | 57 | 93 | 93 | 65 |
| Management: % of water points with actively functioning Water & Sanitation Committees | - | - | - | 63 | 65 | 68 | 70 | 71 | 72 | 71 |
| Gender: % of Water User committees/Water Boards with women holding key positions | - | - | - | 87 | 63 | 71 | 85 | 81 | 82 | 80 |

Source: Water and Environment Sector Performance Reports

- Rural water coverage, identified as % of people within (benchmark distance of) 1 km (rural) of an improved water source significantly increased during the pre-evaluation period (from 40% in 1997/8 to 61% in 2004/5), has registered a slight further increase up to 65% in FY 2009/10 and has since slightly declined to 64%.⁷⁷ JAF appraisal reports point to the fact that over 10 million Ugandans in rural areas continue to be without access to safe drinking water and that this disappointing performance makes it impossible to reach the target of 77% set in the NDP and the MDGs for 2015 with.
- Functionality has fluctuated over the period under review, although overall, it has increased from 80% to 84% (FY 2012/13 JAF target met).
- Active functioning of water and sanitation committees has also increased from 63% to 71%.
- Representation of women in key positions in water user committees has also decreased from 87% in FY 2006/07 to 80% in FY 2012/13.
- Finally, no clear trend can be identified with regards to water quality data which fluctuates over the period between a low of 57% and a high of 93% compliance. Changes in sample sizes and geographical spread over the years make a meaningful interpretation of a possible trend impossible, but it is clear that service delivery in terms of water quality leaves to be desired.

As synthesized by the JAF 5 Appraisal Report (2014) *The sector has made a lot of progress on regulation and functionality of water sources. However, the biggest obstacle to achieve progress in the Sector is the limited funding, which cannot cope with the growth rate of the population, coupled with the administration costs associated with the large number of districts. The problem of limited funding is further compounded by poor operation and maintenance, inefficient regulation leading to reduced life span of investments, and high rehabilitation costs on the one hand, and poor reliability of services on the other.* (p.47)

⁷⁷ The number of people served using the District Water and Sanitation Conditional Grant reduced from 670,910 during FY 2009/10 to 542,026 in FY 2011/12 and to 535,586 in FY 2012/13. JAF 4 and 5 Appraisal Reports; JBSF (2013 and 2014).

1.6.4.3 I-643 Improved public service delivery / management in the health sector

The sector review has revealed that it is not clear that public (or private) health services in Uganda have improved.⁷⁸ On the contrary, the sector is faced with many remaining and new challenges.

Table 14 Trends in service delivery indicators for the health sector:

| Indicator | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2011/12 | 2012/13 | 2013/14 | Target |
|---|---------|---------|---------|---------|---------|---------|---------|----------------------|
| % of approved posts filled by health workers in public facilities | 38% | 38% | 53% | 56% | 56% | 63% | 69% | 70% (2013/14 target) |
| % of health facilities without drug stock-outs for tracer drugs | - | - | - | 21% | 43% | 49% | 53% | 57% (2014/15 target) |

Sources: AHSPR FY 2013/14, JAF Appraisal Reports.

While data reflects an improvement in the percentage of approved posts filled by health workers in public facilities from 38% in FY 2006/07 up to 69% in FY 2013/14, achievements remain below the target set in the HSSIP of 70% for FY 2013/14 (target which was also brought down from an initial 90%). Moreover, remote areas and hard-to-reach and hard-to-stay areas of the country have not benefitted from the general increases with the JAF 4 Appraisal report (2013) indicating a deterioration in this indicator. With respect to type of staff, AHSPRs show that Administrative staff was filled at 101% in FY 2013/14, Doctors at 77%, Midwives at 75%, and Pharmacists as low as 8% in the same fiscal year; earlier reports do not show data for these indicators. Data on absenteeism rate in government health facilities is worrisome, though only available for FY 2012 it is of respectively 42% and 47% in level II and level III HC (JAF 5 Appraisal report, 2014) with the JAF 4 Appraisal report indicating a deterioration. This was confirmed during interviews and through evidence emerging from the field survey according to which - as seen under I-621 - of the sampled health units in the survey, only 19% of the sample, report having been fully staffed over the last 5 years.

Trends are more positive when looking at the number of health facilities without drug stock-outs for tracer drugs for which a significant reduction has been reports. Once again however, levels remain below the Health Sector Strategic Investment Plan (HSSIP) and the JBSF targets for FY 2012/13. While JAF Appraisal reports indicate slightly different data (to note a change in the reporting system), both sources concur that improvements have indeed been made but also that these remain below the Health Sector Strategic Investment Plan (HSSIP) and the JBSF targets. This is confirmed by the data collected through the field survey (for more details, see annex 7 - Volume 3) whereby over 60% of respondents rated as insufficient the availability of physical resources be it electricity, medical equipment and facilities, water and sanitation facilities, percentage which goes down to 44% in relation to the stock of pharmaceuticals/drugs. That said, almost half of respondents indicated an improved availability since 2004 compared to 14% which perceived a decrease in availability.

Few considerations can be made on change in the amount of gender sensitive health care (female staff, access to care for women and girls, gender-based violence in minimum health package) as staffing data is not gender disaggregated. There are indications that access to health care for women and girls have increased, although serious quality issues remain as reflected in the weak performance in the MDG indicator of maternal mortality (see EQ 10).

1.6.5 JC65 BS has contributed (directly or indirectly) to the observed changes in ways which could not have occurred through alternative aid modalities

1.6.5.1 I-651 Evidence of specific linkages between BS operations (policy dialogue, performance matrices, funds, embedded and complementary accompanying measures) and the above-mentioned results

Interviewees report that the divergence in priorities between GoU and DPs which becomes progressively more marked as we move along the evaluation period is accompanied by a steady decline in the influence of donors on government policy in recent years for a variety of reasons, among them the country's decreased dependence on aid funding with a reduction from around 50% of public sector expenditure in 2003/04 to below 15% as of 2010/11 and significant reduction of direct

⁷⁸ Annual Health Sector Performance Reports for various years and other sector reports (see bibliography).

contributions to the budget especially in the last two years, mainly as a result of concerns over corruption, slow progress in governance reforms, and the limited impact of policy dialogue.

Table 15 Hypothetical contribution of BS (SBS + hypothetic GBS) to domestic sector expenditure

| | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 |
|---------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Roads & Works | 55,4% | 44,2% | 17,0% | 55,8% | 9,8% | 9,7% | 12,8% | 8,0% | 3,9% | 0,6% | 0,2% |
| Education | 63,4% | 65,0% | 25,3% | 67,3% | 19,7% | 39,0% | 32,8% | 31,7% | 14,5% | 0,9% | 0,0% |
| Health | 73,5% | 72,8% | 31,6% | 85,8% | 26,7% | 36,1% | 30,0% | 23,3% | 13,4% | 0,8% | 2,6% |
| Water & Environment | 60,8% | 68,3% | 43,7% | 128,3% | 75,6% | 79,8% | 40,1% | 66,0% | 30,4% | 16,3% | 3,1% |

Source: own calculations based on data published or provided by MoFPED.

The hypothetical contribution of GBS has been calculated assuming that: i) all GBS is allocated to the 4 JAF sectors which are a common feature throughout the whole JBSF period; and ii) the 2004 share of allocation of expenditures among the different sectors remains the same for whole period.

Domestic expenditure as reported in MoFPED, Annual Budgetary Central Government Finance Statistics data calculated as excluding donor projects but including BS.

Table 16 Average hypothetical contribution of BS (SBS + hypothetic GBS) to domestic sector expenditure in the different periods

| | 2003/4-2007/8 | 2008/9-2011/12 | 2012/13-2013/14 | 2003/04-2013/14 |
|---------------------|---------------|----------------|-----------------|-----------------|
| Roads & Works | 45,6% | 9% | 0,4% | 10,0% |
| Education | 60,2% | 30% | 0,4% | 22,0% |
| Health | 72,6% | 26% | 1,7% | 22,0% |
| Water & Environment | 94,2% | 54% | 9,7% | 40,8% |

Source: own calculations based on data published or provided by MoFPED.

Results from the implementation of the on-line survey indicate that the great majority of respondents (fluctuating between a low of 80% and a high of 100% depending on the categories and sectors) believe that BS through dialogue (and associated performance assessment frameworks) has played a role in improving the policy formulation and implementation processes, with an average of 25% of respondents believing it has influenced these processes to a great extent.

Table 17 Based on your experience, to what extent has the budget support dialogue helped to improve the policy formulation and implementation of reforms in Uganda?

| | Water & Sanitation | | | | Education | | | | Health | | | |
|---------------|--------------------|-----|-----|------|-----------|-----|-----|------|---------|-----|-----|------|
| | Overall | GoU | DPs | NSAs | Overall | GoU | DPs | NSAs | Overall | GoU | DPs | NSAs |
| Great extent | 26% | 29% | 25% | 25% | 33% | 43% | 27% | 50% | 29% | 43% | 18% | 50% |
| Some extent | 54% | 57% | 50% | 63% | 62% | 43% | 69% | 50% | 69% | 43% | 82% | 50% |
| Little extent | 17% | 14% | 20% | 13% | 5% | 14% | 4% | 0% | 3% | 14% | 0% | 0% |
| Not at all | 3% | 0% | 5% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |

Source: e-Survey (2014 Particip GmbH).

Table 18 To what extent did the following reforms supported by budget support advance during the period you were involved?

| | Water & Sanitation | | | | Education | | | | Health | | | |
|---------------|--------------------|-----|-----|------|-----------|-----|-----|------|---------|-----|-----|------|
| | Overall | GoU | DPs | NSAs | Overall | GoU | DPs | NSAs | Overall | GoU | DPs | NSAs |
| Great extent | 23% | 43% | 14% | 29% | 36% | 29% | 38% | 33% | 25% | 43% | 19% | 25% |
| Some extent | 54% | 29% | 62% | 57% | 54% | 57% | 50% | 67% | 63% | 43% | 67% | 75% |
| Little extent | 17% | 29% | 14% | 14% | 8% | 14% | 8% | 0% | 9% | 14% | 10% | 0% |
| Not at all | 6% | 0% | 10% | 0% | 3% | 0% | 4% | 0% | 3% | 0% | 5% | 0% |

Source: e-Survey (2014 Particip GmbH)..

Sector-specific evidence collected through interviews and documentary reviews points to:

Education sector. BS has contributed to the results indicated above primarily through the provision of funds. While BS has underpinned the expansion of both primary and secondary education especially in the pre-evaluation and early periods of the evaluation, this has not been sufficient to result in substantial changes in the quality of education. Areas in which GoU expenditure and hence BS has led to positive achievements include:

- the set-up of the School Facility Programme which has contributed to increased numbers of classrooms, teacher houses and washrooms being built. This was highlighted during interviews at district level and during the district level surveys as being an important contribution from the GoU budget, although it was noted by interviewees that funds have not been sufficient to undertake all the construction needs of schools.
- the School Inspection Grant which has played a role in increasing the number of school inspections, although again it was reported to be insufficient to cover the inspection of all schools at district level.

Looking at policy issues, there is some evidence of linkages between BS (through policy dialogue and conditionalities) and positive achievements. The most important example is provided by the role played by DPs – through a mix of policy dialogue and accompanying measures – in relation to the UPPET. Although this was introduced by the GoU with no prior discussion, DPs managed to delay implementation by 1 year, to promote the establishment of an agreed pass rate to be achieved before transition to secondary level and played a role in developing the Universal Secondary Education Strategy and incorporating this into a revised ESSP (interviews) and also GIZ and the Embassy of Belgium (both of whom were SBS DPs) were involved in the drafting and finalisation of the Uganda Skills Strategy and Plan. In addition to this, interviewees reported the importance of the JAF and of the ESSR processes to focus attention on key challenges in education although with mixed results.

There is no evidence of SBS having any influence on policy towards gender (interviews).

Water sector. Linkages can be sought specifically in policy dialogue and sector performance monitoring. Progress of the JAF indicators has been monitored and discussed extensively in joint sector reviews, and increased efficiency in achieving these objectives has been sought through the implementation of various undertakings on improved functionality (indicators 2 and 9), and increased access through seeking an increased allocation to the DWSDCG and rural water supply in general as well as optimising the implementation of cost-efficient water supply technologies, and the setting up of an Appropriate Technology Centre.

One of the examples is the sector's Undertaking 7, as one of the outputs of the joint GoU-DP's policy dialogue during the SPR 2012: "Strengthen the Community Based Maintenance and Operation and Maintenance (CBM and O&M) support structures through operationalisation of Hand Pump Mechanics Associations (HPMA) and the back-up system at sub-county and district level in at least 30 % of the districts by FY 2012/13, to improve functionality of rural water sources from 83 % to 84%."

Discussions with DPs providing SBS has made clear that monetary increases in DP support to the sector does not necessarily result in a corresponding increase of the size of the DWSDG, although the freezing of all BS at the end of 2012 did result in a drop in releases and subsequent expenditures of the DWSDCG (see also SPR 2013, p.ii), Increased expenditures are theoretically directly linked to improved services, as 70% of the Grant has to be used for new water points.

Health sector. The evidence on the linkages between the observed changes and HSBS is weak. Furthermore, HSBS operations have for the most part been implemented in ways that would make such an impact assessment difficult if not all but impossible (strategic implementation of randomization, little baseline data collected, no rigorous or purposeful monitoring and evaluation systems in place).

However, given the relatively large share of HSBS in total health sector spending over most of the evaluation period, it is likely that HSBS has played a role in making these changes possible, some of which are positive (quantity of service delivery) and others that are less positive (such as mortality rates) or even negative (such as HIV/AIDS). While it would also seem reasonable to assume that HSBS – through funding – may to some extent have contributed to improved institutional and technical capacities in the health sector, there are, in fact, indications that the sector's institutional and technical capacities have been seriously eroded over the past few years. Several Development Partners and sector experts have testified to the gradual reduction in the analytical and technical capacities of the MoH.

JBSF and the associated JAF are recognised as important structures for effective performance monitoring of the implementation of policies and programs and of achievement of results. While there is some evidence that these platforms and instruments have contributed to an improved infrastructure for policy monitoring and evaluation of results compared with previous periods, there are also signs that the targets set out in the JBSF and associated matrices have been insufficiently ambitious thus enabling the GoU/MoH to continue implementing policies that may not be very effective. This can be seen,

among other places, in the likely failure of Uganda to achieve some of the health related MDGs, such as that for maternal mortality (see below).

There is weak evidence based on key informant interviews with MoH and sector stakeholders that HSBS has contributed to increased capacities with respect to gender issues. There is no special gender unit within the MoH, but there is a Gender Focal Person (GFP) who has been appointed to consider gender issues, in addition to his regular duties.

Finally there is no convincing evidence of HSBS contributing to any improvement in the coordination across sectors in Uganda.

1.6.5.2 I-652 Evidence of specific linkages between other ODA projects / programmes and the above-mentioned results

Education sector. There has been significant DP support to the education sector, aimed at improving the quality of service delivery. This has been overwhelmingly through projects and at primary level this has been by projects supported by UNICEF, USAID, WFP, World Bank, Belgium, Ireland and the Netherlands. These projects have involved the supply of teaching materials, teacher training, school construction, construction of washrooms and latrines. The Netherlands also supported the QEI outlined in I-651. At secondary level the AfDB, World Bank, Ireland, JICA and Belgium have supported classroom construction, teacher training, supply of learning materials and equipment for science laboratories (JICA 2012 and World Bank 2009).

This support has been substantial and was estimated to be US\$109 million in 2010 and US\$93 million in 2011 (JICA 2012). Therefore, projects have also contributed to service delivery in the education sector, particularly in terms of classroom construction and the consequent decline in pupil-classroom ratio. However as there is no maintenance budget given to districts or schools, it is unlikely that these classrooms and other buildings will be maintained.

Water sector. NGOs are playing a specific and important role in optimising cost-efficient approaches in water and sanitation, and so-called software activities to increase community ownership of water sources. A specific linkage that can be mentioned is Uganda Triple-S initiative. Triple-S, short for Sustainable Services at Scale, is a 6-year initiative to address the growing problem of sustainability of rural water supplies ended in 2013.

Technical Support Units (TSUs), supported financially by the JPF basket fund, play a vital role in increasing the capacity of District Water Officers to plan and supervise the implementation of new water points using the DWSDCG, as well as implement new policies, strategies, and guidelines.

Finally, UNICEF, NUSAF and PRDP's regional support also towards the rural water and sanitation sub-sector, notably in Northern Uganda, has also assisted in adding and maintaining water points.

Health sector. While important impacts on the health sector over the evaluation period have come from modalities outside of HSBS, such as Pefpar and the Global Fund for AIDS, TB, and Malaria (GFATM), these were all very much focused on specific diseases and there is no evidence of major links between results in the health sector identified under the previous JCs and other programmes / projects (review of documents, consultations with Development Partners, government officials, and health sector experts).

Pool funding.

The box below provides further details on pool funding mechanisms in Uganda.

Box 6 Pooled funding in Uganda: Partnership Principles & evidence from the water sector

The **GoU's Partnership Policy (PP)** recognises that not all assistance is delivered through its preferred modalities. Some development assistance will be provided through vertical funds. In light of this a specific section on vertical funds is included in the Policy as follows:

"Vertical Funds. Increasingly large amounts of development assistance flow through vertical funds. This is particularly the case in the health sector and forthcoming large amounts of funding to combat climate change. The Government policy is to align vertical funds to national priorities and require them to using government systems by:

- *Supplying timely information on all activities to MoFPED and to ministries or other Government agencies and departments operating in the same sector.*
- *funding sector policies under the SWAP arrangements through the provision of budget support*
- *using common implementation and reporting systems. [...]*

To further reduce fragmentation the Government will expect DPs to co-finance programs, use silent or delegated partnerships and pool funds into Government-designed joint programmes."

Source, Uganda Partnership Policy, Towards implementing the NDP (2010/11 – 2014/15), 2nd draft, Dec. 2010.

To note that the PP does not include other forms of pooled funding whereas it is important to distinguish between *Vertical Funds* a source of financing that is earmarked towards a single issue and other forms of pool funding which work horizontally towards a programme area.

Evidence from the water sector

The main financing modalities for the JWSSPS were Sector Budget Support (SBS) and basket funding arrangement through the Joint Partnership Fund (JPF) which was managed by the MWE:

“Most of the JWSSPS funding was on-budget and was hence subjected to the budget ceiling set for the Water and Sanitation sub-sector. The budget ceiling, set by the Ministry of Finance, Planning and Economic Development (MoFPED), reflects macroeconomic constraints, political priorities as well as MoFPED’s assessment of the sector’s absorptive capacity. Due to this ceiling, the additional “sector” budget support was/is not necessarily translated into additional funds for the water and sanitation sub-sector. Earmarking of the SBS for rural water and sanitation was/is thus notional as additional allocations did not raise the level of the district grant for water and sanitation or the sector ceiling. This is less relevant for JPF (donor) funding, as under the JPF the sector has more control of budget allocations and “additionality” seems to be possible to some extent. [...]

The stakeholder consultations conducted for this report indicate a very clear preference of the sector stakeholders, in particular MWE, for JPF funding. JPF rather than SBS is seen as true sector funding, i.e. a reliable channel that is aligned to government systems but of which the sector has full control.

JPF funding is kept separately from GoU funds but is under the control of the sector institutions (MWE, WESWG).

Among the features of JPF that are particularly appreciated are predictability, timeliness of disbursements, clarity and flexibility of operation modalities, and a low level of bureaucracy. The sector is free to allocate funds to activities it considers important for sector development, including studies, capacity building or research/pilot projects. Those sectors that receive less public or government attention, such as water resources management, are particularly keen to preserve JPF as their reliable source of funding.

The only critical remark from MWE was that more flexibility should be given for the use of JPF funds within the sector. Earmarking within the JPF and in particular within the sub-programmes (e.g. to target specific WSDFs) should be discouraged. However, earmarking for sub-sectors should be possible in order to allow DPs to target their funding. [...]

Conclusions and recommendations on Financing Modalities.

The JPF should be maintained as an aligned sector funding modality that is appreciated by all partners involved, in particular MWE. JPF should also be accessible to ENR sub-sectors.

- *It is likely that as a convenient, pooled but ring-fenced sector funding modality, the JPF will attract much-needed donors to mobilize additional resources to the sector. The difference between SBS and GBS is subtle, and this may be an obstacle for donors who are not willing or not able to provide budget support.*
- *Through JPF, DPs will be able to provide targeted support to sub-sectors they consider as important but that receive less government attention, such as environment, climate change, and water resources management.*
- *SBS continues to be the most appropriate modality to channel funding to local governments.*
- *The complementary TA and Programme Management budget lines also have their justification and should be present in the future JWESSP. Furthermore, direct support to UWASNET/NGOs should be included.*
- *Final transition from JPF to SBS should be dependent on the progress of reliable budget allocations and the budgetary establishment of deconcentrated sector structures, such as the WSDFs, not only as a budget line but with effective budget allocations and disbursements. It is not known yet after how many years this will be achieved.*
- *Dialogue with GoU should aim to ensure that at least the running costs of the activities of all sub-sectors, including the less prioritised ones, are covered by adequate GoU budget allocations. This is especially applicable to DWRM.”*

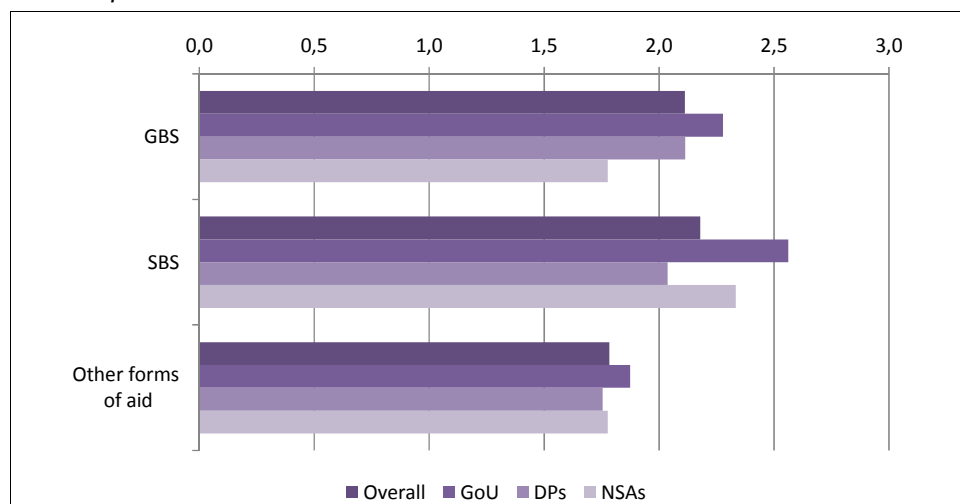
Source: Joint Water and Sanitation Sector Programme Support (JWSSPS) Completion Report FY 2008/09 – 2012/13, Government of Uganda - Ministry of Water and Environment, Sept 2013, pp. lii and 66-68)

1.6.5.3 I-653 Counterfactual assessments

Results of the e-Survey highlight that respondents view BS as the aid modality that has given the most important contribution to the formulation and implementation of policy reforms in the country. Interestingly, disaggregated data among the categories of respondents, provides an extremely varied picture whereby:

- Government officials rank SBS as the most important contributor (as do NSAs), followed by GBS; in particular SBS is viewed as more effective because of a stronger direct engagement between the sector leadership and DPs whereas GBS is more prone to be influenced by political rather than policy considerations.
- DPs on the contrary rank GBS higher, closely followed by SBS, while at the same time recognise that other forms of aid do play some role.
- Finally, NSA rank SBS as the most important contributor, with GBS viewed by most as contributing only to a ‘little extent’ to the formulation and implementation of reforms and much less than other forms of aid that are viewed as contributing to ‘some extent’ by over 75% of respondents.

Figure 20 e-Survey – Contribution of BS compared to other forms of aid to policy reform and implementation



Source: eSurvey (2014 Particip GmbH).

Education sector. BS has provided funding to the education sector primarily through the GBS/GoU budget. This has been important in financing the education sector, particularly given the decline in SBS and the shift in GoU priorities towards funding infrastructure rather than the social sectors. Although funding to education has declined in real terms during the evaluation period, it is likely that funds would have declined even further without GBS. This implies that without BS, service delivery would have probably declined further and there would not have been results achieved in some areas of the sector such as pupil-classroom ratios and pupil-textbook ratios and there would have been less funding for the School Facilities Grant and the School Inspection Grant. Projects and parental contributions have also filled the gap in GoU funding in addition. While important these contributions when looked at from a financial point of view cannot be compared to that made by BS.

Water sector. The various interviews conducted in the framework of this evaluation allowed to identify a number of strengths and weaknesses associated to alternative forms of aid.

Table 19 Positive and negative aspects of project support to rural water and sanitation as compared to sector budget support

| Positive aspects of project support | Negative aspects of project support |
|---|--|
| <ul style="list-style-type: none"> • There are economies of scale as projects can manage a great number of new water sources • With off-budget support, when a sector ceiling is not imposed, more funding for rural water supply services is possible. • There is less capacity building required so more funding available for service delivery. | <ul style="list-style-type: none"> • Equity would have been worse as a result of projects only operating in part of the country • Less consistent approaches to community mobilisation, standardisation of pumps and spare parts supply chain, leading to reduced efficiency • Duplication of efforts as a result of sub-optimum coordination leading to reduced efficiency |

Overall however, it is undoubtable that BS has contributed to sector expenditure in ways which would not have been possible through other aid modalities. Finally, as anticipated under I-233, in the water sector, a highly appreciated mix of complementary aid modalities is used to implement the sector programme with BS providing much needed funding in support of districts through the GoU budget, parallel on-budget project assistance providing TA and capacity building measures tailored through policy dialogue to ensure responsiveness to the sector capacity development strategy.

Health sector. In the early evaluation period, there is evidence that BS, including HSBS, contributed to positive changes in the overall poverty reduction strategies, in particular as it relates to the Poverty Action Fund and associated programs (InDevelop 2011 and ODI 2014). However, as of the mid-2000, there is also evidence that BS/HSBS enabled the government to change its focus away from the social sectors and toward other sectors, in particular infrastructure and energy (ODI 2014). While the key health sector performance outcome indicators (such as mortality rates, life expectancy, and fertility rates) are the results of many factors also outside of the sector, it is clear that the sector's performance over the past decade or so has stalled or even reversed in some cases.

1.7 Evaluation question 7

| | |
|---|---|
| EQ 7 – Governance & Accountability | To what extent has budget support contributed to improvements in the quality of governance and accountability, particularly with regard to the roles of Parliament, Civil Society and anti-corruption agencies as ‘watch-dogs’ of the Executive? |
| Judgement criteria | <ul style="list-style-type: none"> • JC71 The quality of Parliamentary & Civil Society scrutiny of national budgets, expenditures and audit reports has improved • JC72 Coverage and quality of Local Government Councils’ scrutiny of local budgets and expenditures has improved • JC73 Formal policy and institutional frameworks to fight corruption have become more efficient and effective in investigating, prosecuting and convicting corruption cases • JC74 BS has contributed (directly or indirectly) to the observed changes in ways which could not have occurred through alternative aid modalities |

1.7.1 JC71 The quality of Parliamentary & Civil Society scrutiny of national budgets, expenditures and audit reports has improved

1.7.1.1 I-711 - Review the evolution of PEFA assessment of quality of legislative scrutiny (PI-26 - PI-28); and other comparative indicators on governance and accountability (below). CPIA, governance and judiciary; Comparative WBG governance indicators; ICRG; TWBG country Political Economy Analysis (PEA); Transparency international.

Parliament upstream scrutiny is exercised through some of the key committees such as the Budget Committee. Through its Budget Committee, Parliament reviews fiscal policies, the medium term fiscal framework and medium term priorities, and details of expenditures and revenues. Additionally the 2012 PEFA Assessment considers the procedures of the legislature to be relatively well established and respected. There is adequate time for the legislature to provide a response to budget proposals, as stipulated in the Budget Act of 2001. Noteworthy is also that recommendations of the Accountant General are by and large being considered by the executive. However, Parliamentary scrutiny of the budget downstream or ex post is weak. For example, Parliament has not debated or approved any of the audit reports on the Consolidated Accounts of the three years up to 2012. Public Accounts committee, an important committee, is overwhelmed with the workload and there is a backlog of cases for its consideration.

Formal rules regarding supplementary budgets are not respected. The Constitution notes that amendments to budget can be made, but requires that such be reported to Parliament within four months of the expenditure (Article 156 of the Constitution). The Budget Act limits supplementary appropriations to 3 percent of the total expenditures for the year. However, supplementary have frequently exceeded this limit. In FY 2012 for example, the first supplementary request was for 2.1 percent and the second supplementary request was for 5.0 percent of the total approved budget. There was no change in these dimensions since the last PEFA assessment. A breakdown of the 2012 PEFA score is provided in table 1.

Frequency of supplemental budgets and their justification are an issue. Instead of being exceptional mechanism to adjust budgets in response to exceptional, well defined circumstances, they are a regular part of the extended budget process, often driven by political rather than economic and strictly budgetary considerations. They are also, in part, related to the predictability of the budget support as the first supplementary budget in the year sometimes takes place when donors confirm financing late in the budget process. Past PEFA scores also show poor predictability of donor financing.

Table 20 Uganda: Summary of PEFA scores as reported in the 2012 report, Indicators 26-28.

| No. | Indicator ⁷⁹ | Score | Justification |
|--------------|--|-----------|---|
| PI-26 | The scope, nature and follow up of external audit | B+ | |
| | (i) Scope/nature of audit performed (including adherence to auditing standards) | A | All entities of central government are audited annually. Audits include financial, performance and value for money audits. |
| | (ii) Timeliness of submission of audit reports to legislature | B | The audit reports are submitted to Parliament within 6 months of receipt of the accounts |
| | (iii) Evidence of follow up on audit recommendations | A | Systematic agreement of actions to be taken and follow up of their implementation by the OAG. |
| PI-27 | Legislative scrutiny of the annual budget law | C+ | |
| | (i) Scope of the legislature's scrutiny | A | Parliament reviews fiscal policies, medium term fiscal framework and medium term priorities and details of expenditure and revenues |
| | (ii) Extent to which the legislature's procedures are well-established and respected | A | Parliament's procedures are well established and respected |
| | (iii) Adequacy of time for the legislature to provide a response to budget proposals both the detailed estimates and, where applicable, for proposals on macro-fiscal aggregates earlier in the budget preparation cycle (time allowed in practice for all stages combined). | A | Parliament has more than 2 months to review the budget proposals |
| | (iv) Rules for in-year amendments to the budget without ex-ante approval by the legislature | C | Clear rules exist but they are not respected by the Executive |
| PI-28 | Legislative scrutiny of external audit reports | D+ | |
| | (i) Timeliness of examination of audit reports by the legislature (for reports received within the last three years) | D | Parliament has not debated or approved any of the audit reports on the Consolidated Accounts of the last three years. |
| | (ii) Extent of hearings on key findings undertaken by the legislature | A | The PAC holds in-depth hearings with Accounting Officers on the audit findings on all MDAs |
| | (iii) Issuance of recommended actions by the legislature and implementation by the executive | B | Actions are recommended to the executive, some of which are implemented, according to existing evidence |

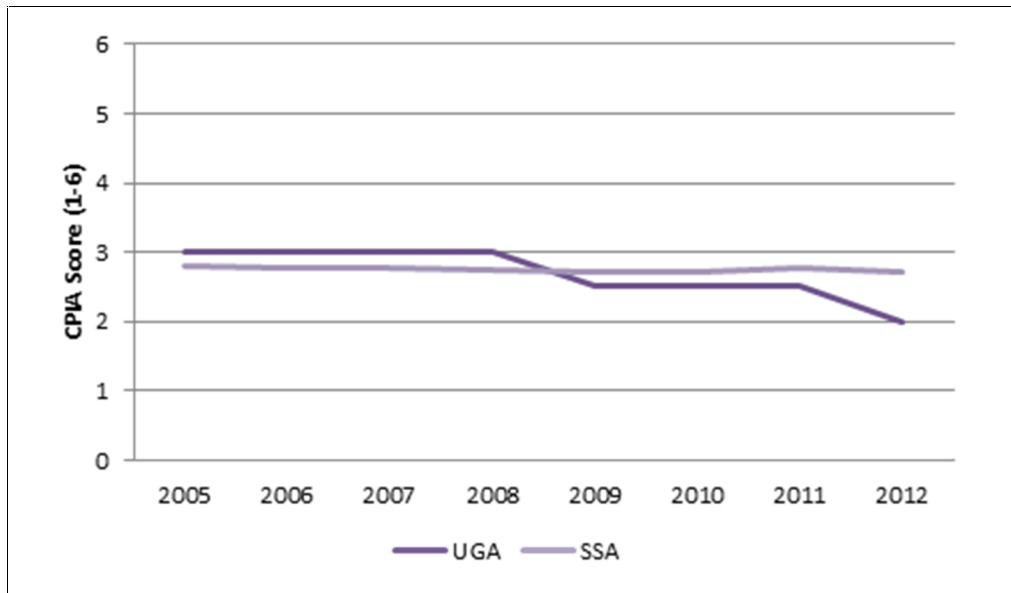
Source: PEFA 2012.

In contrast to a positive PEFA assessment on external scrutiny and audit, the quality of policies and institutions measured by the CPIA ratings on transparency, accountability, and corruption in the public

⁷⁹ Each indicator seeks to measure performance of a key PFM element against a four-point ordinal scale from A (high) to D (low). Guidance has been developed on what performance would meet each score, for each of the indicators. The highest score is warranted for an individual indicator if the core PFM element meets the relevant objective in a complete, orderly, accurate, timely and coordinated way. The set of high-level indicators is therefore focusing on the basic qualities of a PFM system, based on existing good international practices, rather than setting a standard based on the latest innovation in PFM. More information on the derivation of individual PEFA scores can be found at PEFA (2011): www.pefa.org

sector⁸⁰ has deteriorated significantly.⁸¹ Prior to 2008, Uganda performed consistently better than the IDA-eligible Sub-Saharan average. Since then, Uganda has lost considerable ground and scores significantly worse than the Sub-Saharan average in 2012 (figure 1). This is largely attributable to a number of high-profile corruption incidences, including the embezzlement of donor funds, poor follow up in terms of prosecution and indictment, and the relative lack of civil society engagement in governance processes. This is viewed as reducing the integrity of public resource use and its effectiveness, affecting citizens' trust in their government.

Figure 21 Uganda vs. Sub-Saharan Africa: CPIA scores on the quality of policies and institutions in the areas of transparency, accountability, and corruption in the public sector



Notes: ratings range from 1=low to 6=high.

Source: World Bank's CPIA database.

Uganda has repeatedly scored poorly in the corruption perception index⁸², and is ranked 142 out of 175 countries. Its score is in the 21st percentile overall. Placing this into regional context, this score is on par to Kenya, but significantly worse than Tanzania, or Rwanda, who are in the 37th and 71st percentile, respectively. According to the global corruption barometer, 86 percent of respondents reported to have paid a bribe in 2010. While 58 percent report that the government's efforts to fight corruption are effective, two thirds of all respondents still believe that the level of corruption had increased over the three years prior. The institution perceived to be most affected by corruption is the police, followed by the judiciary. Conversely, the media and religious bodies are perceived to be least corrupt (Transparency International 2014).

1.7.1.2 I-712 - Availability of reports from the Parliamentary Public Accounts Committee (PAC) and number of cases discussed involving irregular expenditure

The Public Accounts Committee is meeting frequently to get up to date with the examination of audit reports. The PAC has 31 members drawn proportionately from all the major political parties. The chairman of PAC and his deputy are members of the opposition in Parliament. Committee decisions are

⁸⁰ Transparency, accountability, and corruption in the public sector assess the extent to which the executive can be held accountable for its use of funds and for the results of its actions by the electorate and by the legislature and judiciary, and the extent to which public employees within the executive are required to account for administrative decisions, use of resources, and results obtained. The three main dimensions assessed here are the accountability of the executive to oversight institutions and of public employees for their performance, access of civil society to information on public affairs, and state capture by narrow vested interests.

⁸¹ It should be noted that PEFA assessments are carried out every four years and, therefore, do not capture the year-to-year variations in the quality of PFM between PEFA assessments. By contrast, CPIA ratings on budgetary transparency, financial measurement, and accountability measure somewhat overlapping aspects of institutional and policy performance and are carried out each year.

⁸² The Corruption Perceptions Index ranks countries and territories based on how corrupt their public sector is perceived to be. A country or territory's score indicates the perceived level of public sector corruption on a scale of 0 (highly corrupt) to 100 (very clean).

made by consensus. As noted above, the Committee has accumulated a backlog of cases and there is a sense that is overwhelmed with the workload.

The PEFA 2012 notes that the PAC holds in-depth hearings with the accounting officers and heads of finance departments of MDAs as cited in the Auditor General's reports. It receives technical guidance from the Auditor General's office. Hearings are open to the public except on classified expenditure.

The legislature has debated and made consequential recommendations. Some of these have led to government issuing new policies, passing new laws and remedial measures being taken by MDAs. Notable is that some ministers have stepped aside or resigned as a consequence of the recommendations.

On the downside, Parliament has not yet debated or approved any of the PAC reports on the Consolidated Accounts in the three years prior to the 2012 PEFA assessment although it has debated some of the special audit reports. (PEFA 2012).

1.7.1.3 I-713 - Reports and testimony of CSO (e.g., Civil Society Budget Advocacy Group - CSBAG)

Civil Society is largely absent from the budgetary process, and there are few instances of civil society taking a systematic and concerted effort to participate. While there is strong political input from the start of the budget calendar and opportunities for Parliamentarians to amend the budget before it is formally presented, consultative workshops where the private sector and/or civil society can make their views heard only start after it was formally presented to Parliament (PEFA 2012).

The World Bank 2010 Governance and Risk Assessment finds that Civil Society is not strong and has little role in respective of governance (James and Asimwe 2010). This is, in part, attributable to a difficult environment within which civil society operates. The legal framework for civil society is unclear, taxation arrangements disincentivizing, and there is government ambivalence toward permissible advocacy activities.

Field interviews with civil society organizations suggest that the role and status of women, in practice, is far below that mandated in the official documents, including the budget circular that instructs budgetary agencies to make their activities gender sensitive. In practice, there is little to no implementation.

The role of women is inextricably linked with the low status of agriculture in the priorities of the shared government and donor agenda. The lack of high priority on agriculture and productivity issues is puzzling. Given that 70 percent of smallholder farmers are women, this problem of policy priorities has a significant gender dimension.

1.7.2 JC72 Coverage and quality of Local Government Councils' scrutiny of local budgets and expenditures has improved

1.7.2.1 I-721 Total amount and % of LGA budgets subject to LG council budget priorities

Local Governments' discretion over their budgets has deteriorated substantially over the last ten years. Thus, there is a disconnect between budget allocation decisions and local government council priorities.

Tied sector conditional grants have increased as a percentage of total grants, from 72 percent in FY97 to over 86 percent in FY11 and about 88 percent in FY12, making it difficult for Local Governments to plan for and respond to local demand and needs. Donors contributed to the increase of conditional grants by increasing sector funding. Conditional grants were first introduced in the late 1990's through the Poverty Action Fund, growing steadily to 26 in 2002 and 38 today, each with its own formula, and eligibility rules. In 2005, after the launch of the Local Government Sector Investment Plan (LoGSIP), donors established a common basket fund to support LoGSIP, while in other sectors (e.g. Education) vertical planning tools were established, reducing Local Governments' discretionary powers.

Transfers from central government to Local Governments fell from 33 percent of public expenditure in FY01 to 19 percent of public expenditure in FY10. The latest PER (World Bank 2013) found that transfers to local governments continued to decline as a share of central government expenditures in FY11 and FY12. In FY12, Local Governments spent almost 60 percent of their resources on non-discretionary expenditures like wages and salaries. In particular, unconditional and non-wage recurrent conditional grants, both of which are critical to routine supervision, oversight and management of services, declined in real terms over the period FY01-FY11. (LGFC 2012)

The volume and increases in unconditional grants were inconsistent with constitutional requirements. The constitutional provision (Seventh schedule) requires that:

“(...) for a given fiscal year the unconditional grant shall be equal to the amount paid to local governments in the preceding fiscal year for the same items adjusted for general price changes plus or minus the budgeted cost of running added or subtracted services”.

If the constitutional formula had been followed, the allocation would have been at least one third higher in FY10, according to estimates by the Local Government Finance Commission. (IEG 2014).

In 2005, the Graduated Tax was suspended. This was the predominant source of local revenue, and provided Local Governments, providing about 5 percent of their total income. As such, it was an important source for discretionary expenditures that has never been adequately replaced. In sum, Local Governments have become increasingly dependent on non-discretionary central government transfers, which also fell in relative terms, reducing the ability of local governments to deliver services as well as their accountability to local citizens.

1.7.2.2 I-722 - Directorate of LG conducts financial audit in respect of Local Governments

At the Local Government level, accounts reconciliation are comprehensive and timely submitted to external audits. Audit standards are met. There is, however, poor follow up on audit recommendations.

The 2013 draft LG PEFA finds that accounts reconciliation is regular and timely, although there is variation in quality across districts. In-year budget reports are well elaborated. Annual financial statements are, for the most part, comprehensive and submitted for external audit on time. In addition, annual financial statements are presented in a consistent format with some disclosure of accounting standards. On the downside, financial statements do not comply with the international public sector accounting standards.

External audits by the Office of the Auditor General are undertaken promptly and the timeliness of submission of the audit reports to the legislature is satisfactory. The scope of audit is adequate and audit standards are met. However, follow up on recommendations remains poor. (World Bank 2013; 2013 LG PEFA Assessment Draft⁸³).

1.7.2.3 I-723 Quality and coverage of the Audit Reports of the OAG Directorate of LG and Parliamentary local government accounts committees

Legislative scrutiny of the budget law is considered adequate for most LGs. The scope of legislative scrutiny by the entity's Council is good, and the legislative procedures are well established. Moreover, the timing of legislative scrutiny is adequate.

However, there are significant delays in the scrutiny of audit reports by the legislature and in the timely reporting of their recommended actions. The PEFA considers this function to be weak. In addition, there is poor follow-up of recommendations by the executive. (Draft LG PEFA 2013)

1.7.3 JC73 Formal policy and institutional frameworks to fight corruption have become more efficient and effective in investigating, prosecuting and convicting corruption cases

1.7.3.1 I-731- Evidence of continuous updating and improvement in quality of anti-corruption legislation

Remarkable progress has been made in Uganda's anti-corruption legal framework and institution building, and the main legislative framework considered adequate.

Criminal responsibility for corruption is provided for in the Anti-corruption Act of 2009, which defines corruption as *“soliciting and acceptance of anything by a public official, diversion of public funds, as well as fraudulent acquisition and concealment of property”*. Those guilty of bribing public officials, diversion of public funds, influence peddling, or nepotism are liable on conviction to a term not exceeding ten years. The Leadership Code Act (2002), the Anti-Corruption Act (2009) and the Code of conduct and ethics of the Ugandan Public service regulate conflict of interest, as well as related prohibitions such the acceptance of gifts and hospitality. The Inspectorate of Government is responsible for overseeing the code.

The legal framework and coverage of asset and financial disclosure is also strong. The President, Ministers, members of the Parliament, judges, and civil servants, and their spouses, must comply with asset disclosure requirements, in accordance with the Leadership Code Act. Declarations should be filled upon taking office, annually, and upon leaving office, and should include information on assets, liabilities, and income items.

⁸³ The 2013 LG PEFA assesses eight districts and ten municipalities.

The 2010 Whistleblowers Protection Act provides for mechanisms encouraging individuals to blow the whistle on corruption cases. The act includes monetary incentives for whistleblowers and also guarantees their protection. The Inspectorate of Government has established a hotline where individuals can report corruption anonymously.

The Access to Information Act, enacted in 2005, provides every citizen the right to access information, with the exception of information that is likely to threaten the country's security or sovereignty.

Rules on campaign and political party financing in Uganda are, however, problematic and represent one of the weakest element of the legal framework for anti-corruption. According to the law, there is no ban or restriction on donations from legal entities or foreign sources to political parties, including from companies which have contracts with the public administration. (Transparency International 2013; World Bank 2015).

Despite broadly sound and extensive legal framework for anti-corruption (Table 2), implementation and enforcement has been severely lacking.

Table 21 Public Accountability Mechanisms and Legislations

| Accountability Mechanism | Legislation |
|--|--|
| Legislation specifying immunity protection | Constitution of the Republic of Uganda (1995) Parliament (Powers and Privileges) Act, Cap 258 Laws of Uganda (2000) Inspectorate of Government Act (2002) Leadership Code Act (2002) Access to information Act (2005) Uganda Public Service Standing Orders (2010) National Audit Act (2008) Anti-Corruption Act, (2009) |
| Laws regulating requirement for financial / asset disclosure | Constitution (1995) Anti-Corruption Act (2009) Leadership Code Act (2002) Inspectorate of Government Act (2002) |
| Laws regulating restrictions on conflict of interest | Constitution of the Republic of Uganda (1995) Leadership Code Act (2002) Anti-Corruption Act (2009) Uganda Government Standing Orders Code of Conduct and Ethics for the Uganda Public Service |
| Regulation Right to access to information | The Constitution (1995) The Access to Information Act (2005) The Civil Procedure Act (1929) The Acts of Parliament Act (2000) The Penal Code Act (1950) |

Source: World Bank 2015.

1.7.3.2 I-732 - Audit Reports and Parliamentary Accounts Committees reviews completed within specified timeframes, with timely and effective follow-up on findings by the executive

Overall, the quality of financial statements have improved, audit reports are done timely using international standards of audit, and audit reports are submitted to Parliament within 6 months. The evaluation also finds significant improvements over time regarding follow up of recommendations by the executive.

The comprehensiveness, reliability, and timeliness of MDA financial statements have markedly improved over the evaluation period, largely due the rollout of Financial Management Information Systems (FMIS), which automates Bank reconciliations. Annual consolidated financial statements cover revenue, expenditure, financial assets and liabilities.

All entities of central government, including non-commercial parastatals, are audited every year, using international standards of audit, and reports to Parliament are submitted by March according to the statutory deadline. The audits cover revenues, expenditures, assets and liabilities. The Audits are performed by the Auditor General and include financial audits, performance / value for money audits, and special audits. Audits are guided by the 2008 National Audit Act, which guarantees the independence of the Auditor General. In FY11, for example, 95 percent of the planned audits of MDAs

were conducted and a backlog of audits at lower level Governments was reduced. The 2012 PEFA Assessments rates the scope and nature of the audits performed with an "A".

Timeliness of audit report submission to Parliament is good. The PEFA framework assesses timeliness of audit reports by reference to the date of receipt of the Consolidated Accounts. The annual audit reports have been submitted to Parliament as statutorily required within six months of receipt (Table 3).

Table 22 Time lag between receipt of consolidated audit accounts and submission to parliament

| <i>Year</i> | <i>Date of receipt of consolidated accounts</i> | <i>Date of submission of audit report to Parliament</i> | <i>Number of months after receipt of accounts</i> |
|-------------|---|---|---|
| FY09 | October 29, 2009 | March 31, 2010 | 5 |
| FY10 | September 30, 2010 | March 31, 2011 | 6 |
| FY11 | October 17, 2011 | March 31, 2012 | 5 |

Source: PEFA 2012.

There has been a remarkable improvement on the follow up of audit recommendations at the central level by accounting officers in government ministries and agencies. At the close of each audit of an MDA, Office of the Auditor General (OAG) discusses with the relevant accounting officer the response to the audit management letter and follow up actions are agreed. The 2012 PEFA assessment notes that virtually all accounting officers have been implementing the agreed actions. OAG routinely reviews implementation of the agreed actions for the previous FY at the beginning of each annual audit. Accounting officers implement the recommendation to avoid public exposure at subsequent PAC hearing sessions. The PEFA upgraded this dimension from a "C" in 2008 to an "A" in 2012. (PEFA 2012)

1.7.3.3 I-733 - Evidence of follow-up action for corruption cases: progress on investigations and prosecutions of indicted public officials, private persons and firms for fraud and corruption / administrative sanctions taken against officials named in the AG's report into financial impropriety

The office of the Inspectorate General (IGG) has the mandate to investigate or cause the investigation of corruption, prosecute, as well as arrest or cause the arrest of corrupt officials. It also serves as the country's ombudsman and is regulated by the Inspectorate of Government Act of 2002.

There has been a notable increase in prosecutions since 2006. Convictions have increased alongside, but at a much slower pace, so there is a large gap between prosecutions and convictions. The number of prosecutions has increased more than threefold from 44 in 2006 to 145 in 2013. The number of convictions is markedly lower, and has increased from only 2 in 2006 to 18 in 2013. It is noted that the ratio of prosecutions to convictions has improved, from 4.5 to 12.4 percent.

This is a tangible improvement, but much less than needed to affect the incentives for corruption and contribute to a deterrent effect of enforcement activities.

Concluded cases were about 50 percent of total prosecutions, which has however deteriorated significantly in 2013 to about 20 percent. The great majority of corruption related cases investigated relates to embezzlement and forgery. Lack of data, or sufficient evidence, for prosecution is the leading cause for closing cases or referred cases for further investigation. (Inspectorate General 2014b)

The table below shows the breakdown of the conviction rates.

Table 23 Prosecutions and convictions from 2007 - 2013

| | <i>2006</i> | <i>2007</i> | <i>2008</i> | <i>2009</i> | <i>2010</i> | <i>2011</i> | <i>2012</i> | <i>2013</i> |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Prosecutions | 44 | 60 | 64 | 70 | 116 | 154 | 168 | 145 |
| Concluded cases | 7 | 12 | 16 | 11 | 30 | 61 | 86 | 32 |
| Convictions | 2 | 4 | 10 | 1 | 18 | 37 | 45 | 18 |
| Dismissals | 0 | 3 | 0 | 4 | 2 | 2 | 3 | 1 |
| Acquittals | 5 | 2 | 6 | 1 | 3 | 14 | 23 | 8 |
| Withdrawn | | | | | 7 | 8 | 15 | 5 |
| Conviction rate (per 1,000 male) | 28.6 | 33.3 | 62.5 | 9.1 | 60 | 60.7 | 52.3 | 56.25 |

Source: Inspectorate General (2014b).

However, there is limited follow up on the IGG recommendations by the executive. Similar to the Accountant General's Office, the IGG submits a report to Parliament every six months regarding the operational performance of its functions and recommendations. However, it is noted that some institutions and officers "ignore; delay compliance; or refuse to implement the IGG's recommendations, without giving credible reasons" (Inspectorate General 2014a). This undermines the credibility and efficacy of the institution. This may also be an institutional problem of a lack of a standalone parliamentary committee on anti-corruption, which could give greater parliamentary oversight and urgency to the implementation of IGG and AG recommendations.

1.7.3.4 I-734 - Percentage of Inspector General of Government (IGG) corruption cases successfully concluded, leading to further action

Overall, significant progress was made regarding the time required for case resolution. However, this is still insufficient to address the very large backlog of unresolved cases that has accumulated over recent years. In FY 14, the backlog grew by 850 cases.

The total workload of the IGG was substantial with 14,501 cases in 2014. Some 78 percent of these are accumulated cases from previous years. It has been recognized that the backlog of cases poses a serious accountability problem. However, actions taken were inadequate, and the backlog continues to increase. Table 5 shows that there were 2,240 cases investigated and completed, which is significantly less than the number of new complaints received (i.e. 3,092). In other words, in FY 2014 the backlog grew by more than 850 cases. (Inspectorate of Government 2014b)

Significant improvement was made regarding the time needed to resolve a case. While in 2010 54.2 percent of cases took more than 12 months to be resolved, this number substantially dropped to 24 percent in 2012. It has risen to 28 percent in 2013. However, this progress is still insufficient to curb the backlog. Of the 85 cases that were ongoing in December 2013, 34 had been before the courts for more than 24 months. Inadequate staffing at both the IG and in the court system contributes to the delays in concluding prosecutions initiated by the IG. (Inspectorate of Government 2014a)

Table 24 Number of investigations carried out by the inspectorate in FY 2014

| | FY 2014 | Share |
|--|---------|-------|
| Complaints brought forward | 11,334 | 78% |
| Investigations from Audit Reports | 219 | 2% |
| New complaints received/initiated | 3,092 | 21% |
| New verifications of leaders' declarations | 22 | 0% |
| Total workload | 14,501 | 100% |
| Investigated & completed | 2,240 | 82% |
| Verifications concluded | 52 | 2% |
| Referred to other Institutions | 380 | 14% |
| Rejected complaints | 53 | 2% |
| Total complaints concluded | 2,725 | 100% |
| Carried forward | 11,776 | n/a |

Source: Inspectorate General (2014b).

1.7.3.5 I-735 - Percentage recovery of recoverable funds from Special audits of Grand corruption cases

There is currently no clause on asset recovery in Uganda's legal framework. To rectify this, an Anti-Corruption Amendment Bill was presented to Parliament in 2013, but the bill has not yet passed into law. In the absence of such, convicted public officials will legally continue to have access to misappropriated funds and assets after serving their jail sentences.

Nevertheless, some of the misappropriated funds have been recovered, with a steep increase of the recommended recovery amounts. In 2012, UGX 134 billion were recovered against a recommended UGX 185 billion. This ratio has deteriorated in 2013, where UGX 1,175 billion were recovered against a recommended UGX 5,583 billion.

2 Step 2

2.1 Evaluation question 8

| | |
|------------------------|---|
| EQ8 – Education | To what extent, in the <u>education sector</u>, have the development outcomes pursued through the policies and programmes supported by BS been (or are being) achieved? And which have been the determining factors of their achievement? |
| EQ8-A | <ul style="list-style-type: none"> • JC8A1 Increase in equitable access to education at both primary and secondary level • JC8A2 Increased quality education at primary level • JC8A3 Increased gender equality |

2.1.1 JC8A1 Increase in equitable access to education at both primary and secondary level

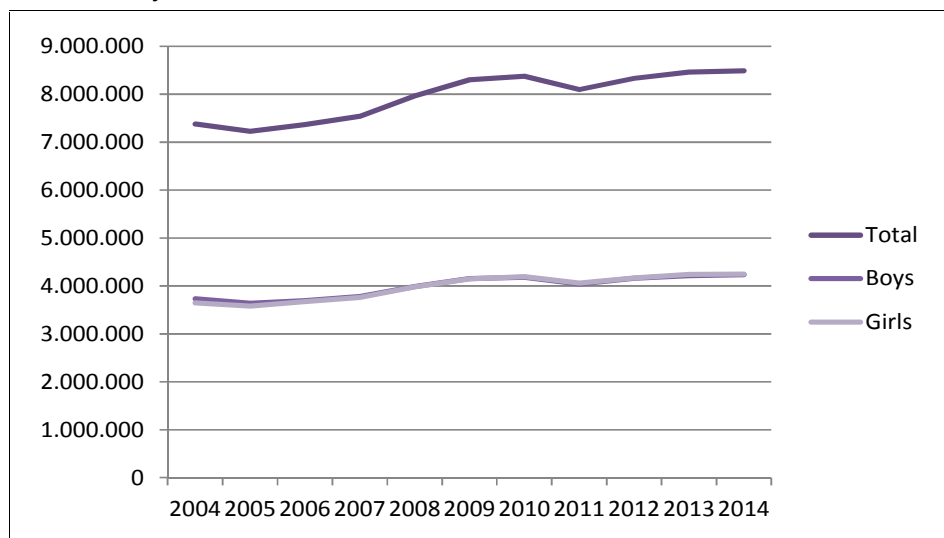
There has been a substantial increase in access to education at both primary and secondary level, with equal rates of enrolment between boys and girls at primary level, although girls still lag behind boys in secondary school enrolment. Completion rates at primary 7 have also risen for girls from 54% in 2004 to 67% in 2013, but there has been a decline for boys from 72% in 2004 to 67% in 2013. There are very low survival rates to primary 7, indicating that the majority of pupils have dropped out by this point (31% survival rate for both girls and boys in 2013).

There has been a significant increase in secondary school enrolment rates since 2004. Secondary school enrolment rates have risen from 697,507 (male 383,652; female 313,855) in 2004 to 1,257,000 (male 672,820; female 505,540) in 2013. There is however still a substantial gender gap, with girl's enrolment lower than boys.

There are also regional differences in access to education, with some districts experiencing significantly lower levels of NER at primary and secondary level and there are variations in the gender gap in enrolments. Similarly completion rates at primary level vary substantially between districts.

2.1.1.1 I-8A1.1 Increase in net primary school enrolment rates (boys and girls), where possible distinguishing between socio-economic groups / across regions (poorest, hard to reach areas)

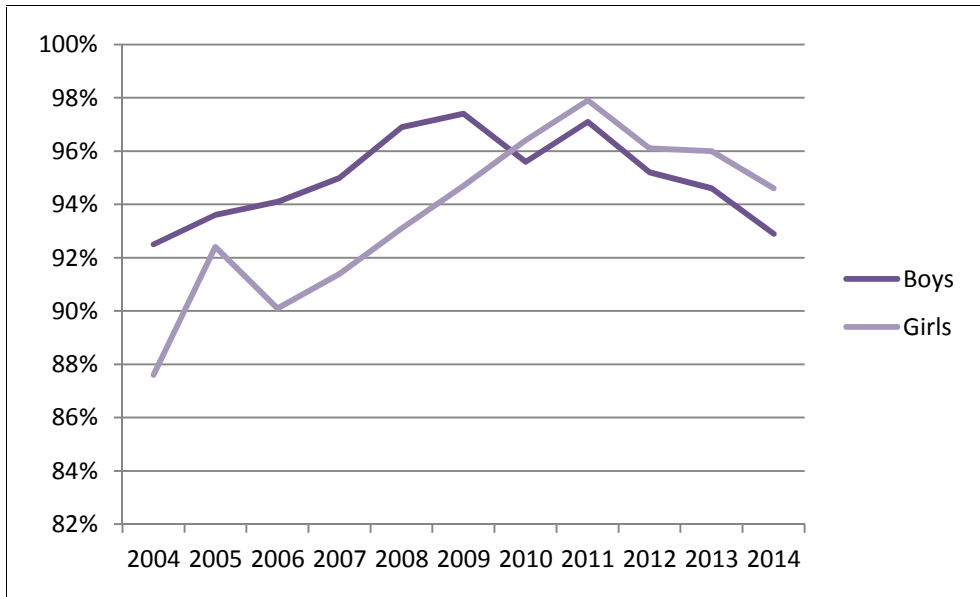
Figure 22 Primary School Enrolment Trends



Source: MoES 2013.

Net primary school enrolment rates (NER) have increased significantly over the evaluation period. From 2000 to 2004 the NER was between 84.5%-90%, which then rose to 93.7% (male 92.9%; female 94.6%) in 2014. This indicates that now there is almost an equal NER of boys and girls. These figures mask significant regional differences in enrolment at primary level. For example, in Karamoja in the North the NER for boys was 45% and for girls 43% in 2013, whereas, in Buganda in the Central region the NER was 89% and 91% for boys and girls respectively in 2013 (MoES, 2013: Sector Performance Report).

Figure 23 Primary School Net Enrolment Rates

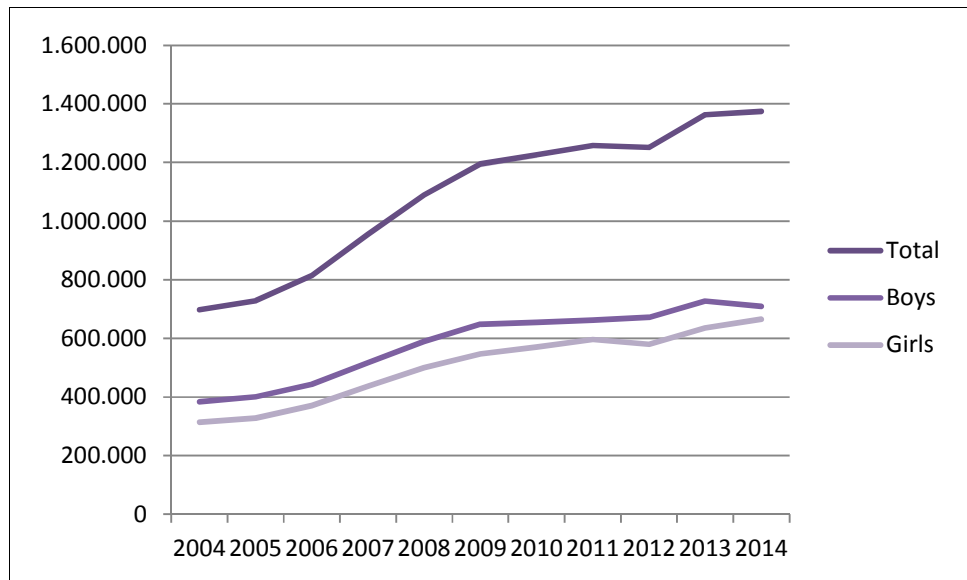


Source: MoES 2013.

2.1.1.2 I-8A1.2 Increase in secondary school enrolment rates (boys and girls), where possible distinguishing between socio-economic groups / across regions (poorest, hard to reach areas)

There has been a significant increase in secondary school enrolment since 2004 as shown in the Figure below. Secondary school enrolment has risen from 697,507 (male 383,652; female 313,855) in 2004 to 1,257,000 (male 672,820; female 505,540) in 2013. There is still a substantial gender gap, with girl's enrolment lower than boys.

Figure 24 Secondary School Enrolment Trends



Source: MoES 2013.

The NER at secondary level has improved as it was at 14.5 % in 2004 (15.5% boys and 13.6% girls). This increased to 24.1% in 2014 (22.4% boys and 23.3% girls). Similarly, the GER has risen from 17.2% in 2004 (19.1% boys and 15.3% girls) to 28.1% in 2014 (29.1% boys and 28.1% girls) (MoES, 2014: Sector Performance Report). There are significant regional differences in terms of secondary level NER. For example, in Busoga in the Eastern Region there was an NER of 35% for boys and 31% for girls in 2013. In contrast, Karamoja in the North had an NER of 5% for both boys and girls (MoES 2013).

There are also regional variations in total enrolment at secondary level by gender. In Buganda, in the Central region, female enrolment was 4% higher than male enrolment in 2013 and, in Kigezi, in the

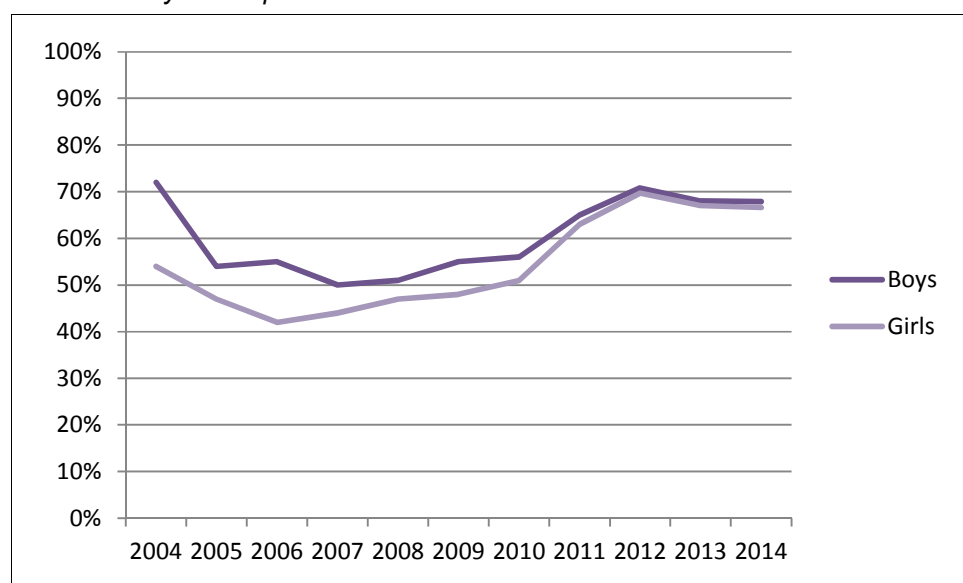
West region, it was 1% higher. In contrast, in the Northern Region, in Acholi male enrolment was 80% of total enrolments and 70% in West Nile district in 2013 (MoES 2013).

2.1.1.3 I-8A1.3 Increased completion rates at primary level (boys and girls), where possible distinguishing between socio-economic groups / across regions (poorest, hard to reach areas)

Primary level completion rates at primary level 7 fell between 2004 and 2008 from 62% to 45% and then increased again to 70.3% in 2012, before falling back to 67% in 2013 as shown in the Figure below. Completion rates rose for girls from 54% in 2004 to 67% in 2013, but there has been a decline for boys from 72% in 2004 to 67% in 2013.

Completion rates varied between districts with the highest completion rate in 2013 in Nwoya in the Northern Region at 191% (255% for boys and 127%) for girls and the lowest in Amudat, also in the North at 7% for both boys and girls in 2013.

Figure 25 Primary 7 Completion rates



Source: MoES 2013.

This is counterbalanced by a very low survival rate to P7, which has changed little since 2004 when the survival rate was 28% (boys 27% and girls 29%). By 2013 the survival rate was 30% (boys 30% and girls 29%), this is in contrast to a 65% survival rate in 2002 (MoES 2014).

2.1.2 JC8A2 Increased quality education at primary level

There has been a significant increase in the pass rate of the Primary Level Examination (PLE) over the evaluation period, which is taken at the end of Primary 7. However, girls still underperform boys and in practice pass rates are still only at the levels experienced in 2001. There was an initial increase in literacy and numeracy competence at Primary 6 at the beginning of the evaluation period with an increase until 2010, then a decline. Girls still lag behind boys in literacy and numeracy and again overall literacy and numeracy competence is at a similar level in 2013 to 2000.

There was significant variation between districts performance in the PLE and also variations in levels of literacy and numeracy at primary level between rural and urban areas with pupils in urban areas performing better.

The table below illustrates the evolution of key education sector indicators since the establishment of the JBSF. While the situation was overall positive in FY 2009/10, all but one target of the JAF was met in FY 2011/12.

Table 25 Key Results indicators in the education sector JAF 1-4 (2008/9-2011/12)

| | JAF 1 (FY 2008/09) | JAF 2 (FY 2009/10) | JAF 3 (FY 2010/11) | JAF 4 (FY 2011/12) |
|-----------------------------|--------------------|--------------------|--------------------|--------------------|
| Literacy Proficiency | | | | |
| P3 total | 45% | 56% | 58% | 48% |
| P3 girls | 45% | 56% | 57% | 49% |

| | JAF 1 (FY 2008/09) | JAF 2 (FY 2009/10) | JAF 3 (FY 2010/11) | JAF 4 (FY 2011/12) |
|---|--------------------|--------------------|--------------------|--------------------|
| P6 total | 48% | 48% | 50% | 41% |
| P6 girls | 48% | 48% | 51% | 41% |
| Numeracy Proficiency | | | | |
| P3 total | 71% | 71% | 73% | 63% |
| P3 girls | 68% | 69% | 73% | 61% |
| P6 total | 54% | 53% | 56% | 46% |
| P6 girls | 48% | 48% | 50% | 42% |
| Primary pupils passing PLE with grades I-III at Government aided UPE schools by gender | | | | |
| Total | 271,910 | 291,479 | 316,483 | 317,353 |
| % of girls | 45% | 48% | 48% | 48% |
| Survival to P7 by gender | | | | |
| Total | 29% | 32% | 31% | 32% |
| Boys | 28% | 32% | 31% | 31% |
| Girls | 29% | 31% | 30% | 32% |

Note: the green colour indicates that the target was met.

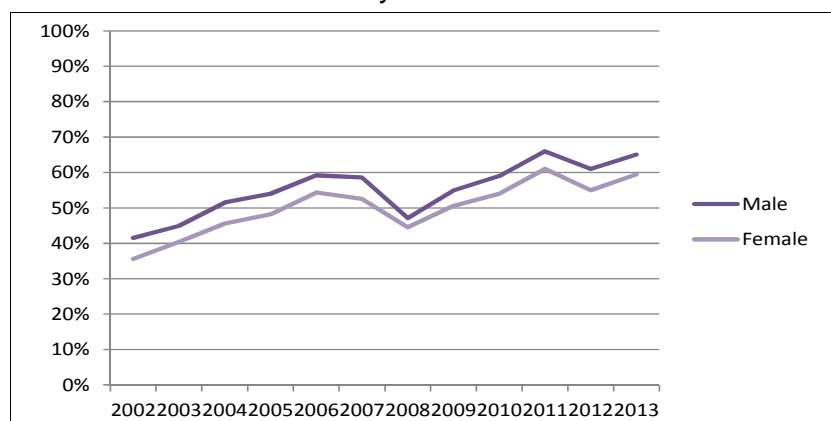
Source: JAFs 1, 2, 3, 4.

2.1.2.1 I-8A2.1 Increase in primary level pass rates (boys and girls)

Primary Leaving Examinations (PLE) are taken at the end of Primary 7 and are graded on a nine-point scale: 1 to 9, where 1 is the best. Time series data for the pass rates of the PLE are not available for the entire period of 2004-2013. However, a closely related indicator is the PLE performance index used in the Sector Performance Reports of the MoES⁸⁴. Its evolution shows that there has been a significant increase in average PLE performance of students. The index was at 51.5% for boys and 45.6% for girls) in 2004 and increased to 65.1% for boys and 59.5% for girls in 2013. In practice, this represents a return to levels experienced in 2001 where the aggregate index was 62.9% (MoES, 2013).

There was substantial variation in the PLE index between districts, with in 2013 the highest PLE ranking district found in Kabarole in the West of Uganda at 78% overall in 2013 (boys 79% and girls 77%) compared to the lowest district on the index which was Kween in the East of Uganda at 34% (boys 37% and girls 31%) (MoES 2013).

Figure 26 PLE Performance Index for Boys and Girls 2000-2013



Source: MoES 2013.

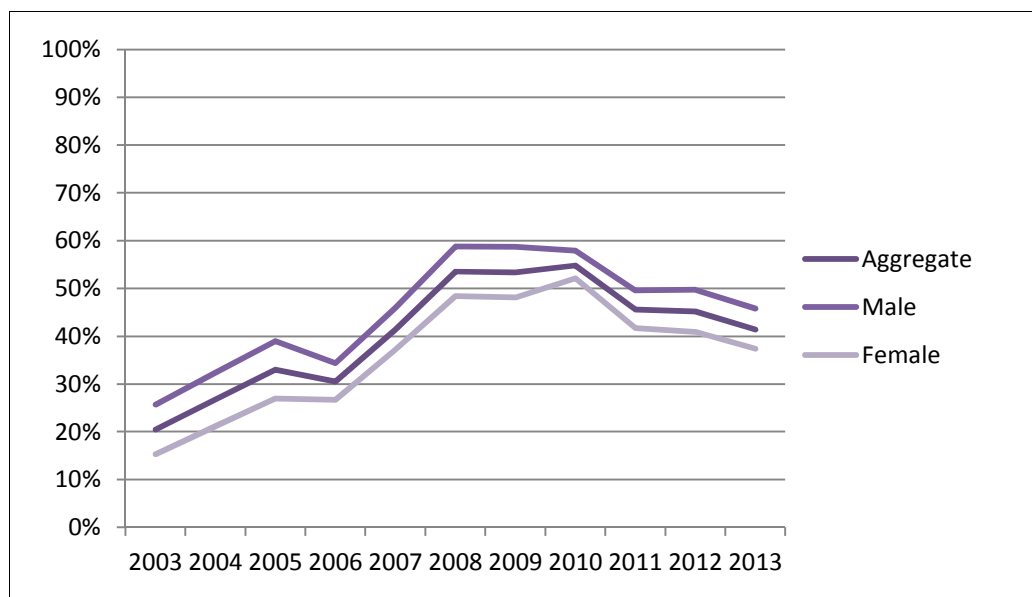
⁸⁴ To calculate this index, candidates are weighted in each grade of passing with the best grade carrying a high weight and failures given a weight of zero. The actual weight is summed up and expressed as a ratio of the expected maximum weight attained by multiplying the highest weight with the number of candidates that sat exams (see UNESCO (2012): The use and usefulness of school grants: lessons from Uganda). Under this measure, 100% would imply that all PLE candidates passed in division one. Therefore, the further the index from 100 percent the poorer the quality of performance. Results for 2013 show a gap of 37 percent for Uganda to attain a quality of 100 percent.

2.1.2.2 I-8A2.2 Increase in primary pupil literacy and numeracy competence (boys and girls)

There was an initial increase in literacy and numeracy competence at Primary 6 at the beginning of the evaluation period with an increase from 26.8% in 2004 to 54.8% in 2010. Competency levels then declined decreasing to 41.4% in 2013. Girls still lagged behind with levels of 37.4% in 2013, as compared to boys at 45.8%, although at both P3 and P6 levels girls literacy skills were higher than boys, but were lower than boys in numeracy. Overall, literacy and numeracy competence levels were only at a similar level to 2000 when they were 41%.

These results mask considerable differences in pupils mathematics and English test scores between and within rural/urban locations. A study undertaken by the World Bank which assessed scores in these tests from 2008-2010 found that there was a significantly large and persistent difference between urban and rural student outcomes in literacy and numeracy at the primary level in favor of urban students (Najjumba and Marshall, 2013). In P6, the urban-rural gap was around 20 percentage points in literacy and about 10 percentage points in numeracy. Private schools also significantly outperformed public primary schools in numeracy at P6.

Figure 27 Percentage of Primary 6 pupils rated as proficient in numeracy (boys and girls): 2003-2013



Source: MoES 2013.

2.1.3 JC8A3 Increased gender equality

There has been an increase in gender equality in the education sector in terms of increased access at both primary and secondary level for girls, although there is still not gender parity in access at secondary level. There has been an increase in the completion rate at primary level for girls, but this has declined for boys. There has also been an increase in pupil literacy and numeracy competency for girls over the evaluation period, although this has begun to decline since 2010 and girls still lag behind boys in terms of numeracy competency.

Despite this, significant socio-economic and cultural barriers to girls education exist in some parts of Uganda. This is mainly due to gender based discrimination, early marriage, poverty and an unsafe school environment (MoES, 2014). At secondary level many challenges still remain as enrolment at secondary level is lower for girls than boys and transition rates at secondary level to S5 were much lower for girls at 23% in 2014 compared to 33% for boys. Interviews also revealed that most respondents thought that sufficient funding was not provided in order to implement GoU gender policies.

2.1.3.1 I-8A31 Increase in primary and secondary school access for girls

See I-8A1.1 and I-8A1.2 – there has been a significant increase in access at both primary and secondary level for girls, although there is still not gender parity in access at secondary level. This has been achieved through a number of interventions including community awareness activities, improving the school environment, building separate latrines and substantial training of female teachers and sensitisation work.

Evidence indicates that some regions have been more successful than others in recruiting female teachers at primary level. In Karamoja in the North of Uganda female teachers were only 29% of total teachers in state schools, whereas in Buganda in the Central region this figure was 53% (MoES 2013). At secondary level there were 23.7% female teachers in the sector (government and private schools), with again Karamoja in the North having the least number of female teachers.

2.1.3.2 I-8A32 Increased completion rates at primary level for girls

See I-8A1.3 - there has been an increase in the completion rate at primary level for girls which was at an equal level to boys in 2014. The survival rate to grade 7 at primary level was also similar for girls and boys at 32.3% and 31.9% in 2014 respectively. However the pass rate for the PLE was still lower for girls at 85.9% in 2014 compared to 90.3% for boys (MoES 2014). It was also reported in interviews and various documents that there are high dropout rates for girls in upper primary, but no data exists on this trend (MoES 2013 and interviews).

It was also noted in the survey and some interviews that there was concern in schools regarding the dropout rates of boys at primary level. Particularly in urban areas or areas where there are other economic opportunities as boys drop out in order to work at around primary 5.

Overall, a variety of strategies were reported in interviews/survey to being used by schools to attempt to reduce dropouts of girls at primary level. These were as follows:

- Building separate latrines
- Guidance and counselling provided by senior female teachers
- Establishment of a girls football team
- Implementation/development of gender based violence strategic plan
- Interventions designed to assist orphans and vulnerable children (particularly girls) via USAID support
- Ensuring a gender balance in staff recruitment according to district policy
- Community sensitisation activities

2.1.3.3 I-8A33 Increase in primary pupil literacy and numeracy competency for girls

See I-8A2.2 – there has been an increase in pupil literacy and numeracy competency for girls over the evaluation period, although this has begun to decline since 2010. Girls still lag behind boys in terms of pupil numeracy competency. In addition, girls proficiency in mathematics and biology was a lot lower than boys at secondary, although higher in English language proficiency (MoES 2013).

2.1.4 Details on the econometric analysis of determinant factors

The econometric analysis for the Education sector estimates the contribution of various inputs provided under GoU sector policies and programmes – financial, physical and human resources – on outcome indicators for educational access and quality at both primary and secondary level.

The unit of observation is the district in a given school year (2006-2013). The main data source is a comprehensive extract of micro data from the Educational Management Information System (EMIS) – the national school census – provided by the Ministry of Education and Sports. Further data sources include population estimates by based on data and procedures of the Uganda Bureau of Statistics (UBoS), PLE results reported by the Uganda National Education Board (UNEB) and fiscal data for central government transfers to districts collected in the World Bank's BOOST database. The result is a panel dataset with annual observations for all districts of Uganda for the period 2006-2013. Coefficient estimates are largely obtained via panel data estimation with district fixed effects, which exploits only changes in variables *within* districts over time.

The econometric analysis undertaken by the evaluation team emphasises the importance of funding on aspects related both to access to and quality of education in Uganda. The analysis further highlights a number of specific determinants of improved gross enrolment ratios, such as the number of teachers relative to the school age population, the number of classrooms and adequate seating space. Some of the estimated effects of specific sources on school enrolment differ between boys and girls. The analysis also indicates that the number of students per classroom, seating spaces, as well as the qualification and number of teachers influenced PLE pass rates or primary completion rates.⁸⁵

⁸⁵ These findings are convergent with those of other studies. Using data from 2006-2010, an earlier study carried out by the World Bank found that, at primary level, teacher attendance, school size as determined by enrolment, and the availability of toilets and first aid services at school, explained 13 percent of the variation in the proportion

Box 7 *Main results of the econometric analysis in the education sector*

The econometric analysis, which focused only on Uganda, aimed at identifying factors influencing key indicators related to access to and quality of education.

Primary and secondary enrolment ratios (access)

Districts improved their gross enrolment ratios (GERs) in primary and secondary over time with increased provision of:

- *Schools*: 1 additional school per 10,000 children of primary school age increased the male and female GERs in primary by 1.5 to 2 percentage points and somewhat less at secondary level.
- *Classrooms*: 1 additional classroom for all schools led to a roughly 3 pct. point increase in the male and female GERs at primary level and to 1 pct. point increase at secondary level
- *Adequate seating and writing space*: 1 additional space in all classrooms raised the male and female GERs in primary by 0.5 to 1 pct. points and by 0.2 pct. points in secondary.
- *Teachers*: 1 more teacher per 1,000 children of primary school age produced an increase of 1 pct. point in male and female GERs at primary level and of 0.3 pct. points in the female GER in secondary.

While the positive signs of the effects usually hold for both boys' and girls' enrolment, the magnitudes of the impacts are often different for the two and may trigger a change in the enrolment gender gap.

Boys benefited relatively more from:

- New primary and secondary schools
- Additional classrooms and seating/writing spaces in secondary;
- Upgrading schools to the highest class: expanding 10 % of the schools to grades P7 (primary) or S6 (secondary) increased male GERs by about 2 and 0.5 pct. points, respectively.

In contrast, girls benefited relatively more from:

- Classrooms and spaces in primary;
- Increasing shares of girls-only secondary schools;

Number of gender-segregated latrines (somewhat mixed evidence).

Primary completion and PLE pass rates (quality):

Districts improved their completion rates in primary as a consequence of:

- *Reduced overcrowding of classrooms*: Having 1 student less in all classrooms increased the completion rate by 0.2 percentage points.

Pass rates for the Primary Leaving Exam improved in response to:

- *Adequate seating and writing spaces*: providing adequate space to 10 pct. points more students increased pass rates by 1 pct. point among boys and 1.5 pct. points among girls.
- *Teachers*: one student less per teacher improved pass rates for boys by about 0.2 pct. points.
- *Teacher qualification*: a 10 pct. point decrease in the share of underqualified teachers produced an increase of 2 and 3 pct. points in the pass rates of boys and girls, respectively.

Source: Econometric analysis on Uganda key sector indicators - Particip GmbH (2014).

The tables below present further details on the regression results in the form of selected estimation tables (information on the approach used in the econometric analysis and the full set of tables can be found in Volume 3 - Annex 6).

of students who pass the PLE in grades 1-3. However, key inputs such as trained teachers showed no significant association with the percentage of students passing this exam (Mulindwa Najjumba, I. & J. H. Marshall 2013).

Table 26 Effects of educational inputs on gross enrolment ratio (primary level), district division 2006

| Estimation method → | Panel data: District fixed effects estimator | | | | | | Dynamic panel data: Arellano-Bond estimator | | |
|--|---|----------|-----------|--------------------------------|-----------------|------------------|--|----------|-----------|
| | No | | | Yes | | | Yes | | |
| | Robustness check | | | Main (preferred) specification | | | Robustness check | | |
| | 2007 to 2013 | | | 2007 to 2013 | | | 2009 to 2013 | | |
| | N = 385 | | | N = 385 | | | N = 251 | | |
| Dependent variable: gross enrolment ratio for ... | Boys | Girls | Gdr. Gap | Boys | Girls | Gdr. Gap | Boys | Girls | Gdr. gap |
| Financial resources | | | | | | | | | |
| Central government transfers to district (in billion US\$, previous fiscal year) budgeted for: | | | | | | | | | |
| - recurrent expenditure in primary education | -0.001 | 0.000 | -0.001 | -0.004 | -0.002 | -0.002 | -0.007* | -0.004 | -0.003** |
| - School Construction Programme | -0.002 | -0.006 | 0.004* | -0.002 | -0.005 | 0.003 | -0.003 | -0.004 | 0.003 |
| Physical school resources | | | | | | | | | |
| Number of schools per 1,000 children of official primary school age in the population | 0.163*** | 0.138*** | 0.024* | 0.167*** | 0.144*** | 0.023* | 0.182*** | 0.189*** | -0.022 |
| Share of schools with classes up to P7 | 0.197 | 0.015 | 0.182*** | 0.263 | 0.125 | 0.139** | 0.196 | 0.117 | 0.055 |
| Average number of classrooms per school | 0.027 | 0.035* | -0.008 | 0.022 | 0.028 | -0.006 | 0.029 | 0.042** | -0.015** |
| Average number of adequate seating and writing spaces per classroom | 0.008** | 0.009* | -0.001 | 0.008*** | 0.009*** | -0.001 | 0.007** | 0.007** | -0.001 |
| Share of schools with improved water sources | -0.292 | -0.301 | 0.009 | -0.429** | -0.411** | -0.018*** | -0.257 | -0.205 | 0.094*** |
| Number of separate girls' toilets with doors or shutters per 1,000 girls of official primary school age in pop. | -0.035** | -0.002 | -0.034*** | -0.030** | 0.002 | -0.032*** | -0.027 | 0.011 | -0.036*** |
| Number of separate boys' toilets with doors or shutters per 1,000 boys of official primary school age in pop. | 0.032** | 0.002 | 0.030*** | 0.025** | -0.003 | 0.028 | 0.027 | -0.011 | 0.036 |
| Human resources | | | | | | | | | |
| Number of teachers per 1,000 children of official primary school age in population | 0.014*** | 0.011*** | 0.003** | 0.015*** | 0.012*** | 0.003** | 0.016*** | 0.014*** | 0.002 |
| Share of female teachers | 0.007 | 0.437 | -0.430** | -0.339 | 0.198 | -0.537** | 0.281 | 0.627 | 0.020 |
| R ² | 0.626 | 0.583 | 0.502 | 0.652 | 0.613 | 0.518 | . | . | . |
| <p>Notes: Each cell entry shows the estimated percentage point change in the given enrolment ratio induced by a one-unit change of the variable in the given row. *, ** and *** denote statistical significance (effect different from zero) at 10 %, 5% and 1%, respectively (marked in bold in the main specification). The unit of observation is the mother district as per district division 2006. All variables refer to primary schools in the district. Gender gap = outcome for boys minus girls. Standard errors (not reported) are clustered at the district level (for fixed effects estimation) or robust (Arellano-Bond estimation). Additional independent (control) variables include: population of (i) boys and (ii) girls of official primary school age (6-12 years), share of schools located in rural areas, share of schools in periurban areas, school average of distance in km to District Education Office, share of schools within 1 km distance to nearest main water source, average number of textbooks per school, % of underqualified (i.e. licensed or Grade II) teachers, share of schools with more than two inspections per year, total of other central government transfer in previous fiscal year and a dummy for the years after the split of the mother district (if any).</p> | | | | | | | | | |

Table 27 Effects of educational inputs on gross enrolment ratio (secondary level), district division 2006

| Estimation method → | Panel data: District fixed effects estimator | | | | | | Dynamic panel data: Arellano-Bond estimator | | |
|---|---|----------|-----------|---------------------------------------|-----------------|------------------|--|----------|-----------|
| National and sub-regional changes filtered | No | | | Yes | | | Yes | | |
| Purpose | Robustness check | | | Main (preferred) specification | | | Robustness check | | |
| School years covered in dataset | 2007 to 2013 | | | 2007 to 2013 | | | 2009 to 2013 | | |
| Number of observations used | N= 385 | | | N = 385 | | | N = 246 | | |
| Dependent variable: gross enrolment ratio for ... | Boys | Girls | Gdr. Gap | Boys | Girls | Gdr. Gap | Boys | Girls | Gdr. gap |
| Financial resources | | | | | | | | | |
| Central government transfers to district (in billion US\$, previous fiscal year) budgeted for: | | | | | | | | | |
| - recurrent expenditure in secondary education | 0.002** | 0.003*** | 0.000 | 0.001 | 0.001 | 0.000 | 0.001 | 0.001 | 0.000 |
| Physical school resources | | | | | | | | | |
| Number of schools per 1,000 children of official secondary school age in the population | 0.236*** | 0.208*** | 0.029 | 0.193*** | 0.159*** | 0.034 | 0.285*** | 0.240*** | 0.081*** |
| Share of girls-only schools | -0.119 | 0.177** | -0.296*** | -0.079 | 0.207** | -0.287*** | -0.085 | 0.213* | -0.260*** |
| Share of boys-only schools | -0.027 | -0.030 | 0.003 | -0.032 | -0.041 | 0.009 | -0.061 | 0.119 | -0.146 |
| Share of schools with classes up to S6 | 0.050* | 0.028 | 0.022 | 0.047* | 0.018 | 0.029* | 0.089*** | 0.055** | 0.024 |
| Average number of classrooms per school | 0.014*** | 0.011*** | 0.003** | 0.013*** | 0.010*** | 0.003 | 0.012*** | 0.008*** | 0.005** |
| Average number of adequate seating and writing spaces per classroom | 0.003*** | 0.003*** | 0.001*** | 0.003*** | 0.002*** | 0.001*** | 0.002*** | 0.002*** | 0.001*** |
| Share of schools with improved water sources | 0.057 | 0.079** | -0.022 | 0.016 | 0.043 | -0.028 | 0.064 | 0.070** | 0.013 |
| Number of separate girls' toilets with doors or shutters per 1,000 girls of official secondary school age in pop. | -0.007 | 0.004 | -0.011** | -0.001 | 0.011 | -0.012 | -0.037*** | -0.012 | -0.024*** |
| Number of separate boys' toilets with doors or shutters per 1,000 boys of official secondary school age in pop. | 0.013 | 0.001 | 0.011** | 0.007 | -0.005 | 0.012* | 0.036*** | 0.014* | 0.020*** |
| Human resources | | | | | | | | | |
| Number of teachers per 1,000 children of official secondary school age in population | -0.001 | -0.001 | 0.000 | 0.002 | 0.002 | 0.000 | -0.002* | 0.000 | -0.002** |
| Share of female teachers | 0.189** | 0.134** | 0.055 | 0.036 | 0.007 | 0.029 | -0.03 | -0.068 | 0.066 |
| R ² | 0.736 | 0.738 | 0.438 | 0.778 | 0.778 | 0.522 | . | . | . |
| <p><i>Notes:</i> Each cell entry shows the estimated percentage point change in the given enrolment ratio induced by a one-unit change of the variable in the given row. *, ** and *** denote statistical significance (effect different from zero) at 10 %, 5% and 1%, respectively (marked in bold in the main specification). The unit of observation is the mother district as per district division 2006. All variables refer to secondary schools in the district. Gender gap = outcome for boys minus girls. Standard errors (not reported) are clustered at the district level (for fixed effects estimation) or robust (Arellano-Bond estimation). Additional independent (control) variables include: population of (i) boys and (ii) girls of official secondary school age (13-18 years), shares of schools located in (i) rural and (ii) periurban areas, school average of distance in km to DEO, share of schools within 1 km distance to nearest main water source, average number of textbooks per school, share of schools with > 2 inspections per year, central govt. transfers in previous fiscal year for: (i) SCP and (ii) total of other transfers, and a dummy for the years after the split of the mother district (if any).</p> | | | | | | | | | |

Table 28 Effects of educational inputs on PLE pass rates

| <i>Estimation method: panel data - district fixed effects</i> | | | | | | |
|---|------------------|------------------|------------|------------------|------------------|-----------------|
| National and sub-regional changes filtered | Yes | | | Yes | | |
| Central government transfers included | No | | | Yes | | |
| School years covered in dataset | 2006-2011, 2013 | | | 2007-2011, 2013 | | |
| Number of observations | 449 | | | 312 | | |
| Dependent variable: pass rate PLE for gender... | Boys | Girls | Gender gap | Boys | Girls | Gender gap |
| Financial resources | | | | | | |
| Central government transfers to district (in billion US\$, previous fiscal year) budgeted for: | | | | | | |
| - recurrent expenditure in primary education | | | | 0.000 | 0.004 | -0.004** |
| Physical school resources | | | | | | |
| Student-classroom ratio | 0.001 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Share of students with adequate seating and writing space | 0.105* | 0.164** | -0.059 | 0.070 | 0.168* | -0.097 |
| Textbook-student ratio | 0.001 | 0.005 | -0.005 | 0.003 | 0.010 | -0.007 |
| Share of schools with improved water sources | -0.009 | 0.018 | -0.027 | -0.009 | 0.007 | -0.015 |
| Human resources | | | | | | |
| Student-teacher ratio | -0.001 | 0.000 | -0.001 | -0.002** | -0.001 | -0.001* |
| Share of female teachers | 0.052 | -0.007 | 0.059 | 0.191 | -0.037 | 0.228 |
| Share of underqualified (i.e. licensed or Grade II) teachers | -0.214*** | -0.279*** | 0.065 | -0.260*** | -0.339*** | 0.079 |
| R ² | 0.638 | 0.661 | 0.341 | 0.651 | 0.671 | 0.36 |
| <p><i>Notes:</i> Each cell entry shows the estimated percentage point change in the given completion rate induced by a one-unit change of the variable in the given row. *, ** and *** denote statistical significance (effect different from zero) at 10 %, 5% and 1%, respectively (marked in bold). The unit of observation is the mother district as per district division 2006. All variables refer to primary schools in the district. Gender gap = outcome for boys minus girls. Standard errors are clustered at the district level. Additional independent (control) variables include: population of boys of official primary school age (6-12 years), population of girls of official primary school age (6-12 years), number of schools per 1,000 children of official primary school age in the population, share of primary schools with classes up to P7, share of schools located in rural areas, share of schools located in periurban areas, school average of distance in km to District Education Office, share of schools within 1 km distance to nearest main water source, number of separate girls' toilets with doors or shutters per 1,000 girls of official primary school age in population, number of separate girls' toilets with doors or shutters per 1,000 girls of official primary school age in population, share of schools with more than two inspections per year, central government transfers in previous fiscal year for: (i) School Construction Programme and (ii) total of other transfers, and a dummy for the years after the split of the mother district (if any).</p> | | | | | | |

2.2 Evaluation question 9

| | |
|--------------------|---|
| EQ9 – Water | To what extent, in the water sector, have the development outcomes pursued through the policies and programmes supported by BS been (or are being) achieved? And which have been the determining factors of their achievement? |
| EQ9-A | <ul style="list-style-type: none"> • JC9A.1 Enhanced equitable access to basic water supply and sanitation services • JC9A.2 Increased gender equality and improved gender sensitive outcomes |

Background on the monitoring of key sector indicators

MWE has published annual Sector Performance Reports (SPRs) for Water and Sanitation since 2003. They have gradually improved in quality and are now the major instrument for the dissemination and analysis of performance information. A Performance Measurement Framework was elaborated in 2004, after recommendations by the March 2003 Joint Technical Review. Eight 'golden indicators' were developed to measure overall sector performance. They include access to improved water supplies, functionality, investment costs, sanitation facilities, hygiene, equity, water quantity and water quality. Three additional indicators, on gender, management and water resource management compliance to permit conditions were incorporated in subsequent years. The eleven golden indicators are now fundamental elements in the annual sector performance reporting; selected ones have also been used to monitor progress for the Joint Assessment Frameworks for the period under review. In 2009, since the merger of the two sectors Water & Sanitation and Environment into one sector, the SPR includes also performance in the Environment sub-sector.

It should be noted that indicators on access to water in Uganda as measured in the Sector Performance Reports are based on the presence of safe water facilities for a standardised number of people per type of water source (boreholes, protected springs, tap stands of piped water sources, etc.). To measure the functionality of these sources, additional indicators measure annual progress on source functionality, and various activities in the sector are implemented to promote functionality.

The assessments of the Judgement Criteria under this EQ are largely based on the indicators as monitored in the Ministry's Sector Performance Reports for that period, which are summarised in Table 29.

Table 29 Sector indicators over the period 2004-2013

| Sector indicator | | Pre-JBSF (2004-2008) | | JBSF (2009-2012) | | HLAM (2013) |
|--|-------------|-------------------------|------|---------------------|------|----------------|
| | | 2005 | 2008 | 2009 | 2012 | 2013 |
| Access to rural water [%] | | 61 | 63 | 65 | 64 | 64 |
| Access to urban water [%] | Small towns | 36 | 46 | 51 | 57 | 58 |
| | Large towns | 67 | 72 | 73 | 77 | 78 |
| | Average | 51 | 61 | 66 | 69 | 70 |
| Access to sanitation (rural and urban) [%] | Rural HH | 56 | 62 | 68 | 70 | 71 |
| | Urban HH | - | 74 | 73 | 81 | 82 |
| Equity* | | - | 243 | 178 | 160 | 153 |

Note: HH = households, *: reducing value means increase in equity.

Source: MWLE Water and Sanitation SPR 2004-2005; 2006-2008 and 2009-2013.

2.2.1 JC9A1 Enhanced equitable access to basic water supply and sanitation services

Access to safe water has gradually improved over the past decades and the positive trends continued during most the evaluation period although some stagnation can be observed in recent years. The percentage of rural population served with safe water raised from 57% in 2003/04 to 65 % in 2008/09. Similarly, there is an overall positive trend in rural sanitation coverage. Some geographical disparities persist in terms of access to water and sanitation in the country but the situation has improved along with increased access to water and sanitation over the past decade.

2.2.1.1 I-9A1.1 Increased number / percentage of people with access to rural water services, where possible distinguishing between socio-economic groups / across regions (poorest, hard to reach areas)

Background

Access / coverage refers to the percentage of people that collect water from an improved water source. The golden indicator for access for rural water supplies is defined as “% of people within 1.5km (rural) of an improved water source”. Note that the walking distance to an improved water source in rural areas was changed from 1.5km to 1km in FY 2008/9. In practice, the service criteria used to estimate access for rural water supplies is indicated in Box 8.

Box 8 Service criteria used to estimate rural access to safe water

Boreholes, protected springs, shallow wells fitted with hand pumps, RWH facilities (storage >6m³) and piped water supplies are regarded as safe improved water sources.

Number of users per source: Protected springs – 200; shallow well with hand pump – 300; deep borehole with hand pump – 300; gravity flow scheme communal tap or other piped water communal tap – 150.

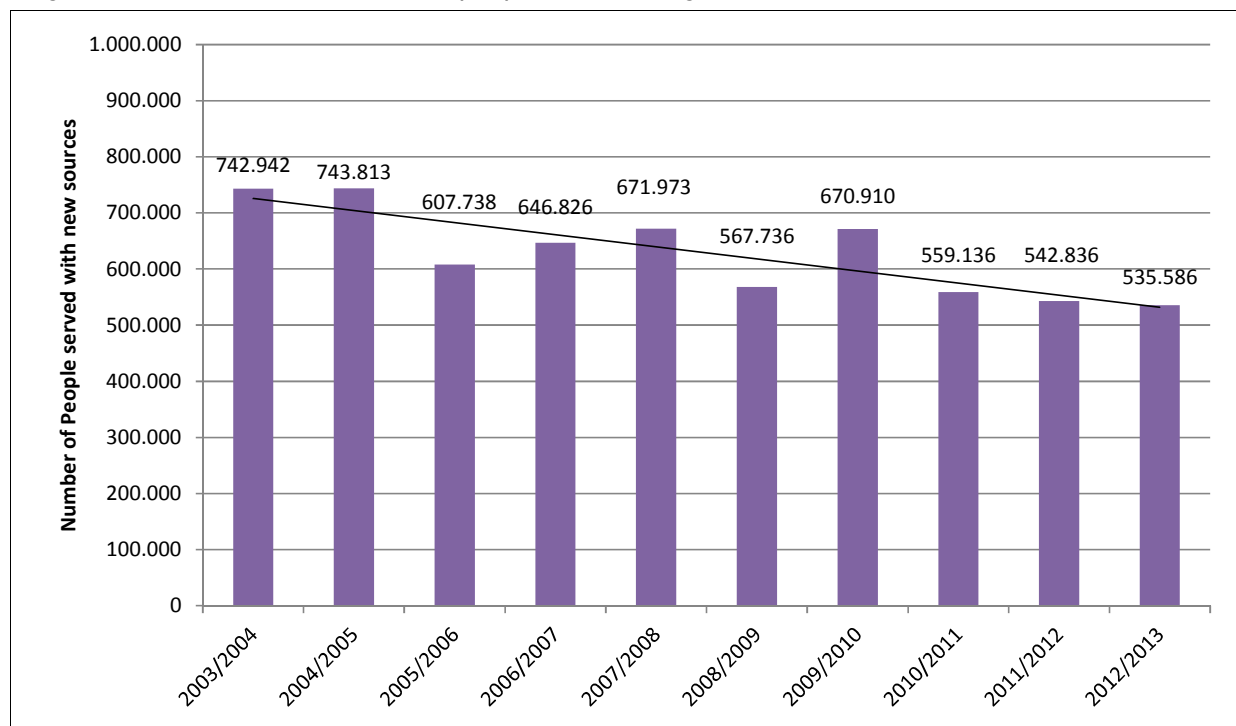
Access based on rainwater harvesting is captured based on an approach developed in 2006 which relates a tank volume to a number of users, i.e. 3 for “tank size < 10,000” and 6 for “tank size > 10,000”.

The percentage of people in rural areas who reported using safe water sources increased overall from about 20% in 1991 to 60% in 2002. Rural access to safe water in 2003 is not mentioned, whereas for 2003/04 the indicator value is at 57% (after MWE, SPR 2004, p.2, and page 17). Based on standardised access rates as indicated in Box 8 and Figure 28, the total number of new people provided with safe water with funds from the DWSDCG amounts over the period under review amounts to 6,289,496 people.

Overview of the evolution in development outcomes

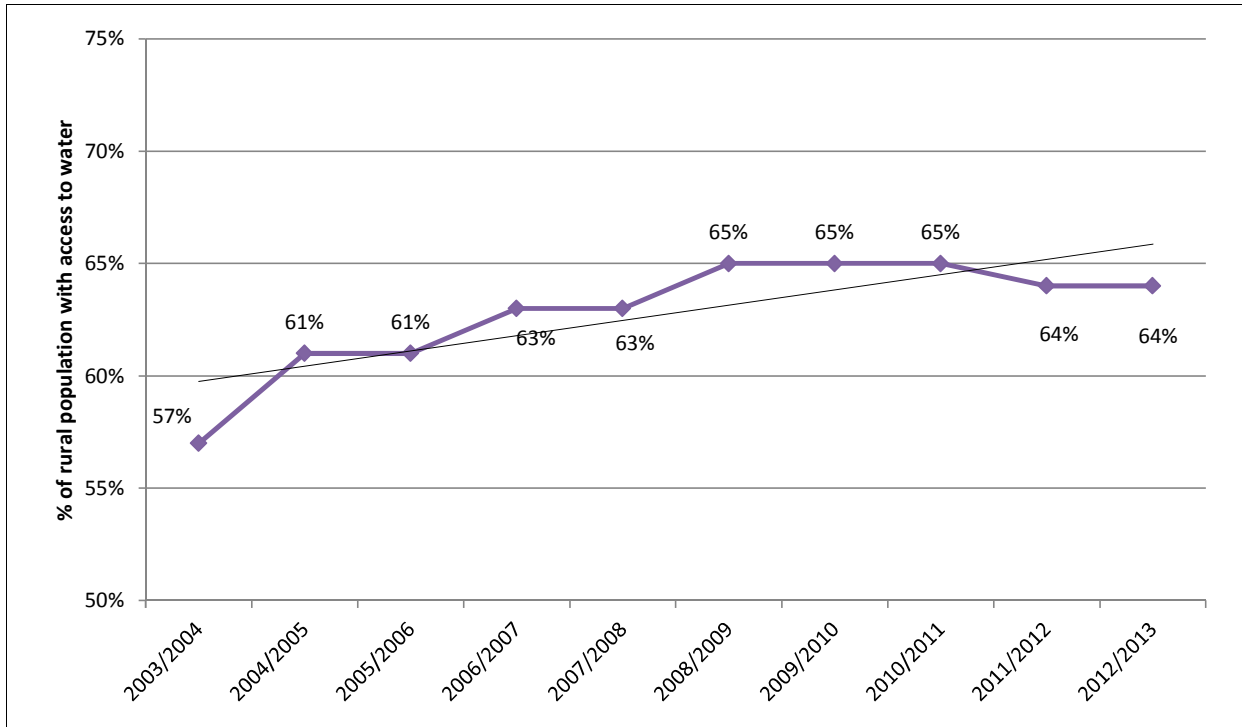
Over the period of review, the overall access to safe water has increased from 57% to 64%. The increase was notably in the period 2004 – 2007, coinciding with the period before the JBSF; after that, the rural safe water coverage more or less stagnates.

Figure 28 Trend in number of people served in Uganda with new rural water facilities



Source: MWE, 2013 WESPR.

Figure 29 Trend in percentage of rural population in Uganda served with safe water



Source: MWE, 2013 WESPR.

2.2.1.2 I-9A1.2 Increased percentage of people with access to urban water services, where possible distinguishing between socio-economic groups / across regions (poorest, hard to reach areas)

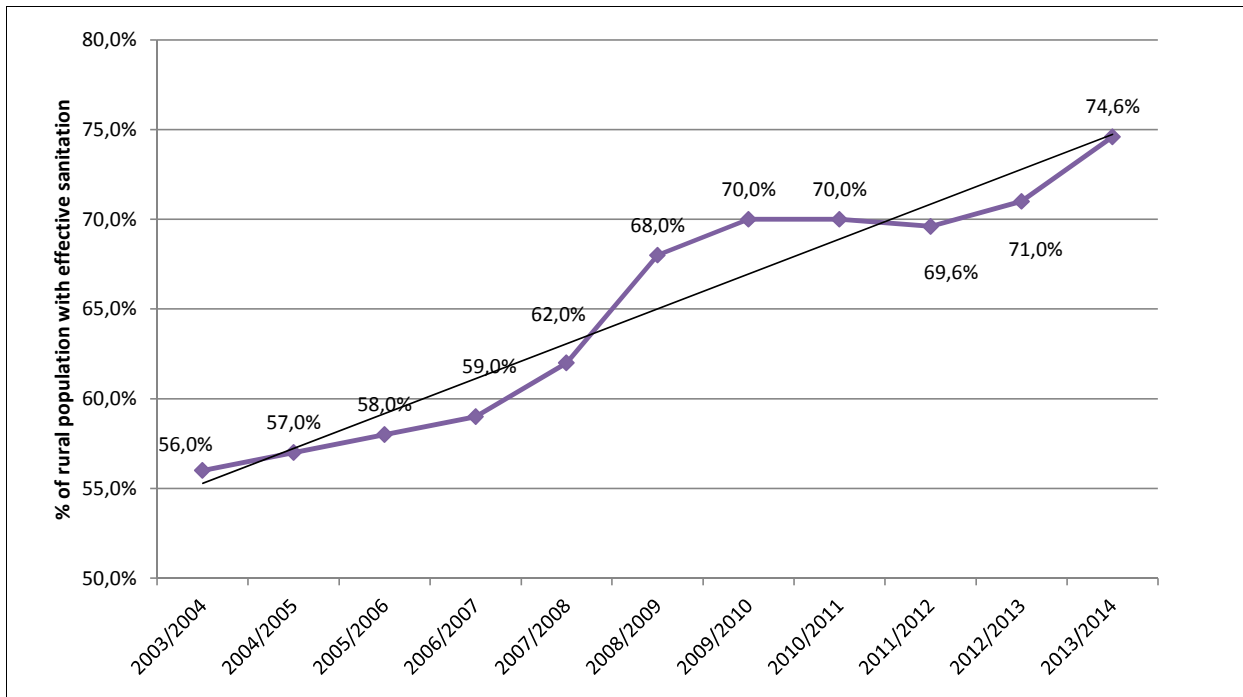
Between 2003/04 and 2012/13, urban water coverage increased gradually from 65% to 70%. Data on variations across the regions or by socio-economic groups are not monitored, and therefore not available. A factor explaining the steady increase in urban water supply coverage according to the set sector targets is the fact that within the sector, the urban water and sanitation sub-sector receives sufficient funding for reaching its targets, at the expense of especially the rural water supply sub-sector. The share of the budget allocated to urban services is larger than the rural sector budget: 46% as compared to 39% (JWSSPS mid-term review, p. 18), whereas 85% of the population live in the rural areas. Another factor of importance is that the implementation has become more cost-efficient and effective with the introduction of the deconcentrated WSDFs.

2.2.1.3 I-9A1.3 Increase in the percentage of households with access to safe and effective sanitation, where possible distinguishing between socio-economic groups / across regions (poorest, hard to reach areas)

Domestic sanitation is the responsibility of the household, and the water and sanitation sub-sector is not mandated to fund improvements, apart from support through community mobilisers. Monitoring of sanitation coverage is done by the Ministry of Health, and the information is reported in the SPRs.

The trend in rural safe sanitation coverage are provided in Figure 30.

Figure 30 Trends in rural sanitation coverage between end of FY 2003/04 and 2013/14



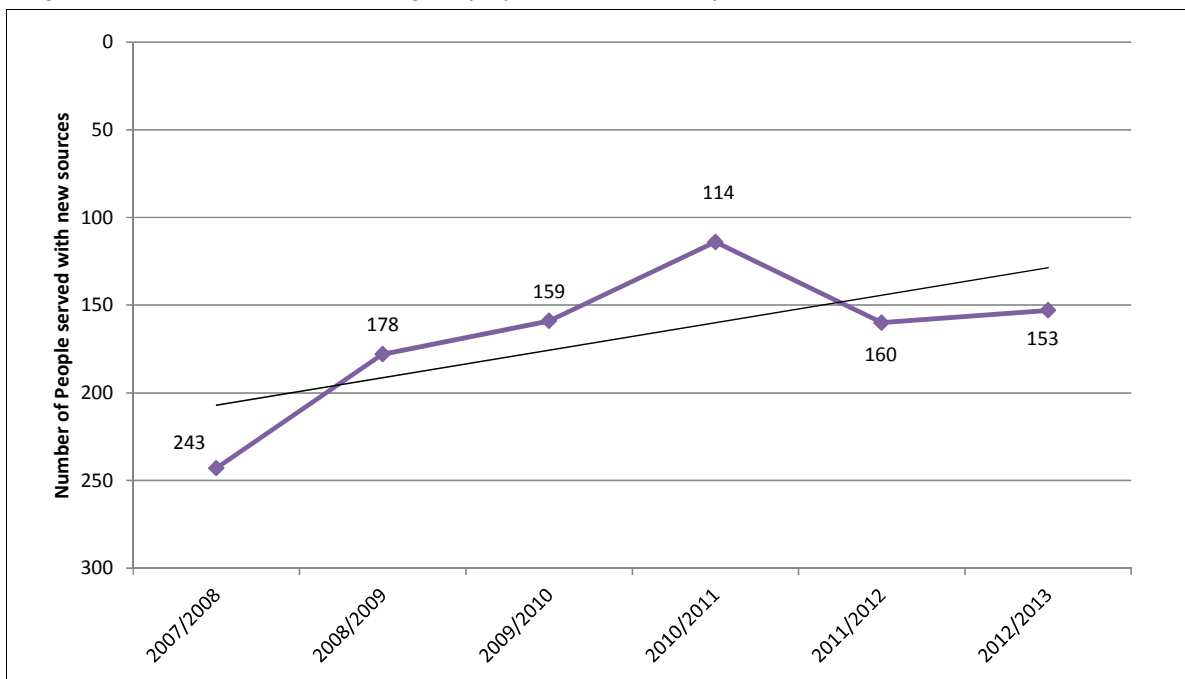
Source: SPRs 2004-2013.

It should be noted, that the definition of a safe latrine in Uganda is stricter than that from WHO/UNICEF's Joint Monitoring Programme, as also shared latrines are counted as improved sanitation facilities.

2.2.1.4 I-9A1.4 Increased equity through a fall in the mean sub-county deviation from the National average in persons per improved water point.

Equity in rural water supply is defined as “the mean sub-county deviation from the district average in persons per water point”. Equity is among the sector performance indicators specifically intended to promote provision of equal opportunities for the water supply delivery service and minimise differences between groups of people. A lower numeric value indicates a more even distribution between sub-counties within a district. Equity in rural water supply is measured since FY 2007/08.

Figure 31 Trends in average equity values over the period under review



Source: MWESPR2008-2013.

Overall, the equity value is decreasing, suggesting that water supply service delivery has become more evenly spread over the years. This makes sense as districts have been allocated DWSDCG funding according to their needs, including inequality status: since 2008/09, the allocations of sector grants are effected using a revised simple, objective, transparent allocation formula that takes into account the current coverage, population figures, and appropriate technology options, with special emphasis through targeted support to the “underserved”. It was an undertaking for FY2007/08 which was achieved, and the allocation formula for Rural Water and Sanitation Conditional Grant was commended by the Local Government Finance Commission (LGFC) as the most equitable of all sectors and used to allocate the grant for FY 2008/09 FY onwards (SPR 2008, p. 16). However, actual implementation of the Grant to the underserved areas within the district was questioned by several stakeholders, and the allocation formula was again further revised in 2013/14 in order to improve equity within and between districts.

Some comments have to be made though. This indicator was only introduced as a golden indicator in FY2007/08. Moreover, since 2009/10, the water supply database of MWE is used instead of district reports reporting on activities implemented that specific year. which is updated every year to theoretically reflect the latest status of service delivery in the country. However, every year the database is also updated with water sources that were drilled in previous years but not yet entered in the database. In addition, splitting / inclusion of new administrative units throughout the country and their incorporation into the database also distorts the picture: these administrative splits are not only the result of creation of new urban administrative units, but actually also the creation of lots of new rural sub-counties. The split of sub-counties has actually exposed an underlying disparity that existed before the sub-counties were split. This simply means that in many instances poorly served parishes were not being exposed due to the high performance of other parishes within the same sub-counties. Another explanation is that DWD has not been fully availed with the information about the sources in these exposed new sub-counties and parishes (MWE SPR2014).

2.2.2 JC9A2 Increased gender equality and improved gender sensitive outcomes

MWE has promoted gender and equity planning and budgeting by ensuring that gender and equity issues are considered while allocating resources. In 2013, the Ministry of Finance Planning and Economic Development undertook a gender and equity assessment of the water and sanitation sub sector, of which the results were published in 2014. The assessment focused on the extent to which the Sector Investment Plan (2009-15), the Ministerial Policy Statement (2013/14) and the Budget Framework Paper (2013/14) are responsive to gender and equity issues. The report findings indicate 83.6% sector compliance to gender and equity responsiveness. The good practices identified during the assessment include the development of sector specific gender and HIV/AIDS strategies; the use of the community based maintenance system to maintain water facilities; the demand driven approach that allows communities to demand for services, and the recruitment of sociologists to promote gender mainstreaming initiatives.

During FY 2013/14, The Office of the Auditor General carried out a value for money audit on gender, for purposes of assessing the implementation of gender mainstreaming initiatives in MWE. The overall audit conclusion was that MWE had registered positive results in gender mainstreaming over the years, but more efforts were required in prioritising planning, budgeting, capacity building, and sensitisation of communities and in undertaking gender impact studies (MWE, SPR2014, p. 142).

2.2.2.1 I-9A2.1 Evidence of a reduced burden on women and girls related to access to water

In Uganda, women and girls are the major water collectors, users and managers in homes. They are also the major promoters of household and community sanitation activities. They therefore bear the impact of inadequate, deficient or inappropriate water and sanitation services. Men however still dominate the arena of planning and decision making regarding water and sanitation development and women’s views are often under-represented, implying that women’s practical and strategic needs are not addressed. For the Water and Sanitation Sub-Sector Gender Strategy 2010-2015 a gender analysis was made, revealing that:

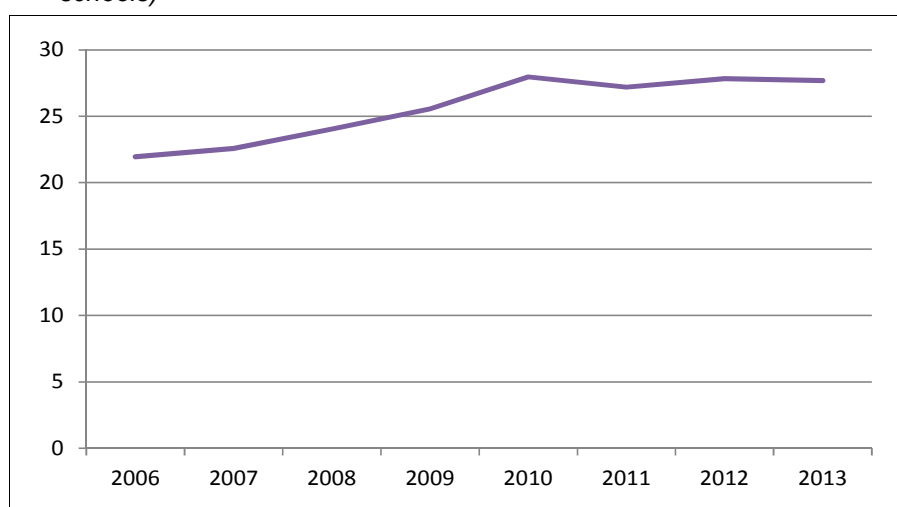
- Access to safe water in rural and urban areas has improved from 61.3% to 63% and 51% to 61%, respectively, between 2005/6 and 2007/8. Between 2003/04 and 2007/08, the number of public tap stands in poor urban areas increased from 3,344 to 5,396. This has reduced the burden of rural women and children in collecting water;
- Women and children in Northern Uganda and the semi-arid districts are still burdened with collecting water from long distances.
- Access in poor urban areas is still limited by overcharging at public stand so the poor either pay more for water or use unsafe sources;

- Women's influence on WUCs is still constrained by their low socio- economic standing and work burden, which limits their participation in decision making on issues like location of water facilities, use of water for production (WfP) facilities and use of production benefits
- Water and sanitation related diseases that increase the burden of women are still prevalent in rural areas due to contaminated water sources, low sanitation coverage, and limited hand washing;
- The sanitation needs of women and girls are not yet fully met, as facilities lack adequate privacy, especially in poor urban areas where they are shared (MWE, 2010. Water And Sanitation Sub-Sector Gender Strategy (2010-15).

2.2.2.2 I-9A2.2 Increased access to gender sensitive sanitation facilities

As highlighted below, some positive evolutions can be observed in school sanitation for girls. In primary schools, the number of separate girls' toilets with door and/or shutter per 1,000 girls has increased by 27% between 2006 and 2012.

Figure 32 Number of separate girls' toilets with door and/or shutter per 1,000 girls (primary schools)



Source: EMIS 2014.

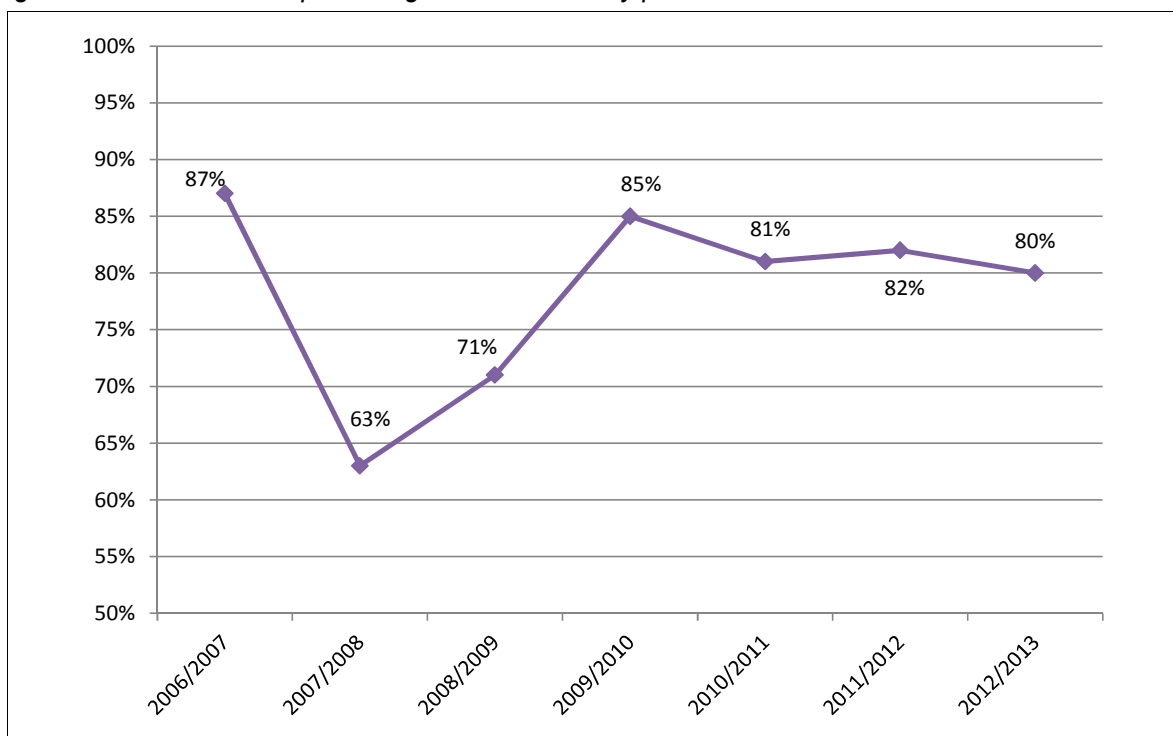
Apart from the evolution in school sanitation for girls, there is no evidence on this indicator. Generally, access to sanitation is improving, but the gender sensitiveness of this is not known.

2.2.2.3 I-9A2.3 Increased proportion of Water User committees/Water Boards with women holding key positions.

The golden indicator “% of Water User Committees having women in key positions” has been measured since 2006/07. The indicator values vary from year to year with no specific positive trend; this is largely due to differences in number of water sources and/or number of districts and regions sampled for every year. In 2007, a small (non-representative) case study was done, and 87% of the WUCs were found to have at least one woman holding a key position, the majority (30) being treasurers. Districts started reporting on this indicator in FY 2007/8, and for that year, only 36 districts complied to the reporting requirement. The 2009 Water and Sanitation Software Survey provided the data for this indicator from 45 Districts only. In 2010, data from the whole country was used based on the country-wide mapping of water points for the new WSDB; From a total collected data on 51,938 water sources with established WSCs, 44,201 (85%) had women holding key positions. In 2011, Data from software reports from 38 districts indicate that of a total of 4,952 water sources with WSC that were visited, 4,027 [81%] had women holding key positions; this sample size is only 10% of that of the previous year. In 2012, a similar sample size was used as in 2011: Data from 30 district annual reports, from 4,597 water sources were used. Finally, in 2013, the sample size was however doubled: data stems from 65 districts having 24,484 water sources.

The challenge with monitoring the indicator is that submission of data on this indicator by the districts is incomplete, and therefore the WSDB uses data from the previous year if a sub-county does not provide an update. Data from district software reports is expected to be of better quality, but may not be representative for the whole country.

Figure 33 Trend in percentage of women in key positions in Water User Committees



Source: MEWSP 2013.

2.2.3 Details on the econometric analysis of determinant factors

Full details of the econometric analysis are given in Annex 6 of Volume 3. The econometric analysis for Water and Sanitation estimates the contribution of fiscal transfers to districts and water sources on four key outcomes (selected Golden Indicators). Similar to the analysis for the Education sector, the unit of observation for Water and Sanitation is the district in a given fiscal year (2005/06 to 2012/13). Data sources include the Sector Performance Reports and the Water Supply Database of the Ministry of Water and Environment (MoWE), fiscal data from the World Bank's BOOST database and population estimates from the Uganda Bureau of Statistics (UBoS). The econometric strategy is the same as for the Education sector – panel data estimation with district fixed effects – and again exploits only changes in variables *within* districts over time. The box below summarises the main results. Detailed estimation results are presented in Table 30 further below.

Box 9 Summary of econometric results for Water and Sanitation

- There is no evidence of an effect of the District Water and Sanitation Development Conditional Grant on the selected Golden Indicators. However, this likely reflects the econometric identification problem (reverse causality) caused by the grant allocation formula, rather than indicating that the grant is actually ineffective.
- Other central government transfers to districts *did* improve all outcomes except rural functionality, which suggests that districts discretionally invested at least some of these funds directly or indirectly in Water and Sanitation. The presumption that this investment was small relative to the total budget would explain why an additional 1 billion US\$ of general transfers increased rural access and sanitation coverage by only about 0.5 percentage points each.
- Districts that were phased into UNICEF support for Water and Sanitation at some point between 2010 and 2013 increased their functionality rates by 3-4 pct. points on average.
- The effect of (functional) water sources on functionality is evident. In contrast, the true effects of water sources on rural access cannot be empirically established since the actual numbers of users are not registered. Furthermore, sanitation coverage is unlikely to depend on water sources, and equity is affected by the distribution rather than the type of water points. Coefficient estimates for water points in all these outcomes have thus no causal interpretation and are not reported).

Table 30 Effects of GoU inputs on Water and Sanitation sector outcomes

| Estimation method: panel data - district fixed effects | | | | | | | | |
|---|---|-----------------|----------------------------------|------------------|---|---------------|---|----------------|
| Dependent variable (Golden Indicator) | Rural access ^a | | Rural functionality ^b | | Sanitation coverage ^c | | Equity (inverse) ^d | |
| National and regional changes filtered | No | Yes | No | Yes | No | Yes | No | Yes |
| Fiscal years covered in dataset | 2006/07-2012/13 | | 2006/07-2012/13 | | 2006/07-2008/09, 2010/11-2012/13 | | 2006/07-2012/13 | |
| Number of observations | 466 | | 466 | | 400 | | 466 | |
| Financial resources | | | | | | | | |
| Central government transfers to district (in billion US\$, previous fiscal year) budgeted for: | | | | | | | | |
| - District Water & Sanitation Developm. Conditional Grant | 0.045* | 0.029 | 0.001 | 0.008 | 0.024 | 0.015 | 0.113 | -0.021 |
| - total of other central government transfers to district | 0.003 | 0.006*** | -0.001 | -0.001 | 0.007*** | 0.004* | 0.018* | 0.031** |
| UNICEF support to district for Water & Sanitation (dummy) | -0.013 | -0.009 | 0.033*** | 0.040*** | -0.015 | -0.018 | 0.049 | 0.054 |
| Physical resources | | | | | | | | |
| Number of water sources per 1,000 rural inhabitants of type | | | | | | | | |
| Functional protected springs | | | 0.028*** | 0.027*** | | | | |
| Functional deep boreholes | Water points only included as control variables | | 0.045*** | 0.047*** | Water points only included as control variables | | Water points only included as control variables | |
| Functional shallow wells | | | 0.048*** | 0.056** | | | | |
| Functional rain water tanks | | | 0.019*** | 0.020*** | | | | |
| Non-functional sources (all types) | | | -.0.131*** | -0.129*** | | | | |
| R ² | 0.132 | 0.180 | 0.544 | 0.572 | 0.231 | 0.296 | 0.188 | 0.247 |
| <p><i>Notes:</i> Each cell entry under the first three outcomes shows the estimated percentage point change in the outcome induced by a one-unit change of the variable in the given row. The corresponding numbers under the fourth outcome should be interpreted by their signs and statistical significance, but not their magnitude.</p> <p>*, ** and *** denote statistical significance (effect different from zero) at 10 %, 5% and 1%, respectively (marked in bold in the regressions with national and regional trends filtered).</p> <p>The unit of observation is the mother district as per district division 2006. Standard errors (not reported) are clustered at the district level. Additional independent (control) variables include: number of valley tanks per 1,000 rural inhabitants, total rural population, and a dummy for the years after the split of the mother district (if any). The regressions for rural access, sanitation coverage and equity further include as control variables the number of protected springs, deep boreholes, shallow wells and rain water tanks per 1,000 rural inhabitants (whether the respective sources are functional or not).</p> <p>^a Share of rural population within 1 km of an improved water source (in practice calculated by assuming a fixed number of users per water source, see MoWE 2010)</p> <p>^b Share of improved water sources that are functional at time of spot-check</p> <p>^c Share of rural population with access to improved sanitation (latrines)</p> <p>^d The Golden Indicator 'Equity' is measured by the mean sub-county deviation from the district average in persons per water point, which actually decreases with a more equal distribution of sub-county values around the district average. The dependent variable used here is 100 divided by that number and hence increases with improvements in the indicator, just as the other outcome indicators do.</p> | | | | | | | | |

2.3 Evaluation question 10

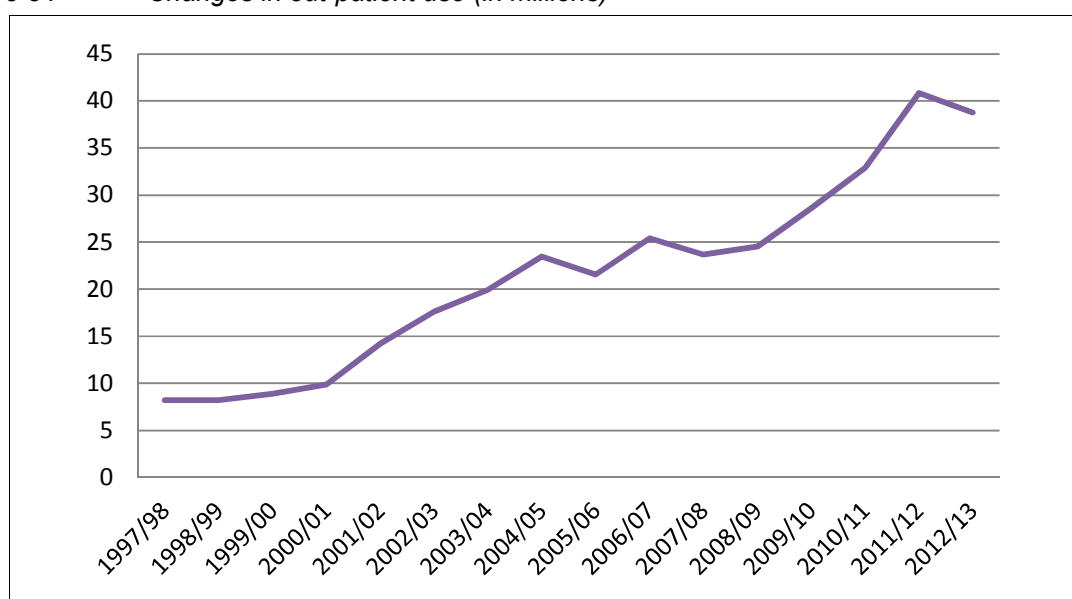
| | |
|-----------------------|--|
| EQ 10 - Health | To what extent, in the <u>health sector</u>, the development outcomes targeted by the policies and programmes supported by BS been or are being achieved? And which have been the determining factors of their achievement? |
| EQ10-A | <ul style="list-style-type: none"> • JC10A1 Enhanced equitable utilisation of health services • JC10A2 Increased gender equality and improved gender sensitive outcomes |
| EQ10-B | Main factors to be considered as potential determinants of the achievements in the health sector. |

2.3.1 JC10A1 Enhanced equitable utilisation of health services

2.3.1.1 I-10A1.1 Increase in out-patient utilisation by gender, where possible distinguishing between socio-economic groups / across regions (poorest, hard to reach areas)

The figure below depicts the overall increase in out-patient use over the evaluation period.

Figure 34 Changes in out-patient use (in millions)



Source: MoH, 2014.

There is some evidence that the poor in Uganda are less likely to report illness and seek care when needed.⁸⁶ Specifically, around 16% of those in the poorest quintile did not seek care when ill, compared with less than 8% in the richest quintile. There is also evidence to suggest that the poor use the public health facilities that are nominally free-of-charge and the rich use the private providers.

No further reliable data could be found on this indicator. In particular, the above data is not available by gender.

2.3.1.2 I-10A1.2 Increase in DPT 3 immunization coverage, where possible distinguishing between males and females, socio-economic groups / across regions (poorest, hard to reach areas)

ng to the Health Sector Reports and HMIS data, DPT3 immunization rates have increased from around 62% in 2004 to around 90% in 2011 and then down to 86% in 2011 and 2012, the most recent years with data (see also MoH 2014. Annual Health Sector Performance Report 2013/2014). The DHS data suggests a positive trend in immunization coverage (displayed in the table below), but 2011 DHS numbers are significantly lower than HMIS numbers. Immunization in the HMIS dataset seems to have been over reported:

⁸⁶ World Bank 2009. A public expenditure review 2008: With a focus on affordability of pay reform and health sector

“A health facility record review of DTP third dose immunization (verification of facility source documents to determine consistency with reported values) conducted in June 2013 showed a verification factor of 0.79, indicating a rate of over-reporting (more immunizations reported to HMIS than could be verified in source documents) of approximately 20%.” (MoH, 2013: HSSIP MTR)

Table 31 DPT3 vaccinations by background characteristics

| | 1995 | 2000-01 | 2006 | 2011 |
|--|-------------|-------------|-------------|-------------|
| Total | 61,1 | 46,1 | 63,9 | 71,5 |
| by region | | | | |
| Central | 70,8 | 37,9 | 59,1 | 65,9 |
| Eastern | 49,1 | 44,7 | 64 | 65,8 |
| Northern | 47,9 | 44,9 | 65,6 | 79,2 |
| Western | 74,7 | 57,7 | 66,5 | 78,3 |
| by residence | | | | |
| Urban | 75,3 | 59,1 | 67,2 | 75,4 |
| Rural | 59,4 | 44,5 | 63,5 | 70,8 |
| by household wealth index (by quintile) | | | | |
| Lowest | 46,8 | 34,9 | 63,9 | 73,8 |
| Second | 58,1 | 45,2 | 59 | 71,6 |
| Middle | 59,5 | 51,4 | 67,4 | 66 |
| Fourth | 63,2 | 47,7 | 65,5 | 70,6 |
| Highest | 81,4 | 55,1 | 64,6 | 74,7 |
| by sex of child | | | | |
| Male | 63 | 44,6 | 62,7 | 72 |
| Female | 59,4 | 47,7 | 65,1 | 71 |

Source: UDHS 1995-2011

The table also shows that the rural-urban gap in immunization has narrowed and the wealth gap has disappeared over the 2001-2011 period. However, regional equity gaps are still apparent, the North and the West displaying higher immunization coverage than the Central and Eastern regions.

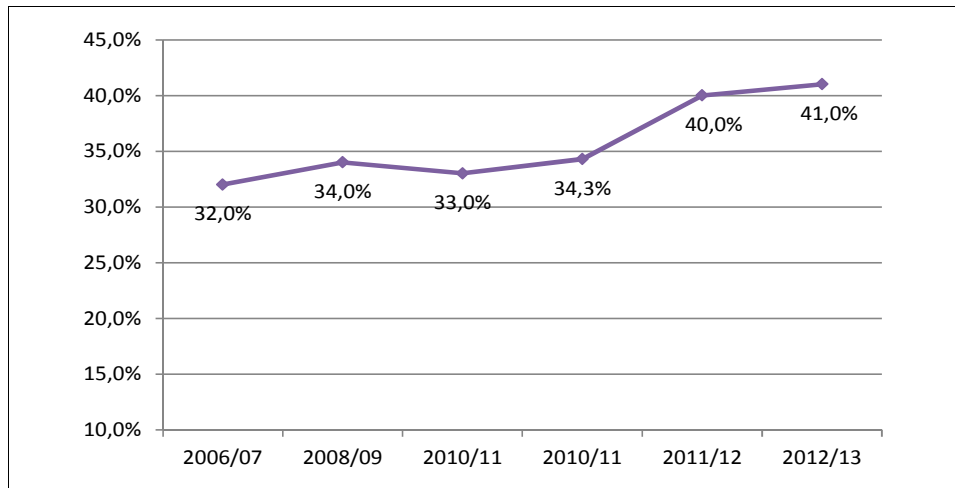
The HSSIP midterm review explains that:

“Health facilities providing routine child immunization services are generally well-equipped to provide the service. Approx. 80% of facilities had vaccines in stock on the day of the assessment, and availability of single-use syringes and sharps container was close to universal.” (MoH, 2013)

2.3.1.3 I-10A1.3 Increase in deliveries in health facilities, where possible distinguishing between socio-economic groups / across regions (poorest, hard to reach areas)

There is data suggesting that this indicator is only improving very slowly over the evaluation period. The figure below illustrates the evolutions of the indicator since 2006/07.

Figure 35 Proportion of deliveries in health facilities (health centres and hospitals)

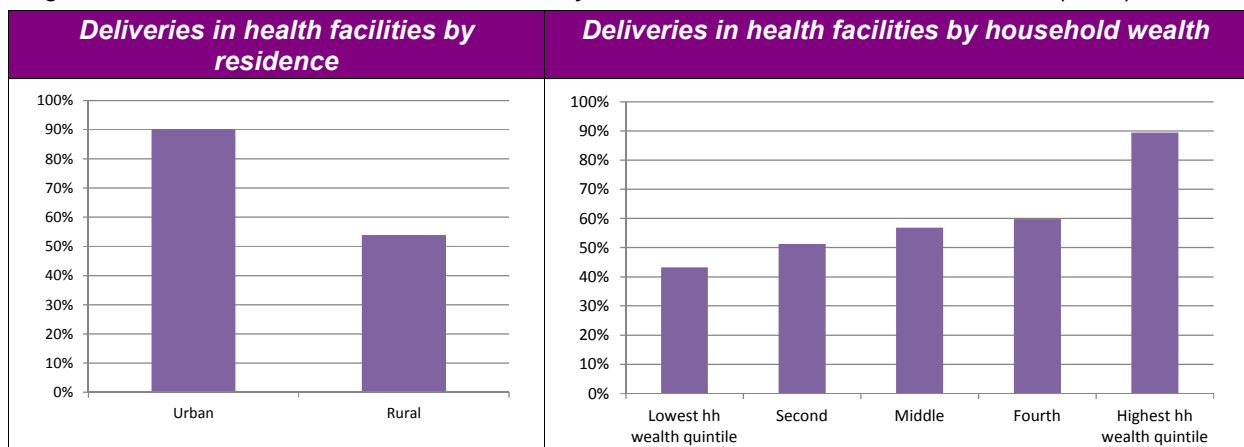


Source: HMIS for year 2008/09 and JAF for the other years.

The share of institutional deliveries (or deliveries attended by a skilled birth attendant) is stagnating at around 40-41% in recent years. Furthermore, the achievement of this key performance indicator is only 44%⁸⁷ and most likely one reason for Uganda's failure in achieving the MDG 5 on maternal mortality.⁸⁸ Moreover, although user-fees were abolished in 2001, it seems that women still pay for deliveries "under the table" (this was reported in interviews but no further evidence could be collected on that).

The charts below illustrate inequalities in deliveries in health facilities. About 90 percent of the women in urban areas, but only 54 percent in rural areas deliver in health facilities, the spread being even larger across household wealth quintiles.

Figure 36 Deliveries in health facilities by residence and household wealth index (2011)

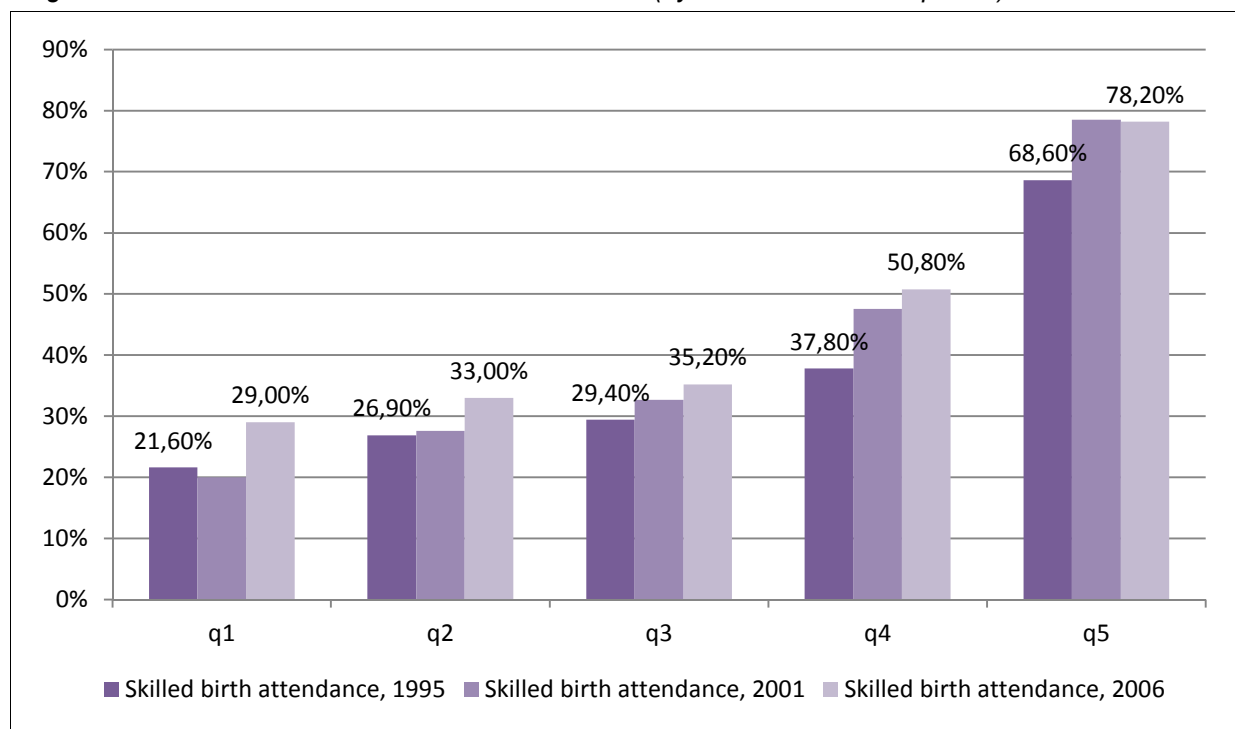


Source: UDHS 2011

⁸⁷ MoH 2014. Annual Health Sector Performance Report 2013/2014

⁸⁸ GoU 2013. Millennium Development Goals Report for Uganda 2013

Figure 37 Evolution in skilled birth attendance (by household wealth quintile)



Source: WB (2012), *Health Equity and Financial Protection Datasheet*.

2.3.1.4 I-10A1.4 Increase in the contraceptive prevalence rate, where possible distinguishing between socio-economic groups / across regions (poorest, hard to reach areas)

The contraceptive prevalence rate is generally low. Data show an increase from less than 20% of women in ages 15 to 49 using or having access to some type of contraceptive in 2005 to 30% in 2011 (see data for details). These data are not distinguishing between socioeconomic status of women or between different parts of the country.

During interviews several sector experts noted that, for example, the distribution of condoms is generally incomplete and only cover certain parts of the country, predominantly the urban areas. The hard-to-reach areas of the country have less access to contraceptives, including condoms and other types.

2.3.2 JC10A2 Increased gender equality and improved gender sensitive outcomes

2.3.2.1 I-10A2.1 Increase in the percentage of women attending 4 ANC sessions

Progress on this indicator has been slow at best. Over the past few years, around one-third of pregnant women attend antenatal care services. During interviews, it was frequently reported that most women attend the first ANC session and many the second session. However, significantly fewer pregnant women attend all four ANC sessions. The reasons for the gradual decline in ANC attendance are several, but include low trust in usefulness of services and difficulties in funding transportation to clinics for all four sessions. Some sector experts noted that there are most likely also issues of 'under-the-table payments', although information on this has been difficult to come by.

2.3.2.2 I-10A2.2 Reduction in the maternal mortality ratio

Uganda will not achieve MDG 5 on maternal mortality. According to DHS data, the maternal mortality ratio has gone down from 524 in 2000/01 to 418 in 2006 and has since stagnated (438 in 2011).⁸⁹ This is insufficient for the successful achievement of MDG 5, which is rated as 'Stagnant' in the 2013 report on the Ugandan progress towards the MDGs. A recent report on MDG explains that:

"A survey of 553 health facilities across Uganda found the most important direct causes of maternal mortality to be haemorrhage (accounting for 42% of maternal deaths), obstructed or prolonged labour (22%) and complications from abortion (11%); important indirect causes included malaria

⁸⁹ Expressed in maternal deaths per 100,000 live births in the 7-year period preceding the survey.

(which was a factor in 36% of the maternal deaths recorded), anaemia (11%) and HIV/AIDS (7%).” (MoFPED 2013: Uganda MDG report)

A recent review on Maternal and Perinatal Death indicates that:

“Nine percent of the deceased mothers had been in the health facilities for only 2 hours before they died, while the majority (53%) died within 24 hours of reaching the health facility. The majority (78%) of women that died were classified as having been critically ill on admission.” (MoH 2014: Maternal and Perinatal Death Review Uganda)

The recent MDG report explains further:

“Government investments in rural transportation infrastructure are critical for improving access to emergency obstetric care to prevent these deaths.” (MoFPED 2013: Uganda MDG report)

2.3.2.3 I-10A2.3 Reduction in infant mortality rates (boys/girls)

There is little and highly unreliable data on infant mortality rates for Uganda for the evaluation period. The JAF matrix notes an infant mortality rate (IMR) in 2010 of 76 and in 2012 of 54. This reduction appears unreasonably large to be reliable⁹⁰. DHS data suggest that Uganda has made significant progress in the reduction of infant mortality (from 83 deaths per 1,000 live births in 2006 to 65 in 2011). The table below shows persisting, albeit narrowing, equity gaps (regional, wealth and residence).

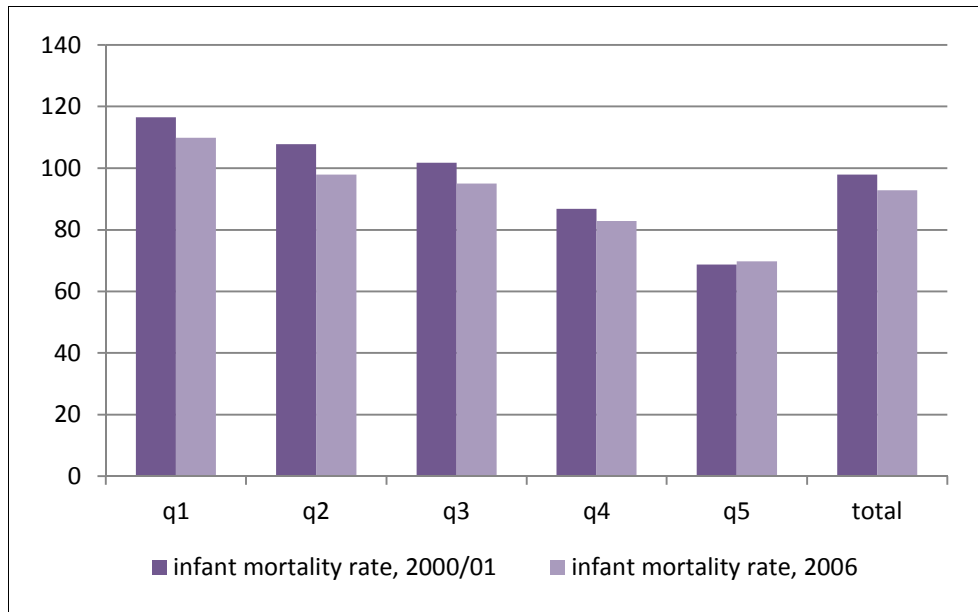
Table 32 Infant mortality, 1988-2011, deaths per 1,000 live births

| | 1988-89 | 1995 | 2000-01 | 2006 | 2011 |
|----------------------------------|------------|-----------|-----------|-----------|-----------|
| Total | 106 | 86 | 89 | 83 | 65 |
| by residence | | | | | |
| Urban | 104 | 74 | 55 | 68 | 54 |
| Rural | 106 | 88 | 94 | 85 | 66 |
| by household wealth index | | | | | |
| Lowest | n/a | 109 | 106 | 98 | 76 |
| Second | n/a | 80 | 98 | 89 | 69 |
| Middle | n/a | 90 | 95 | 85 | 64 |
| Fourth | n/a | 85 | 81 | 76 | 63 |
| Highest | n/a | 63 | 60 | 62 | 48 |
| by sex of child | | | | | |
| Male | 111 | 87 | 93 | 94 | 70 |
| Female | 101 | 85 | 85 | 73 | 59 |
| by region | | | | | |
| Central | 101 | 76 | 71 | 77 | 60 |
| Eastern | 118 | 98 | 89 | 69 | 53 |
| Northern | 123 | 99 | 105 | 100 | 77 |
| Western | 97 | 75 | 97 | 87 | 71 |

Source: UDHS 1988-2011.

⁹⁰ Sector experts noted that ‘there is a continuous problem with health data in Uganda; even the DHS data is most likely to be “unreliable”’

Figure 38 Evolution in skilled birth attendance (by household wealth quintile)



Source: WB (2012), *Health Equity and Financial Protection Datasheet*.

Uganda is on track to achieve MDG 4 on child mortality. MDG Target 4.A is rated as 'On track' for the under-five mortality rate. Data suggest that girls have lower UFMR than boys. The last Uganda MDG report explains that:

"In 2011/12 the most commonly diagnosed causes of under-five mortality included malaria (28%), pneumonia (15%), anaemia (10%), and other respiratory infections (9%). Although malaria remains the most cited cause of death among under-fives, it has reduced most rapidly over recent years (from 39% of diagnosed under-five deaths in 2008/09), almost certainly helping to explain the overall reduction in under-five mortality." (MoFPED, 2013: Uganda MDG report)

2.3.2.4 I-10A2.4 Evidence on increased access for women and girls to health care

There is little hard evidence on access to health services for women and girls in Uganda over the evaluation period. However, several sector experts noted the particular difficulties that women and girls have in accessing health care, including due to transportation costs, cultural norms, and fear of health workers to travel after dark to attend to pregnant women.

There is evidence that women are particularly affected by HIV infection⁹¹, including young women. This is partly due to the weak position of (young) women in society as reflected by the phenomena of 'transactional sex' (not prostitution, but the exchange of sex for favours and undue pressure from males, including superior managers, teachers, and boda-boda drivers) (source: interviews).

There is also convincing evidence from sector experts that access to maternal and reproductive services, including in connection with deliveries, are hampered by the unwillingness of midwives to attend pregnant mothers during night hours for fear of being attacked (source: interviews).

⁹¹ EPRC 2010 - Governing health service delivery in Uganda: A tracking-study of drug delivery mechanisms, and GoU 2013 - HIV and AIDS: Uganda country progress report. National AIDS Commission