THE NEW PARTNERSHIP FOR AFRICA'S DEVELOPMENT

African Peer Review Mechanism

APRM
AFRICAN PEER
REVIEW MECHANISM

REPUBLIC *of* UGANDA

APRM Country Review Report No. 7

January 2009

FOREWORD

It gives me great pleasure to present the APRM Country Review Report together with the National Programme of Action of the Republic of Uganda. This is the seventh in the series and the fourth one completed under my stewardship as Chairperson of the APR Forum.

Since 1986, Uganda has made substantial progress in promoting good governance at the political and economic fronts. As indicated in the Country Review Report, the country recorded sustained economic growth averaging 6 percent over the last two decades, moving from recovery and reconstruction toward sustainable growth and poverty reduction.

Macroeconomic stability remains a cornerstone of the country's reform efforts. Indeed, fiscal restraint, coupled with prudent monetary management, supported Uganda's robust growth and helped contain inflation to single digit levels over most of the past decade. According to Uganda Official Statistics, the proportion of people living in absolute poverty, declined from 56 percent to 35 percent between 1992 and 2005/06, although per capita income gains have been modest because of the country's high population.

Nonetheless, significant challenges persist, and these include the fight against poverty and corruption, the resolution of the conflict in the North and other forces that hamper Uganda's democratization and economic development process. They call for a concerted effort from all interested parties across the country. The major challenge ahead consists in sustaining the momentum of the peer review process through the successful implementation of the National Programme of Action (NPOA) emanating from the exercise. The Forum will receive Annual Progress Reports in this regard and maintain sustained interest in the implementation process.

At the continental level, Africa is making considerable progress despite the four major crises currently dominating the global economy – a financial crisis in the developed countries; an energy crisis that is worsening daily; climate change which is becoming a matter of prime concern; and, a food crisis with a devastating effect on the world's poorest citizens. Africa must strive to sustain the substantial progress it has made in recent years against the background of these immediate challenges and the world has a stake in assisting the continent to realize its huge potential.

Africa and its teaming population have persistently exhibited their shared ambition to become a well-governed, peaceful, secure, stable and prosperous continent. Africa's leaders have made precise commitments in support of this objective. The most undiscerning observer cannot fail to agree that the past ten or more years have been compellingly different. In seeking to discard the old order and establish a new order that will enable Africa to move in tandem with the rest of the world, African leaders reformed the continent's institutions and policies fairly radically at the beginning of the century.

It was in this context that the then forty-year old Organization of Africa Unity (OAU) was dissolved and reconstituted as the African Union (AU) in 2002. Unlike the OAU, the AU is provided with a Constitutive Act that envisages a more integrated level of continental governance. At the same time as the process for the establishment of the African Union was ongoing, African governments created a new system to promote good governance and economic development – the New Partnership for Africa's Development (NEPAD) and the related African Peer Review Mechanism.

Widely heralded as "the jewel in NEPAD's crown", the African Peer Review Mechanism (APRM) in no doubt a milestone in the continent's history of political and economic reforms.

Within a period of five years, the APRM has won acclaim worldwide. It is offering a unique approach to reforming political, economic and corporate governance on the continent based on African and other internationally accepted norms and values. However, the real value of the APRM will be attained only if the National Programmes of Action emanating from the Process are implemented. In this regard, I enjoin all the stakeholders who share our vision for Africa to read and act on this report and also support the implementation of the National Programme of Action.

At this juncture, I would like to thank the Government and People of the Republic of Uganda as well as the other countries participating in the APRM, for their demonstration of determination and commitment that enabled us to arrive at this stage of implementation of the mechanism as a whole. I am extending the same gratitude to my peers in the APR Forum for their invaluable contribution to the success of the review. This Report owes much to the commitment and dedication of the seven-member APR Panel of Eminent Persons and the APRM Secretariat.

Finally, I thank the Team involved in the preparation of the Report, which Professor Adebayo Adedeji led tirelessly and energetically, for investing their time and effort unstintingly in preparing the Country Review Report.

Meles Zenawi

Chairperson, African Peer Review Forum

COUNTRIES PARTICIPATING IN THE AFRICAN PEER REVIEW MECHANISM (APRM) AND PANEL OF EMINENT PERSONS

As of 30 June 2008, the APRM participating countries are the following:

Algeria, Angola, Benin, Burkina Faso, Cameroon, Democratic Republic of Congo, Djibouti, Egypt, Ethiopia, Gabon, Ghana, Kenya, Lesotho, Malawi, Mali, Mauritania, Mauritius, Mozambique, Nigeria, Rwanda, São Tomé and Principe, Senegal, Sierra Leone, South Africa, Sudan, Tanzania, Togo, Uganda and Zambia

APR Panel of Eminent Persons

Prof. Adebayo Adedeji (CFR)
(Chairperson and Member Leading the Uganda Country Review Process)

Prof. Mohammed Seghir Babés of Algeria, representing North Africa
(Member)

Ambassador Bethuel Kiplagat of Kenya, representing East Africa
(Member)

Dr Graça Machel of Mozambique, representing Southern Africa
(Member)

Prof. Dorothy Njeuma of Cameroon, representing Central Africa
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Mrs Marie-Angélique Savané of Senegal, representing West Africa
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Dr Chris Stals of South Africa, representing Southern Africa
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ACKNOWLEDGEMENTS

The APRM Panel of Eminent Persons is pleased to present the Country Review Report on Uganda. It is the seventh in the series, the Panel already having presented the reports on Ghana, Rwanda, Kenya, Algeria, South Africa and Benin.

The APR Panel is indeed grateful to His Excellency General Yoweri Kaguta Museveni, President of the Republic of Uganda, for his commitment to the APRM process since its inception, and for giving the Country Review Mission (CRM) all the needed support to undertake an independent exercise. The appreciation of the Panel also goes to Honourable Fred Jachan Omach, APRM Focal Point in Uganda and Minister of State for Finance, Planning and Economic Development; Professor Elisha Semakula, Chairperson of the Uganda APRM National Commission; Bishop Zac Niringiye, Vice–Chairperson; and the other members of the 21-member APRM National Commission for their contribution. Mention must also be made of the staff of the NEPAD/APRM National Secretariat for their tireless efforts in facilitating interactions during the CRM. Last, but no means the least, are the Ugandan stakeholders, which the Panel would like to thank for their positive engagement with the CRM.

The Panel would like to use this opportunity to pay tribute to the erstwhile Focal Point of Uganda, the Late Honourable Omwony Ojwok, who passed on to Eternity on 11 November 2007. May the Good Lord grant him eternal rest.

Our colleague, Professor Adebayo Adedeji, CFR, led the Uganda Peer Review Process with the dexterity, diligence and utmost dedication that have shaped his distinguished career to date. We are equally grateful to the team of consultants with their enviable credentials and glowing track records, who undertook the CRM of Uganda. The team included Dr Khabele Matlosa (Research Director, Electoral Institute of Southern Africa, Johannesburg, South Africa), Professor Ruth Meena (Retired Professor of Political Science, University of Dar es Salaam, Tanzania) and Professor Mike Obadan (Former Director-General, National Centre for Economic Management and Administration, Ibadan, Nigeria). Others are Dr Thomas Kibua (Former Deputy-Governor of the Central Bank of Kenya), Mrs Patricia Cisse (Managing Partner, Africa Investment and Business Advisers, Dakar, Senegal), Dr Makha Sarr (Former Deputy Executive Secretary, UNECA) and Dr Francis Chigunta (Lecturer in Development Studies, University of Zambia, Lusaka, Zambia).

Special mention must also be made of the contribution of the United Nations Economic Commission for Africa (UNECA) and the African Development Bank (AfDB), two of the three designated strategic partners of the APRM. Representatives of these institutions who participated in the CRM are Mr Donatien Bihute (AfDB), Dr Gladys Mutangadura (UNECA) and Dr Eltigani Seisi M. Ateem (UNECA).

The APR Panel also acknowledges the invaluable assistance the APR Secretariat provided to the Uganda review process. Dr Afeikhena Jerome, Mrs Eunice Kamwendo-Chintedza and Dr Rachel Mukamunana represented the Secretariat in the CRM, and assisted in drafting and finalising this report under the guidance of the Lead Panellist, Professor Adebayo Adedeji.

Finally, the Panel is grateful to all those who took the initiative in explaining and popularising the APRM in Uganda. In this respect, mention should be made of the role played by the country's media and various civil society organisations. Uganda is indeed fortunate to have a vibrant press and civil society, which are fundamental to the functioning and ultimate maturation of a young multiparty democracy.

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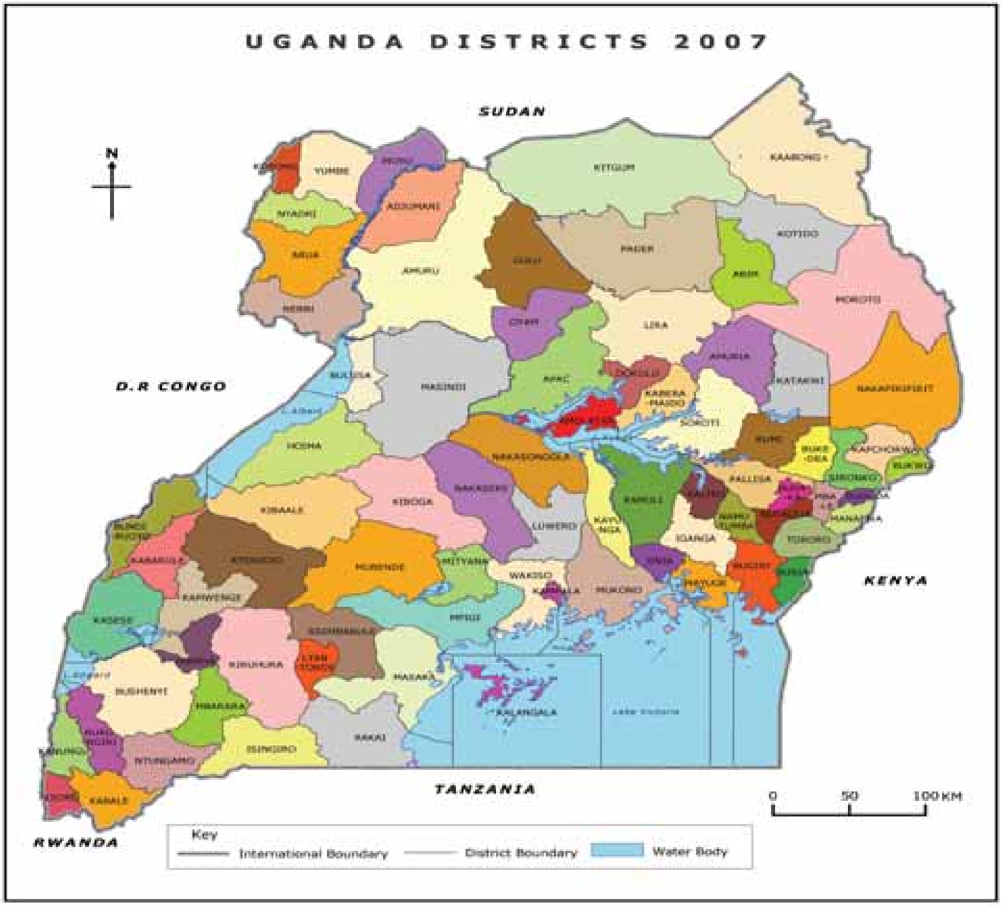
POLITICAL MAP OF UGANDA



Source: Uganda Bureau of Statistics.

COUNTRY FACT SHEET

Location:	Eastern Africa and entirely landlocked. Border countries: Kenya to the east, Tanzania to the south, Rwanda to the south-west, Democratic Republic of the Congo to the west, and Sudan to the north.
Area:	Total : 241 551 sq km Land: 205 221 sq km Water: 36 330 sq km
Population:	30 263 000 (2007 estimate): Female (51 per cent); male (49 per cent)
Age structure:	Under 14 years (50 per cent); 15–64 years (48 per cent); over 65 years (2 per cent)
Capital:	Kampala. Time zone: GMT+3
Main towns:	Kampala (capital), Entebbe, Gulu, Jinja, Masaka, Mbale and Mbarara
Land use:	Arable land (21.57 per cent); permanent crops (8.92 per cent); other (69.51 per cent) (2005)
Ethnic groups:	The colonial boundaries created by Britain to delimit Uganda grouped together a wide range of ethnic groups with different political systems and cultures. There are currently about 20 ethnic groups comprising the Baganda (16.9 per cent), Banyakole (9.5 per cent), Basoga (8.4 per cent), Bakiga (6.9 per cent), Iteso (6.4 per cent), Langi (6.1 per cent), Acholi (4.7 per cent), Bagisu (4.6 per cent), Lugbara (4.2 per cent), Bunyoro (2.7 per cent), other (29.6 per cent) (2002 Census)
Languages:	The official language is English. There are four main linguistic groups, which can be divided roughly by region. Luganda is spoken in the central area, Luo in the north, Ateso in the east and Ruynakole in the west, but there are also a number of other indigenous languages.
Religion:	Protestant (42 per cent), Roman Catholic (41.9 per cent), Anglican (35.9 per cent), Muslim (12.1 per cent), Pentecostal (4.6 per cent), Seventh Day Adventist (1.5 per cent), other (3.1 per cent), none 0.9 (per cent) (2002 Census)
Districts:	80
Counties:	163
Sub-counties:	970
Parishes:	5 305
Villages:	51 001
Cabinet ministries:	25
Constituencies:	234
Independence:	9 October 1962 (from the United Kingdom)

Constitution:	8 October 1995. In 2005, the Constitution was amended, removing presidential term limits and legalising a multiparty political system.
Legal system:	In 1995, the government restored the legal system to one based on English common law and customary law.
Executive:	Elections: Last held on 23 February 2006; next to be held in 2011. President Museveni was re-elected by popular vote for a five-year term.
Election results:	Lt.-Gen. Yoweri Kaguta Museveni elected President, with a 59.3 percentage of the vote; Kizza Besigye with 37.4 per cent; other 3.3 per cent.
Head of Government:	President Lt.-Gen. Yoweri Kaguta Museveni (since seizing power on 26 January 1986); Prime Minister Apollo Nsibambi (since 5 April 1999). The Prime Minister assists the President in the supervision of Cabinet.
Legislative:	Unicameral National Assembly: 332 seats; 215 members elected by popular vote; 104 nominated by legally established special interest groups – women (79), army (10), disabled persons (5), youth (5) and labour (5); 13 ex officio members; to serve five-year terms.
Elections:	last held on 23 February 2006; next to be held in 2011.
Election results:	(percentage of vote by party N/A); seats by party: NRM 191, FDC 37, UPC 9, DP 8, CP 1, JEEMA 1, independents 36, other 49.
Judiciary:	Court of Appeal and High Court (judges are appointed by the President and approved by the legislature).

Sources: Compiled from statistics provided by Uganda Bureau of Statistics; Central Bank of Uganda; the CIA World Fact Book, and the Uganda APRM Self-Assessment Report.

ECONOMIC AND OTHER INDICATORS

Total GDP (Nominal, 2006/7)	US$9.3 billion
GNI per capita (Atlas method, 2006)	US$300
GDP per capita average annual growth rate (1990–2006)	3.1 per cent
Real GDP growth (2006/7)	6.7 per cent
Exchange rate(USh/US$) (December 2007)	1697.34
Budget deficit (2006/7)	8.3 per cent of GDP
Long-term debt (DOD, current US$) (2005)	4.3 billion
Workers’ remittances received (US$) (2006)	845 million
Trade (2006)	Exports US$961.7 million

Imports (US$1 945 million)	
Major exports	Coffee, fish and fish products, tea, cotton, horticultural products and gold
Leading export destinations	Belgium, France, Germany, Netherlands, Rwanda and Sudan
Major imports	Capital equipment, vehicles, petroleum, medical supplies and cereals
Leading import partners	China, India, Japan, Kenya, South Africa, United Arab Emirates
Foreign direct investment (2006)	US$307 million
Tourism (2006)	Total arrival: 638 000
Total revenue: US$250 million	
Average annual rate of inflation (1990–2006)	8 per cent
Labour force (2006)	13.8 million
Central government expenditure (1995–2005) allocated to health	2 per cent
Central government expenditure (1995–2005) allocated to education	15 per cent
Central government expenditure (1995–2005) allocated to defence	26 per cent
ODA inflow in millions (US$, 2005)	1 198
ODA inflow as a percentage of recipient GNI (2005)	15 per cent
Debt service as a percentage of exports of goods and services (2005)	7 per cent

Source: Compiled by Uganda APRM Country Review Mission, February 2008.

Total and per capita GDP at 1997/8 prices and total population, financial year 2002/3–2006/7

	2002/3	2003/4	2004/5	2005/6	2006/7
Total GDP (Ush million)	10 102 036	10 644 612	11 367 464	11 941 051	12 717 158
Percentage increase	4.7	5.4	6.8	5.1	6.5
Total population ('000)	24 459.2	25 255.1	26 077.1	26 925.8	27 802.3
Percentage increase	3.3	3.3	3.3	3.3	3.3
Per capita GDP (Ush)	413 016	421 484	435 802	435 480	457 414
Percentage increase	1.4	2.1	3.4	1.8	3.1

Source: Uganda Bureau of Statistics.

GDP at constant (1997/8) prices: USh million and percentage distribution

Industry group	2002/3	2003/4	2004/5	2005/6	2006/7
Agriculture	3 603 089 (39.0)	3 619 161 (37.3)	3 635 715 (35.1)	3 614 522 (33.3)	3 683 245 (31.9)
Mining and quarrying	70 517 (0.8)	76 550 (0.8)	85 411 (0.8)	92 712 (0.9)	105 896 (0.9)
Manufacturing	870 876 (9.4)	910 534 (9.4)	1 019 081 (9.8)	1 017 877 (9.4)	1 047 511 (9.1)
Electricity and water	130 536 (1.4)	139 311 (1.4)	143 722 (1.4)	140 507 (1.3)	144 678 (1.3)
Construction	704 911 (7.6)	796 758 (8.2)	887 038 (8.6)	1 006 374 (9.3)	1 120 487 (9.7)
Wholesale and retail Trade, hotel and restaurants	1 290 082 (14.0)	1 361 369 (14.0)	1 493 893 (14.4)	1 595 594 (14.7)	1 734 520 (15.0)
Transport and communication	554 162	672 147	816 680	978 587	1 196 988
Communication	(6.0)	(6.9)	(7.9)	(9.0)	(10.4)
Community services	1 302 855 (14.1)	1 401 525 (14.4)	1 492 569 (14.4)	1 612 986 (14.8)	1 672 003 (14.5)
Rent and owner-occupied dwelling	700 652 (7.1)	737 728 (7.6)	776 964 (7.5)	807 941 (7.4)	836 345 (7.2)
Total GDP	9 227 688 (100)	9 715 082 (100)	10 351 072 (100)	10 867 080 (100)	1 541 673 (100)

Source: Uganda Bureau of Statistics.

Corporate governance indicators

Market capitalisation of listed companies (percentage of GDP) (2005)	1.2 per cent
Time required to start a business (2007)	28 days
Number of procedures (2007)	18
Ease of doing business (Doing Business Rank, 2008): (Doing Business Rank, 2007)	(118 /178) (116/178)
Protecting investors rank (Doing Business Rank, 2008): (Doing Business Rank, 2007)	(122/178) (120/178)
Enforcing contracts rank (Doing Business Rank, 2008)	(119/178)

Source: Adapted from Doing Business, The World Bank Group.

Trend of key primary education indicators, 2002–6

Enrolment ('000)	7 354	7 633	7 377	7 224	7 225
Number of primary teachers ('000s)	139	146	147	145	150
Number of primary schools	13 332	13 353	13 371	13 576	14 093
Percentage annual change in enrolment	6.6	3.8	(3)	(2)	0.1
Pupil-teacher ratio	53	52	50	50	48
Pupil-classroom ratio	87	87	79	74	71

Source: Uganda Bureau of Statistics.

Trend of key secondary education indicators, 2002–6

Year	2002	2003	2004	2005	2006
Enrolment	655 951	683 609	697 507	728 393	814 087
Number of schools	2 723	2 899	3 645	1 961	2 286
Number of teachers	37 227	38 549	37 313	37 609	42 673
Percentage growth (enrolment)	–	4.2	2.0	4.4	11.8
Student-teacher ratio	18	18	19	19	19

Source: Uganda Bureau of Statistics.

Higher education

Higher education in Uganda consists of education at universities and other tertiary institutions after six years of secondary education. There are currently five public universities, 22 private universities and altogether 130 tertiary institutions. The oldest of these, Makerere University, was founded in 1922 and still accounts for about 60 per cent of enrolment at universities.

Enrolment in private and public universities in the academic year 2003–4

S. No.	University	Status	Enrolment
1	Aga Khan University Campus	Private	18
2	Bugema University	Private	1 500
3	Busoga University	Private	416
4	Gulu University	Public	340
5	Islamic University in Uganda	Private	2 000
6	Kampala International University	Private	1 100
7	Kampala University	Private	713
8	Kigezi International School of Medicine	Private	162
9	Kyambogo University	Public	70 542
10	Makerere University	Public	35 532
11	Mbarara University of Science and Technology	Public	594
12	Namasagali University	Private	473
13	Ndejje University	Private	3 332
14	Nkumba University	Private	3 334
15	Uganda Christian University, Mukono	Private	895
16	Uganda Martyrs University, Nkozi	Private	2 670
	Total		60 133

Source: Compiled by Uganda APRM Country Review Mission, February 2008.

Poverty statistics in the UNHS 2005/6
*** consumption expenditure per adult equivalent**

Residence	Population share	Mean CPAE*	Poverty estimates			Contribution to		
			P0	P1	P2	P0	P1	P2
Rural urban								
Rural	84.6	33 900	34.2	9.7	3.9	93.2	93.8	94.1
Urban	15.4	71 800	13.7	3.5	1.4	6.8	6.2	5.9
Region								
Central	29.2	57 600	16.4	3.6	1.3	15.4	12.1	10.7
Eastern	25.2	32 300	35.9	9.1	3.4	29.0	26.1	24.6
Northern	19.7	22 600	60.7	20.7	9.2	38.5	46.8	51.3
Western	25.9	39 900	20.5	5.1	1.8	17.0	15.1	13.4
National	100.0	39 746	31.1	8.7	3.5	100.0	100.0	100.0

Source: Uganda Bureau of Statistics.

Gini co-efficients for consumption

Residence	1992/3	2002/3	2005/6
Rural/Urban			
Urban	0.396	0.483	0.432
Rural	0.328	0.363	0.363
Region			
Central	0.395	0.460	0.417
Eastern	0.327	0.365	0.354
Northern	0.345	0.350	0.331
Western	0.319	0.359	0.342
National	0.365	0.428	0.408

Source: Uganda Bureau of Statistics.

Other basic indicators

Under-five mortality rate (2006)	134
Under-one infant mortality rate (2006)	78
Annual number of births ('000) (2006)	1 406
Annual number of under-five deaths ('000) (2006)	188
Life expectancy at birth (2006)	50 years
Total adult literacy rate (2000–5)	67
Primary school net enrolment/attendance (2000–6)	82 per cent
Telephone (2006): Mainlines Cellular mobile subscribers	120 000 3 000 000
Electrification rate	9 per cent
Electricity consumption per capita in kilowatt/hours	63
Sub-Saharan Africa	478
Human Development Index (2005)	0.502
Human Development Index ranking (2005)	155/177

Sources: Uganda Bureau of Statistics and World Bank African Development Indicators, 2007.

Nutrition

Percentage	
Infants with low birth weight (1999–2006)	12
Children who are exclusively breastfed (<6 months) (2000–6)	60
Children who are breastfed, with complementary food (6–9 months) (2000–6)	80
Under-fives suffering from moderate and severe underweight (2000–6)	20
Under-fives suffering from moderate and severe stunting (2000–6)	32
Vitamin A supplement coverage rate (6–59 months), at least one dose (2005)	78
Vitamin A supplement coverage rate (6–59 months), full coverage (2005)	78
Households consuming iodised salt (2000–6)	95

Source: UNICEF, 2008.

Health

Percentage	
Total population using improved drinking water sources (2004)	60
Urban population using improved drinking water sources (2004)	87
Rural population using improved drinking water sources (2004)	56
Total population using adequate sanitation facilities (2004)	43
Urban population using adequate sanitation facilities (2004)	54
Rural population using adequate sanitation facilities (2004)	41
Total routine EPI* vaccines financed by the government (2006)	8
One-year-olds immunised against TB; corresponding vaccines: BCG (2006)	85
One-year-olds immunised against DPT; corresponding vaccines: DPT1ß (2006)	89
One-year-olds immunised against polio; corresponding vaccines: DPT3ß (2006)	80
One-year-olds immunised against polio; corresponding vaccines: polio3 (2006)	81
One-year-olds immunised against measles; corresponding vaccines: measles (2006)	89
One-year-olds immunised against Hepatitis B; corresponding vaccines: HepB3 (2006)	80
One-year-olds immunised against Haemophilus influenzae Type B; corresponding vaccines: Hib3 (2006)	80
Immunization: newborns protected against tetanus? (2006)	88.2
Under-fives with suspected pneumonia taken to appropriate healthcare provider (±2000-6)	67
Under-fives with suspected pneumonia receiving antibiotics (±2000–6)	–
Under-fives with diarrhoea receiving oral rehydration and continued feeding (2000–6)	29
Under-fives sleeping under a mosquito net (2003–6)	22
Under-fives sleeping under a treated mosquito net (2003–6)	10
Under-fives with fever receiving anti-malarial drugs (2003–6)	62

* *Expanded Programme on Immunisation, World Health Organisation.*
Source: UNICEF, 2008.

HIV/AIDS

Estimated adult (aged 15–49) HIV prevalence rate (end 2005)	6.7
Estimated number of people (all ages) living with HIV ('000) (2005)	850–1 200
Estimated number of women (aged 15+) living with HIV ('000) (2005)	520
Median of HIV prevalence rate in young pregnant women (aged 15–24) in capital city	5.2
Estimated number of children (aged 0–14) living with HIV ('000) (2005)	110
HIV prevalence among young males (aged 15–24) (2005)	1.1
HIV prevalence among young females (aged 15–24) (2005)	4.3
Young males with comprehensive knowledge of HIV (2000–6)	35 per cent
Young females who have comprehensive knowledge of HIV (2000–6)	30 per cent
Young males who used condom at last episode of high-risk sex (2000–6)	55 per cent
Young females who used condom at last episode of high-risk sex (2000–6)	53 per cent
Estimated number of children (aged 0–17) orphaned by AIDS ('000) (2005)	1 000
Estimated number of children (aged 0–17) orphaned due to all causes ('000) (2005)	2 300
School attendance ratio of orphaned children (2000–6)	94

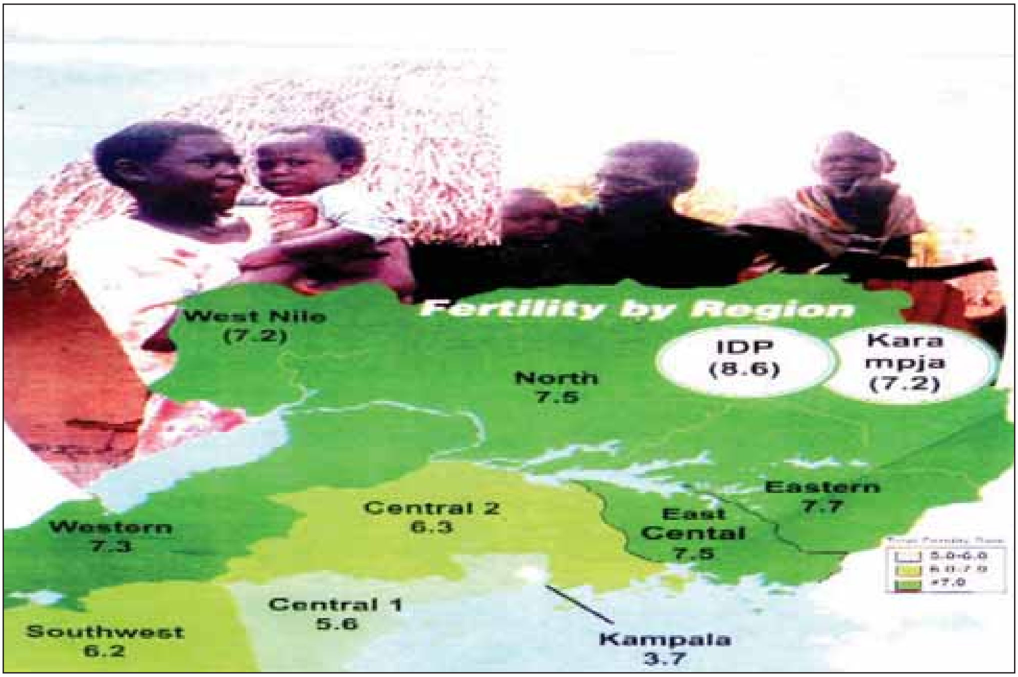
Source: UNICEF, 2008.

DEMOGRAPHICS

Population under 18 ('000) (2006)	16 828
Population under five ('000) (2006)	5 840
Population annual growth rate (1970–90)	3.2 per cent
Population annual growth rate (1990–2006)	3.2 per cent
Crude death rate: 1970	16
1990	15
2006	14
Crude birth rate: 1970	49
1990	50
2006	47
Life expectancy: 1970	50 years
1990	51 years
2006	50 years
Total fertility rate (2006)	6.6
Urbanised population (2006)	13 per cent
Average annual growth rate of urban population (1970–90)	5.7 per cent
Average annual growth rate of urban population (1990–2006)	4.1 per cent

Source: UNICEF, 2008.

FERTILITY BY REGION (2007)



Source: Uganda Bureau of Statistics.

CHILD PROTECTION RATES

Total child labour (5–14 years) (1999–2006)	36
Male child labour (5–14 years) (1999–2006)	37
Female child labour (5–14 years) (1999–2006)	36
Total child marriages (1987–2006)	54
Urban child marriages (1987–2006)	34
Rural child marriages (1987–2006)	59
Total birth registration (1999–2006?)	4
Urban birth registration (1999–2006?)	11
Rural birth registration (1999–2006?)	3
Female genital mutilation/cutting (2000–6), women aged 15–49 years	–

Source: UNICEF, 2008.

WOMEN

Percentage	
Life expectancy of females as a percentage of males (2006)	102
Adult literacy rate of females as a percentage of males (2000–6)	75
Enrolment ratio of females as a percentage of males, net primary school (2000–6)	–
Attendance ratio of females as a percentage of males, net primary school (2000–6)	99
Enrolment ratios of females as a percentage of males, net secondary school (2000–6)	88
Attendance ratios of females as a percentage of males, net secondary school (2000–6)	100
Contraceptive prevalence (2000–6)	24
Antenatal care coverage (2000–6)	94
Skilled attendant at delivery (2000–6)	42
Institutional deliveries (2000–6)	41
Ratio	
Reported maternal mortality ratio (2000–6)	510
Adjusted maternal mortality ratio (2005)	550
Maternal mortality ratio (2005), lifetime risk of maternal death	1 in 25

Source: UNICEF, 2008.

SUMMARY GENDER PROFILE (TREND)

	1980	1990	1995	2004
GNP per capita (US$)	-	320	260	250
Population				
Total (millions)	12.6	17.8	24.3	27.8
Female (percentage of total)	50.2	50.3	50.1	50
Life expectancy at birth (years)				
Male	49	44	45	48
Female	52	48	45	49
Adult literacy rate (percentage of people aged 15+)				
Male	-	69	-	77
Female	-	43	-	58
LABOUR FORCE PARTICIPATION				
Total labour force (millions)	5	8	10	11
Female labour force (percentage of total labour force)	48	47	48	48
Unemployment				
Total (percentage of total labour force)	-	-	-	3.2
Female (percentage of female labour force)	-	-	-	3.9
EDUCATION ACCESS AND ATTAINMENT				
Net primary school enrolment rate				
Male	-	-	-	97
Female	-	-	-	99
Progression to Grade 5 (percentage of cohort)				

SUMMARY GENDER PROFILE (TREND) continued

Male	-	-	56	-
Female	-	-	57	-
Primary completion rates				
(percentage of relevant age group)				
Male	-	-	64	61
Female	-	-	52	53
Youth literacy rate (percentage of people aged 15–24)				
Male	-	80	-	83
Female	-	60	-	71
HEALTH				
Total fertility rate (births per woman)	7.1	7.2	7.1	7.1
Contraceptive prevalence				
(percentage of women aged 15–49)	1	5	23	
Births attended by skilled health staff				
(percentage of total births)		38	39	
Maternal mortality ratio (per 100 000 live births)			880	

Source: UNICEF, 2008.

FEMALE REPRESENTATIVES IN NATIONAL POLITICS, 2008

Position	Proportion	Percentage
Members of Parliament	89/322	27.6
Cabinet ministers	7/25	28
Ministers of state	6/44	13.6
Chairpersons of district local governments	1/69	1.4
Councillors of district local councils	3 980/8 500	46.8
Chairpersons of sub-county	13/959	1.4
Councillors at sub-county level	5 295/7 888	67.1

Note: Figures for chairpersons and councillors at sub-county levels do not include Kampala district.
Source: Compiled by Uganda APRM Country Review Mission, February 2008.

Source: UNICEF, 2008.

ACRONYMS AND ABBREVIATIONS

ABEK	Alternative Basic Education for Karamoja
ACCU	Anticorruption Coalition of Uganda
ACHPR	African Commission on Human and Peoples' Rights
ADF	Allied Democratic Forces
ADR	Alternative Dispute Resolution
AEC	African Economic Community
AfDB	African Development Bank
AGOA	African Growth Opportunity Act
AIDS	Acquired Immune Deficiency Syndrome
AIMS	Alternative Investment Market Segment
AIS	Alternative Investment Segment
AMFIU	Association of Microfinance Institutions of Uganda
APR	African Peer Review
APRM	African Peer Review Mechanism
ART	Antiretroviral Treatment
AU	African Union
BEA	British East Africa
BoU	Bank of Uganda
BTVET	Business, Technical and Vocational Education and Training
BUDS-ERT	Business Uganda Development Services – Energy for Rural Transformation
CAADP	Common Agricultural Development Programme
CACG	Commonwealth Association for Corporate Governance
CADER	Centre for Arbitration and Dispute Resolution
CAO	Chief Administrative Officer
CBO	Community-Based Organisation
CDF	Constituency Development Fund
CEDAW	Committee on the Elimination of All Forms of Discrimination Against Women
CET	Common External Tariff
CFR	Commander of the Order of the Federal Republic
CICS	Competitiveness and Investment Climate Strategy
CID	Criminal Investigation Department
CMA	Capital Markets Authority
COFTU	Central Organisation of Free Trade Unions
COMESA	Common Market for Eastern and Southern Africa
CPA	Comprehensive Peace Agreement
CPI	Corruption Perception Index
CRC	Convention on the Rights of the Child
CRM	Country Review Mission
CSAR	Country Self-Assessment Report

CSO	Civil Society Organisation
CSR	Corporate Social Responsibility
CSRP	Civil Service Reform Programme
DDA	Dairy Development Authority
DDP II	District Development Programme II
DDRR	Demobilisation, Disarmament, Reintegration and Resettlement
DEA	Directorate of Environmental Affairs
DEI	Directorate of Ethics and Integrity
DoI	Directorate of Information
DMOT	Department of Multilateral Organisations and Treaties
DP	Democratic Party
DRB	Domestic Relations Bill
DRC	Democratic Republic of Congo
DRIC	Divesture Reform and Implementation Committee
DSC	District Service Commission
EAC	East African Community
EALA	East African Legislative Assembly
EC	Electoral Commission
ECA	Economic Commission for Africa
ECOSOCC	Economic, Social and Cultural Council
ECSAFA	Eastern, Central and Southern African Federation of Accountants
EITI	Extractive Industries Transparency Initiative
EOA	Equal Opportunities Act
EOC	Equal Opportunities Commission
EPRC	Economic Policy Research Centre
ERA	Electricity Regulatory Authority
ESA	Education Standards Agency
EU	European Union
FBO	Faith-Based Organisation
FPTP	First-Past-The-Post
FRONASA	Front for National Salvation
GAVI	Global Fund Alliance for Vaccines and Immunisation
GDP	Gross Domestic Product
GFS	Government Finance Statistics
HIPC	Highly Indebted Poor Countries
HIV	Human Immunodeficiency Virus
HPI	Human Poverty Index
HR	Human Resources
HSGIC	Heads of State and Government Implementation Committee
HSSP	Health Sector Strategic Plan
IAF	Inter-Agency Forum

IAS	International Accounting Standards
ICC	International Criminal Court
ICCPR	International Covenant on Civil and Political Rights
ICGU	Institute of Corporate Governance of Uganda
ICPAU	Institute of Certified Public Accountants of Uganda
ICPD	International Conference on Population and Development
ICRC	International Committee of the Red Cross
ICT	Information and Communication Technology
IDPs	Internally Displaced Persons
IFAC	International Federation of Accountants
IFAS	International Financial Accounting Standards
IFC	International Finance Corporation
IFMS	Integrated Financial Management System
IFRS	International Financial Reporting Standards
IGAD	Intergovernmental Authority on Development
IGG	Inspector-General of Government
ILO	International Labour Organization
IMF	International Monetary Fund
IMR	Infant Mortality Rate
IOSCO	International Organisation of Securities Commissions
IPO	Initial Public Offering
IPPS	Integrated Personnel and Payroll System
ISA	International Standards on Auditing
IT	information technology
ITAS	Integrated Tax Administration System
JLOS	Justice Law and Order Sector
JSC	Judicial Service Commission
KIBP	Kampala Industrial Business Park
KIDDP	Karamoja Integrated Disarmament and Development Programme
KUTIP	Kampala Urban Traffic Improvement Programme
KY	Kabaka Yekka
LC	Local Council
LG	Local Government
LGA	Local Government Act
LGDP II	Local Government Development Programme II
LGFC	Local Government Finance Commission
LRA	Lord's Resistance Army
MAAIF	Ministry of Agriculture, Animal Industries and Fisheries
MALGs	Ministries, Agencies and Local Governments
MCPC	Monetary and Credit Policy Committee
MDAs	Ministries, Departments and Agencies

MDG	Millennium Development Goal
MDI	Microfinance Deposit-Taking Institution
MDRI	Multilateral Debt Relief Initiative
MEACA	Ministry of East African Community Affairs
MEI	Ministry of Ethics and Integrity
MEMD	Ministry of Energy and Mineral Development
MERP	Minimum Economic Recovery Programme
MFI	Microfinance Institution
MFPED	Ministry of Finance, Planning and Economic Development
MGLSD	Ministry of Gender, Labour and Social Development
MICT	Ministry of Information and Communication Technology
MING	Ministry of Information and National Guidance
MJCA	Ministry of Justice and Constitutional Affairs
MLHUD	Ministry of Lands, Housing and Urban Development
MMR	Maternal Mortality Rate
MoD	Ministry of Defence
MoES	Ministry of Education and Sports
MoFA	Ministry of Foreign Affairs
MoH	Ministry of Health
MoIA	Ministry of Internal Affairs
MoLG	Ministry of Local Government
MoPS	Ministry of Public Service
MOU	Memorandum of Understanding
MoWT	Ministry of Works and Transport
MP	Member of Parliament
MSME	Micro-, Small and Medium Enterprise
MTCS	Medium-Term Competitiveness Strategy
MTEF	Medium-Term Expenditure Framework
MTTI	Ministry of Tourism, Trade and Industry
MUBS	Makerere University Business School
MWE	Ministry of Water and Environment
MWTC	Ministry of Works, Transport and Communications
NAADS	National Agricultural Advisory Services
NACS	National Anti-Corruption Strategy
NALU	National Army for the Liberation of Uganda
NAPA	National Adaptation Programme of Action
NARO	National Agricultural Research Organisation
NDP	National Development Plan
NEC	National Executive Committee
NEMA	National Environment Management Authority
NEPAD	New Partnership for Africa's Development

NFA	National Forestry Authority
NGC	National Governing Council
NGO	Non-Governmental Organisation
NHCC	National Housing and Construction Company
NIC	National Insurance Corporation
NIMES	National Integrated Monitoring and Evaluation Strategy
NMS	National Medical Stores
NOTU	National Organisation of Trade Unions
NPA	National Planning Authority
NPOA	National Programme of Action
NRA	National Resistance Army
NRM	National Resistance Movement
NRM/A	National Resistance Movement/Army
NSPPI	National Strategic Programme Plan of Interventions
NSSF	National Social Security Fund
NUDIPU	National Union of Disabled Persons of Uganda
NURP	Northern Uganda Reconstruction Programme
NUSAF	Northern Uganda Social Action Fund
NWSC	National Water and Sewerage Corporation
NYC	National Youth Council
OAU	Organisation of African Unity
OECD	Organisation for Economic Cooperation and Development
OVC	Orphans and Other Vulnerable Children
PAC	Parliamentary Accounts Committee
PAYE	Pay As You Earn
PEAP	Poverty Eradication Action Plan
PEAP II	Second Poverty Eradication Action Plan
PEPFAR	President's Emergency Plan for Aids Relief
PERDS	Public Enterprise Reform and Divesture Secretariat
PFA	Prosperity For All
PFI	Private Finance Initiative
PIRT	Presidential Investors Round Table
PMA	Plan for the Modernisation of Agriculture
PMES	Poverty Monitoring and Evaluation Strategy
PMO	Prime Minister's Office
PMTCT	Prevention of Mother-to-Child Transmission
PPDA	Public Procurement and Disposal of Public Assets Authority
PPOA	Political Parties and Organisations Act
PPP	Public-Private Partnership
PPP	Purchasing Power Parity
PRA	Popular Resistance Army

PRDP	Peace, Recovery and Development Programme
PRGF	Poverty Reduction and Growth Facility
PSC	Public Service Commission
PSCP II	Second Private Sector Competitiveness Project
PSFU	Private Sector Foundation Uganda
PSI	Policy Support Instrument
PSRP	Public Service Reform Programme
PSRRC	Public Service Review and Reorganisation Commission
PTA	Parent-Teacher Association
PUSRP	Privatisation and Utility Sector Reform Project
PWDs	Persons with Disability
RC	Resistance Council
REA	Rural Electrification Agency
REC	Regional Economic Community
REPOs	Repurchase Agreements
ROM	Results-Oriented Management
RRU	Rapid Response Unit
RSB	Registration Services Bureau
SACCO	Savings and Credit Cooperative
SCDS	Sub-county Development Strategy
SME	Small and Medium-Sized Enterprise
SMI	Small and Medium-Sized Industry
SMM	Single-Member Majoritarian
SMME	Small, Medium and Microenterprise
SMP	Single-Member Plurality
SOE	State-Owned Enterprise
SPLM/A	Sudanese Peoples' Liberation Movement/Army
SUM	Save Uganda Movement
TASO	The AIDS Support Organisation
TB	Tuberculosis
TI	Transparency International
ToT	Training of Trainers
TU	Teachers' Union
UAC	Uganda AIDS Commission
UBA	Uganda Bankers' Association
UBOS	Uganda Bureau of Statistics
UCC	Uganda Communications Commission
UDB	Uganda Development Bank
UDHS	Uganda Demographic Health Survey
UEPB	Uganda Export Promotion Board
UFF	Uganda Freedom Fighters

UFM	Uganda Freedom Movement
UHRC	Uganda Human Rights Commission
UIA	Uganda Investment Authority
UIB	Uganda Institute of Bankers
UIC	Uganda Insurance Commission
UIPE	Uganda Institution of Professional Engineers
ULRC	Uganda Law Reform Commission
ULS	Uganda Law Society
UMA	Uganda Manufacturers Association
UN	United Nations
UNBS	Uganda National Bureau of Standards
UNC	Uganda National Congress
UNCCI	Uganda National Chamber of Commerce and Industry
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa
UNLF	Uganda National Liberation Front
UNRF	Uganda National Rescue Front
UPC	Uganda Peoples Congress
UPDF	Uganda Peoples' Defence Force
UPE	Universal Primary Education
UPF	Uganda Police Force
UPPET	Universal Post-Primary Education and Training
URA	Uganda Revenue Authority
US$	United States Dollar
USAID	United States Agency for International Development
USE	Universal Secondary Education
USh	Ugandan Shilling
USSIA	Uganda Small-Scale Industries Association
UTB	Uganda Tourism Board
UWEAL	Uganda Women Entrepreneurs Association
VAT	value-added tax
VCCU	Violent Crime Crack Unit
VCT	Voluntary Counselling and Testing
VSME	Very Small, Small and Medium-Sized Enterprise
WHO	World Health Organisation

EXECUTIVE SUMMARY

1. THE APRM PROCESS

1.1 The Evolution of the APRM Process

i. In recognition of the imperatives of good governance for human security and political stability, high economic growth, sustainable development and accelerated sub-regional and continental economic integration, the Sixth Summit of the Heads of State and Government Implementation Committee (HSGIC) of the New Partnership for Africa's Development (NEPAD), held in March 2003 in Abuja, Nigeria, adopted the Memorandum of Understanding (MOU) on the African Peer Review Mechanism (APRM).

ii. The Mechanism, arguably the most innovative aspect of NEPAD, is an instrument voluntarily acceded to by member states of the African Union (AU) for self-evaluation. Assessment under the APRM is conducted within the framework of agreed values, codes and standards as contained in the Declaration on Democracy, Political, Economic and Corporate Governance. The APRM has at its epicentre the deepening of democratic practices, the strengthening of achievements, the dissemination of best practices and the rectification of underlying deficiencies in governance and socioeconomic development processes among AU member states. The framework is aimed at encouraging and building transformational leadership through a self-assessment process, constructive peer dialogue and the sharing of information and common experiences, in order to reinforce successful and exemplary practices among African countries.

iii. Five years on, the lessons emerging from the APRM implementation process are encouraging. They are making it possible for countries to benchmark good governance in Africa, with shared African and international norms and standards serving as the guiding framework. They are also enabling citizens to participate in the evaluation of how they are governed. Through the APRM, African countries are now able to learn from each other and further deepen African solidarity. Capacity in monitoring governance is being developed and partnerships are being created, facilitating greater advocacy for the APRM and showcasing Africa's innovative thinking in governance.

iv. The APRM is open to all member states of the AU. In terms of membership, the Mechanism has come a long way since March 2003, when ten pioneer countries decided to embark on an uncharted course. Mauritania's accession in January 2008 brings the number of countries participating voluntarily in the APRM to 28. They represent about three-quarters of the African population. A formal request to join has been received from the Republic of Togo, which will bring the membership to 29.

v. Since its inception, the APR Panel has launched reviews in 14 countries. Of these, six reviews have been completed and peer reviewed by the APR Forum. Ghana was the first country to be reviewed at the Fourth APR Forum meeting held in Khartoum, Sudan on 22 January 2006, while Kenya and Rwanda were reviewed at the Fifth APR Forum meeting held in Banjul, The Gambia, on 30 June 2006. South Africa and Algeria were reviewed at the Seventh Summit of the APR Forum in Accra, Ghana, on 1 July 2007. Benin joined the elite group of peer-reviewed countries at the Eighth Summit of the APR Forum held on 30 January 2008, in Addis Ababa, Ethiopia.

1.2 Uganda and the APRM

vi. Uganda is one of the pioneer countries that acceded to the APRM at its inception in 2003. In line with the APRM's principles of establishing appropriate institutions to oversee the implementation of the self-assessment process, the National Planning Authority (NPA) – the principal agency responsible for managing and harmonising national and decentralised development planning systems and processes in Uganda – was designated as the NEPAD/APRM National Focal Point institution in 2004. The NPA was thus tasked with setting up the national structures and ensuring that NEPAD's initiatives and the APRM are integrated into the national planning processes. The Minister of State for Finance, Planning and Economic Development (Planning), who has political mandate over the NPA, automatically became the APRM National Focal Point.

vii. The APRM Support Mission, led by Professor Adebayo Adedeji, was conducted in February 2005. The APRM MOU on the Technical Assessment and Country Review was signed between His Excellency General Yoweri Kaguta Museveni, President of the Republic of Uganda, and the APR Panel, thus paving the way for the commencement of the country's self-assessment process.

viii. However, national elections in February 2006 and the slow pace in establishing the institutional structures resulted in a lull in the self-assessment process. In May 2006, a new government was sworn in, which resulted in the resuscitation of the country review process. As part of the peer learning, the APRM Commission and Secretariat visited Kenya and Rwanda for experience sharing at the initial stages. A country delegation also visited the Continental Secretariat in December 2006 for peer learning. This heralded the inauguration of the APRM Commission by the President and the launch of the APRM country self-assessment process at a National Sensitisation Workshop held on 19 February 2007 at Speke Resort, Munyonyo. The event was attended by Professor Adebayo Adedeji, Lead Panellist for the Uganda review process, on behalf of the APRM Panel of Eminent Persons.

ix. Initially, the Commission consisted of 17 members but this was later expanded to 21 to ensure adequate representation of all stakeholders.

x. The country's self-assessment was executed using a holistic approach. As is widely becoming the convention, four research instruments were used: desk research, 200 expert panel interviews, 96 focus group discussions, and a national sample survey. In addition, the Commission carried out public hearings and received memoranda from various interest groups. Apart from control procedures embedded in the design of desk and field research assessments, several quality control and assurance measures were employed, including engaging four distinguished senior researchers drawn from renowned institutions – one for each thematic area. A research methodologist was also engaged to provide continuous methodological support to the APRM's activities, and to incorporate thematic reports into the Country Self-Assessment Report (CSAR).

xi. The Commission also worked with the Head of the Public Service, through nominees from each ministry, to undertake costing of the NPOA. These are senior government officials involved in planning and budgeting at their various ministries. As requested in the APRM Guidelines, the CSAR and NPOA were validated by national stakeholders in five intensive one-day workshops – one at national level and four in the regions.

xii. Uganda submitted its CSAR and a draft NPOA addressing capacity constraints to the APRM Secretariat in December 2007, thus paving the way for fielding the Country Review Mission (CRM).

xiii. In all, the 599-page CSAR is well written and sufficiently candid. The Ugandan self-assessment process meets the APRM's avowed principles of objectivity, scientific rigour and freedom from manipulation.

xiv. The CRM was fielded from 3 to 24 February 2008.

xv. The review team led by Professor Adebayo Adedeji, Lead Panellist for Uganda, was composed of independent experts in the four APRM thematic areas, experts from strategic partner institutions – the African Development Bank (AfDB) and the United Nations Economic Commission for Africa (UNECA) – as well as members of the APR Secretariat. The 14 members of the team are nationals of 12 AU member states.

xvi. The CRM formally began on 4 February 2008, although it was officially launched on 7 March 2008 at a ceremony held at State House, Entebbe, attended by His Excellency President Yoweri Museveni and the First Lady Mrs Janet Kataha Museveni. The President handed over the CSAR, which included the draft NPOA, to the leader of the CRM. He implored the team to take seriously the issue of industrialisation in Uganda. After several years in the doldrums, it was time that industrialisation took root on the continent of Africa.

xvii. The CRM met with key government departments in the thematic clusters. It also interacted with representatives and officials of various institutions with a bearing on governance, including Parliament, the judiciary, the Internal Revenue Authority, the Auditor-General, Central Bank, Uganda Bureau of Statistics, Uganda Human Rights Commission (UHRC) and government ministries and departments. In addition, the CRM held discussions with non-state stakeholder groups, including representatives from the private sector (the Chambers of Commerce, Manufacturers' Association of

Uganda and Uganda Investment Authority), youth, civil society organisations (CSOs), women's groups and political parties. The high level of representation at these consultative and interactive meetings is noteworthy. All the stakeholder groups were led by their respective heads and were very candid in the assessment of the governance challenges facing Uganda. This is indeed commendable.

xviii. In addition, the CRM visited four regions to meet with representatives of the 81 districts in Uganda and hold interactive sessions. The regional visits commenced in Mbale (eastern region) on 11 February 2008, followed by Mukono (central region) on 12 February and Mbarara (western region) on 14 February. The last regional visit was to Gulu (northern districts) on 21 February 2008. In each of the regions, the sessions were attended by representatives of stakeholders from all the districts.

xix. These regional visits allowed the CRM to interact with key stakeholders on the issues that emerged from the CSAR and the NPOA. In each region, sessions were held with the district officials, both elected and selected. In addition, in order to understand their perspectives on governance and development in Uganda, the CRM met with stakeholder groups such as women's groups, the youth, people with disabilities, the elderly, minority groups, non-governmental organisations (NGOs), academia, the media, small businesses, faith-based organisations (FBOs), trade unions, private sector companies, community-based organisations (CBOs), professional bodies, social service institutions and traditional leaders. In all, the visits to all the regions were very useful in providing the CRM with a clear picture of the state of governance on the ground. The team benefited enormously from these visits, which brought out the various perceptions of Ugandans on how the country is performing and the main challenges in the four thematic areas.

xx. Finally, the CRM returned to Kampala to continue its interactions with stakeholders and to hold wrap-up sessions. While in Uganda, the team also met with Mozambique's former President, Joaquim Chissano, the current United Nations (UN) Special Envoy for areas affected by the Lord's Resistance Army (LRA), for insights into the peace talks between the Ugandan government and the LRA. At the request of the Uganda National Commission, the CRM also met with the diplomatic community accredited to Uganda and all UN agencies operating in Uganda.

xxi. In all the interactions with stakeholders at both the regional and national levels, it was made abundantly clear that the exercise was not limited to the government and the public sector, but served as a holistic review of Uganda as a nation. While the government – at national and district levels – was no doubt a key strategic player, it was not the sole player. All stakeholders had their respective parts to play. Consequently, the CRM was able to encourage stakeholders to come up with viable solutions to the identified problems and to consider what they themselves could do to foster development and reduce poverty.

2. BACKGROUND

xxii. Uganda is a relatively young country. The announcement of its creation and status as a British protectorate was published in the London Gazette in 1894. Uganda's formation was not the result of a gradual process of national integration. On the contrary, both its existence and its borders were determined entirely by the imperial powers France, Germany and Great Britain, who had both territorial and strategic control of the country, particularly the River Nile. It was built largely around Buganda, and other territories were added during the process of accretion and military conquest. While independence was achieved largely through peaceful negotiations devoid of insurgency and violence, Ugandan politics were fragmented along tribal and religious lines. The most pronounced of these divisions was between the Kingdom of Buganda, which had its separate parliament (the Lukiko), its own court and power of taxation, and the new national government at independence. So separate were their interests that there were effectively two states within one country.

xxiii. Uganda, the country that so captivated Winston Churchill as the "Pearl of Africa", suffered major trauma during its first two decades of independence. Prior to 1986, the country embarked on a rollercoaster ride of unreliable and unstable coalitions, the persistence of bad governance and virtual socioeconomic stagnation. In 1962, within four years of independence, Uganda experienced a series of political catastrophes that rendered it one of the poorest nations in the world and a byword for bad governance. To compound the problem, after the dictatorship of Idi Amin (1971–9), Uganda went through another period of tragic rule, political instability and economic decay, which lasted until 1986.

xxiv. Indeed, it is accurate to characterise Ugandan political history as one whose flow and texture have been determined by conflict. This resulted in the destruction of economic, physical and institutional infrastructure and, to a large extent, explains the Uganda of today. The pearl ceased to shine and the country entered the dark age of political, economic and moral decline.

xxv. Since the late 1980s, Uganda has managed to reinvent itself, moving on from the abyss of civil war and the economic catastrophe of the Idi Amin years and the return to power of Milton Obote. Though the country has been plagued by intermittent clashes between rival armed groups, it has made a gigantic leap in governance and socioeconomic development. Over the last two decades, the National Resistance Movement (NRM) government, under the leadership of the current President of Uganda, Yoweri Kaguta Museveni, has made considerable progress in restoring political stability and order to the country. Human rights have greatly improved and the country has launched a successful campaign to fight the HIV/AIDS pandemic. Its economy is one of the fastest growing on the continent. The almost unswerving commitment of the government to people-centred governance, sustained macroeconomic stability, economic growth and poverty reduction is inspirational.

xxvi. However, these significant strides on the socioeconomic and political fronts are little cause for complacency. Once hailed as a compelling "success story" of Africa, it must be acknowledged that contemporary Uganda faces a number of challenges and runs the risk of not advancing rapidly. There are real political and structural risks that threaten to undermine this record. The irony of Uganda's recovery is that the macroeconomic stability that has been achieved is based almost entirely on concessional and conditional transfers of development aid. It is not based on any fundamental improvement in the basic structure of the economy. This means that, since the colonial days, little has changed in the relative importance of the agricultural, industrial and other sectors of Uganda's economy.

xxvii. Despite its record performance, Uganda, with a population of about 30 million, is still one of the world's poorest countries. The majority of its population is engaged in subsistence agriculture and the informal sector. Reducing poverty substantially still remains a major challenge. After falling from approximately 56 per cent of the population to 34 per cent between 1992 and 2000, the proportion of the population living in poverty rose to 38 per cent by 2003, before declining to 31 per cent in 2005. It has also been shown that, despite the apparent reduction in poverty, a significant proportion (20 per cent) of Ugandans are still living in chronic poverty and, in many respects, poverty is deepening as inequality widens.

xxviii. The impressive economic development and poverty reduction to date have to a large extent been based on separate events. For instance, favourable circumstances and reforms have yielded large one-off bonuses in terms of growth and poverty reduction. The single most significant events have been the peace dividend after 1986, economic liberalisation and macroeconomic stabilisation in the early 1990s, and the significant increase in foreign aid. While they remain essential preconditions, these events cannot be expected to drive future growth. Uganda thus needs to industrialise in order to transform itself into a prosperous middle-income economy by 2030, as envisaged in the country's Vision 2030 report. As it takes advantage of enlarged markets through regional integration, it is crucial that the country improves the performance of the real economy and turns the private sector, as an economic actor, into an engine of growth.

xxix. Equally disturbing, because they pose the greatest threat to Uganda's continued economic growth, are the risks presented by recent political developments in the country. After an extended period of political liberalisation, which resulted in the strengthening of Parliament, the judiciary, watchdog agencies such as the Inspector-General of Government (IGG) and a free media, Uganda is in danger of slipping back into a period of neo-patrimonial rule. The apparent militarisation of society has not helped the democratic cause, while democratic gains from the decentralisation process are in serious danger of being eroded. Add to this the recent mushrooming of districts in the country. Ultimately, the reform of the Ugandan state lies in the fully fledged democratisation of political society. Civil society and political parties must play the leading role in this process. Uganda is – and must be – greater than any single individual; that is the premise of modern statehood. Having rescued Uganda from the Amin and Obote strangleholds, the current leadership should be concerned about its own legacy.

xxx. The challenge for Uganda now is to deepen reforms already under way and prevent their reversal. There is no doubt that, with determination, a concerted reform effort and political will, Uganda can leapfrog into the future as a prosperous middle-income country by 2030. Furthermore, it should be able to sustain growth at levels that can lift most of its people out of poverty. Uganda has to build on the successes highlighted in this report, while addressing the challenges, in order to claim its rightful place as the "Pearl of Africa".

3. SUMMARY OF FINDINGS IN THE THEMATIC AREAS

3.1. Democracy and Political Governance

xxxi. Uganda has had a tumultuous political history. Since attaining independence in 1962, the country has gone full circle, from a parliamentary democracy to years of dictatorship and military rule, back to a parliamentary democracy. The short burst of enthusiasm soon after the decade of independence was replaced by a long, almost unremitting period of despair. Although there was relative stability in the 1960s, the abrogation of the Constitution in 1966 marked a watershed in the undemocratic governance and political instability of the country. From then on military coups, civil wars, repressive regimes, refugee flows and economic stagnation soon came to define the state. The impact of pervasive political instability has left scars that are still visible in the country's social fabric and political psyche.

xxxii. There has been undeniable progress since the NRM came to power in January 1986 under the leadership of Yoweri Museveni. This regime change, which was hailed across the globe, has brought peace and security across most of Uganda, except in some areas in the north, by reconstituting a failing and fragile state. It rejuvenated an economy that had atrophied and, to a large extent, safeguarded the true principles of human liberties by promoting press freedom and putting an end to the human rights abuses of earlier governments.

xxxiii. However, despite these monumental achievements, the task of establishing democratic institutions through which Ugandans of all regions, ethnic backgrounds and political orientations have a meaningful stake in the political system and resolve their differences under democratic rules, is yet to be fully achieved in the country. Uganda still faces enormous challenges in managing diversity within the country, precisely as a result of two decades of war that polarised the country along tribal or ethnic rifts and regionalism.

xxxiv. Uganda has been progressive in committing itself to promote and respect African and internationally recognised human rights instruments. To date it has ratified several major international and regional instruments in this thematic area. The country has, however, not signed or ratified some important instruments, such as the Second Optional Protocol to the International Covenant on Civil and Political Rights, aimed at the abolition of the death penalty; the Optional Protocol to the Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment; the African Union Convention for the Elimination of Mercenaries in Africa; and the Protocol to the African Charter on Human and Peoples' Rights on the Rights of Women in Africa, also known as the Maputo Protocol. The biggest challenge has been domesticating the signed treaties and meeting the reporting obligations of the different treaties. Many of the reports are still overdue. There does not appear to be a clear and coherent framework for acceding to standards and codes, and for following up on their implementation.

xxxv. Uganda has experienced political instability, with military coups in 1971, 1979 and 1985, war with neighbouring Tanzania (1978–9) and civil war (1981–6). The long history of conflicts, spanning the pre-colonial period, the colonial era and most of the post-independence epoch to date, has resulted in socioeconomic destruction, loss of lives and retardation of sustainable human development. The war in the north, which has been raging for 21 years, has led to structural imbalances, including inequality and poverty. These imbalances are concentrated more in the conflict-prone regions that remain the most underdeveloped parts of the country, especially Northern Uganda and the Karamoja region.

xxxvi. The government has made commendable progress in putting in place a plethora of institutions and policies for building firm foundations on which democratic governance can be anchored. These include adopting the 1995 Constitution that provides a Bill of Rights; establishing institutions that protect democracy and promote human rights; liberalising the media; managing intra-state and inter-state conflicts; decentralising power for effective service delivery; fighting corruption; and reintroducing a multiparty political system in 2005, thereby setting the stage for the first multiparty elections of 2006.

xxxvii. Notwithstanding the progress that the NRM has made in establishing peace and stability, the country still faces the challenges of institutionalising and consolidating democratic governance. While principles of constitutionalism are clearly spelt out in the 1995 Constitution, which provides a firm constitutional foundation on principles of the separation of powers, the challenge is how to sustain the progress and prevent a reversal process that could undermine the supremacy of the Constitution and the rule of law.

xxxviii. A number of institutions have been established in Uganda to promote democracy and ensure that the foundations of democratic governance are firmly rooted. These institutions include the UHRC, IGG, Auditor-General and Electoral Commission. It is evident that many of these institutions are battling to adjust to the new multiparty system introduced since the 2005 referendum and implemented since the 2006 elections. The main challenge facing these institutions is having inadequate resources to enable them to function effectively.

xxxix. The political culture of the no-party movement lingers on, even under a multiparty dispensation, and this trend tends to weaken a multiparty Parliament. While the transition from a no-party to multiparty system poses a gigantic challenge to almost all democratic institutions, including the citizens themselves, the one institution that is directly affected by this political change is the legislature. Evidently, the composition of Parliament demonstrates its broadly representative nature, although controversy still surrounds the direct representation of the army in the House. Besides the broad representation of various social groups in Parliament, there is strong collaboration between Parliament and CSOs, a positive development that has the potential to strengthen its independence and oversight role.

xl. The Constitution is very explicit on the independence of the judiciary. In reality, administrative independence exists and relative judicial autonomy is the norm. During the interactive session with members of the judiciary, the CRM was informed that the Supreme Court and the Constitutional Court do not have premises of their own due to resource constraints. The Supreme Court rents premises from the Buganda Kingdom and pays a monthly rental. In like manner, the Constitutional Court rents premises from a commercial entity. Both courts face capacity problems, including a shortage of adequately qualified or capable judges.

xli. Uganda has also established an elaborate decentralisation programme that provides space for citizens to participate effectively in decision-making processes. The main challenge has been to sustain local governments that depend heavily on the central government budget, thereby preventing the degeneration into recentralisation.

xlii. Additionally, the government has taken measures to ensure the establishment of an accountable, efficient and effective public service by putting in place a framework for a wide range of legislative and strategic administrative reforms. Nevertheless, the challenge remains to create a "professional and efficient public service" at both the central and local government levels, given the limited resources. While combating corruption is a priority, it remains a pervasive problem in the public service.

xliii. Affirmative action measures have been introduced to rectify the historical imbalances that have excluded various social groups from mainstream political and economic processes. These include redressing the marginalisation of vulnerable groups, including ethnic minorities, people with disabilities, internally displaced persons, the elderly, and vulnerable children. Key challenges facing the country in this regard include mobilising sufficient resources needed to implement policies, and addressing social exclusion and marginalisation. Additionally, there is the need for political will of the leadership and the people to transform attitudes, norms and practices that reinforce institutionalised discrimination and marginalisation.

xliv. Uganda has done relatively well in getting women involved in the political process. For instance, in 1993 women constituted 18 per cent of Parliament, a figure that has since risen to 25 per cent. Women also occupy key positions, such as ministers (5 out of 24) and deputy ministers (11 out of 44), the Head of the UHRC, the Internal Revenue Service, the IGG, the Deputy Speaker of Parliament and the deputy heads of the judiciary, the civil service and Electoral Commission. Many obstacles, however, remain. Women constitute less than 30 per cent of ministers, permanent secretaries, undersecretaries, department heads, and managers of development programmes. Under section 32(2) of the 1995 Constitution, Parliament commits to making laws for the establishment of an Equal Opportunities Commission as a key vehicle for implementing affirmative action to empower women. However, 18 years later, that Commission is yet to be established. The Domestic Relations Bill, which tried to address some of these challenges, has stalled in Parliament.

xlv. The government has set up an elaborate legal and institutional framework and structures for promoting social, economic, political, civil and cultural rights. Furthermore, mechanisms have been put in place to ensure access to justice, including formal, quasi- and local council courts. The main challenge is to institutionalise a human rights culture in both state and non-state sectors. Women's rights continue to be violated in both public and private spheres. Children too continue to suffer from various forms of violation of their rights.

xlvi. On the whole, the governance realm in Uganda is progressively moving away from the tradition of authoritarianism and militarism that marked its landscape between the mid-1960s and mid-1980s. Consequently, the eagerness to democratise has been so overwhelming that a number of policies, procedures, guidelines and institutions have been put in place with respect to development and governance processes. One of the major challenges is how to harmonise the progressive policies and ensure smooth coordination between the various institutions. This is the heart of the problem. Uganda has so many progressive policies and so many institutional frameworks, yet resources and effective machinery to implement these are severely lacking.

xlvii. The APR Panel recommends, among other things, that Uganda should promote a culture of respect for the Constitution, constitutionalism and the rule of law, thereby ensuring effective balance of power between the executive, judiciary and legislature. The authorities should also reduce the overwhelming donor dependence of the judiciary, as this has implications for judicial independence.

3.2 Economic Governance and Management

xlviii. Along with its political transition, Uganda has also come full circle in the economic sphere. At independence, the country was more fortunate than most of its neighbours in that it had promising economic potential and appeared poised for rapid economic growth and development. However, the high economic expectations of the post-independence period were soon destroyed by the governments of the first rulers. Chronic political instability and erratic economic management produced a record of persistent economic decline that left Uganda among the world's poorest and least-developed countries.

xlix. The NRM government that came into power in 1986 inherited a run-down economy – inflation was at 240 per cent and poverty levels at 56 per cent; commodity sector price controls and foreign exchange controls were in place; road infrastructure was poor; and only 10 per cent of the population had access to clean water.

l. Since assuming power, the government has taken important steps towards economic rehabilitation. The country's infrastructure – notably its transportation and communications systems that were destroyed by war and neglect – is being rebuilt. Recognising the need for increased external support, Uganda negotiated a policy framework paper with the International Monetary Fund (IMF) and the World Bank in 1987. It subsequently began implementing economic policies designed to restore price stability and sustainable balance of payments; improve capacity utilisation; rehabilitate infrastructure; restore producer incentives through proper price policies; and improve resource mobilisation and allocation in the public sector.

li. The economic policies of the government have largely succeeded in reversing the macroeconomic disequilibrium that the economy suffered between the early 1970s and the early 1980s. Uganda's macroeconomic performance over the past 20 years has been exceptional. The country recorded a 6.3 per cent growth rate in its gross domestic product (GDP) between 1990 and 2007, which has contributed to the reduction of income poverty from 56 per cent in 1992 to 31 per cent in 2005. Sound macroeconomic policies have also contained debt and brought about price stability, which are key factors in Uganda's growth and poverty reduction record. Inflation, which ran at 240 per cent in 1987 and 42 per cent in June 1992, was only 5.1 per cent in 2003, but went up to 7.7 per cent in 2007 as food prices rose, which is well above the government's annual target average of 5 per cent. Donors have consistently funded a significant part of public spending.

lii. More recently, however, per capita growth has tapered off and poverty reduction has stagnated. Apart from slower economic growth, poverty trends were adversely affected by declining terms of trade (in the late 1990s) and widening income inequalities. The fall in per capita growth is explained by a dwindling contribution from the positive post-conflict catching-up effects, the relatively low growth in productivity and very high population growth. Uganda's annual population growth – now over 3 per cent – is one of the highest in the world. Uganda also has some country-specific features that have affected, and can be expected to affect, the economic development. It is landlocked, which means that geography imposes a "tariff" on both exports and imports through high transport costs. This has implications for Uganda's international competitiveness.

liii. There is a general observance of most standards and codes because most of the specified practices have been mainstreamed through the Financial Institutions Act, the Budget Act, and the Public Finance and Accountability Act. In addition, most of the commitments in the NEPAD Framework Document of 2001 have been successfully mainstreamed through the Poverty Eradication Action Plan (PEAP).

liv. Although the country is in full compliance with the Basel Committee's principles, current bank ratings by the Bank of Uganda (BoU) show that seven of the 14 banks are classified as "satisfactory", while the other seven are classified as "fair". In addition, the Bank indicated that a Credit Reference Bureau was expected to be established by mid-2008. Furthermore, the majority of microfinance institutions still fall in the realm of the informal sector and only four main ones are currently being regulated.

lv. There was no official confirmation of the status on the Guidelines of Public Debt Management. However, the country has developed a Debt Strategy dated December 2007. The Anticorruption and Money Laundering Bill has not been enacted by Parliament and no evidence was available on the effectiveness of any measures taken to deal with the issue of money laundering.

lvi. Because of its concern for poverty eradication, the government adopted the PEAP as its planning framework and foremost instrument for accelerating growth, reducing poverty and promoting sustainable development. The first PEAP was introduced in 1997, and the current PEAP, spanning the period 2004/5 to 2007/8, is the third. Following the multiparty elections of February 2006, the NRM government came up with a pledge to implement a programme called "Prosperity For All" (Bona Bagaggawale). This programme was formulated to reprioritise the PEAP, with a view to transforming Uganda into a middle-economy country in line with the targets of the PEAP.

lvii. In support of the PEAP, the IMF, in collaboration with other multilateral organisations, designed a three-year Poverty Reduction and Growth Facility (PRGF) programme. This ended in December 2005, after having been successfully completed. Since January 2006, the IMF and the government have embarked on a new multi-year Policy Support Instrument (PSI), which continues with the implementation of policies to achieve further improvements in economic growth and poverty reduction.

lviii. Against the background of macroeconomic stability and a fairly conducive investment environment, the country has experienced significant increases in investment flows, both foreign and domestic. As a percentage of GDP, private investment has risen from 12.2 per cent in 2000/1 to 19.2 per cent in 2006/7. Public investment averaged 5.1 per cent over the same period.

lix. Two defining features of Uganda's fiscal management have been budget deficits and donor dependency. Increased government expenditure, which is not matched by increased domestic revenue, has resulted in huge fiscal deficits (excluding grants) peak-ing at 12.4 per cent of the GDP in 2001/2, but dropping to 7.3 per cent in 2006/7. The deficits have mainly been financed by net external fund inflows in the form of grants and highly concessional loans. Although the increase in the donor-funded fiscal deficit has enabled the government to increase its expenditure more rapidly than the growth in domestic revenue alone would allow, it has led to significant challenges in monetary policy management. The sterilisation efforts by the BoU due to recurring budget deficits have tended to drive up interest rates and increase the cost of private sector borrowing.

lx. Although the government has begun to implement a strategy to scale back the fiscal deficits, the challenge remains to reduce donor dependency, which has increased the vulnerability of the national budget to a sudden cutback in donor aid. This will entail broadening the tax base, capturing the informal sector into the tax net and effectively implementing the new National Industrial Policy to achieve industrial development.

lxi. There are constraints on the private sector-led economic growth strategy, such as limited and unaffordable credit. The key negative factors to doing business in Uganda are, in order of importance and as reported by the Global Competitiveness Report (2005/6) of the World Economic Forum, access to finance, corruption, underdeveloped infrastructure, high tax rates and a poor work ethic. Also, the World Bank's 2006 Diagnostic Trade Integrity Study and Country Economic Memorandum identified the shortage of electricity to be the most severe impediment to industrial development, followed by infrastructure and finance. The effects of the electricity crisis alone saw significant declines in the growth of the industrial sector, from 10.8 per cent in 2004/5 to a disappointing 4.5 per cent in 2005/6, while the manufacturing sector was hardest hit, with growth reducing from 13.5 to –3.5 per cent during the same period.

lxii. In the last five years, participation in the budget preparation process by key stakeholders, such as government ministries, local government, Parliament, donors, private sector and civil society actors, has increased. This has helped the government to highlight issues of concern to the citizenry and has also enhanced the transparency of the exercise. However, the challenge remains to improve budget implementation tracking and predictability through the regular flow of funds, including donor grants.

lxiii. Significant progress seems to have been made in strengthening and updating the legal framework and regulatory environment for public finance management. Authorities and programmes tasked with ensuring good public financial management are also in place. However, performance levels appear to be affected by capacity issues, especially at local level.

lxiv. Corrupt and fraudulent practices are prevalent in a wide range of sectors and areas in Uganda, and the cost of corruption to the economy remains a cause for serious concern for all stakeholders. The government has made notable progress in putting in place institutional and legal frameworks to fight corruption and money laundering and raising public awareness. However, there are significant capacity constraints on the ability of anticorruption agencies to carry out their functions, both in public education and in investigating, detecting and prosecuting offenders. The most difficult challenge that the government faces is lack of public interest and support in this regard.

lxv. Uganda has been at the forefront of promoting regional integration, specifically through building a strong East African Community (EAC), Common Market for Eastern and Southern Africa (COMESA) and Intergovernmental Authority on Development (IGAD). The establishment of the East African Customs Union is seen as a major milestone towards full integration of East African economies. The success of integration lies in the sizable market of 90 million people, with a total GDP of US$30 billion.

lxvi. No doubt, significant achievements have been made by Uganda over the past two decades in the sphere of macroeconomic stabilisation and growth, but notable challenges remain. The APR Panel recommends that Uganda should continue its efforts in the following areas: increasing domestic revenue mobilisation while reducing fiscal deficits; improving infrastructure (road, rail and electricity) to create a conducive environment for investments; increasing capacities for public finance management, especially in local governments; strengthening oversight functions of Parliament on the utilisation of public finances; combating corruption through strengthening the existing legal and institutional framework; and accelerating regional integration.

3.3 Corporate Governance

lxvii. Awareness of corporate governance is still in its infancy in Uganda, and this is understandable given that it remains a fairly new concept, with most of the international standards and codes relating to this theme only being adopted in the late 1990s and early 2000s.

lxviii. Regarding standards and codes, Uganda has ratified the 1987 African Charter on Human and Peoples' Rights, the principles of which are enshrined in the national Constitution. Most of the codes of the International Labour Organisation were adopted already as early as 1963. In addition to international treaties and conventions relating to human rights, financial sector supervision, labour and the environment, the Organisation for Economic Cooperation and Development (OECD) and Commonwealth corporate governance principles, as well as the King Report II, have largely informed Uganda's legal and regulatory framework. The country has also adopted the International Accounting Standards (IAS) and subsequent International Financial Reporting Standards (IFRS), as well as the International Standards on Auditing (ISA). In the financial sector, the main applicable sets of standards are the Basel Committee's 25 Core Principles for Effective Banking Supervision, the Core Principles for Securities Regulation, and the Core Principles for Security and Insurance Supervision and Regulations. Lastly, the Codes on Industrial and Environmental Safety and Hygiene of the World Health Organisation (WHO) were adopted in 1994.

lxix. The adoption of such standards and codes has had a positive impact on Ugandan enterprises, and the country's sustained growth over the past years is also attributable to an emergent private sector. According to the 2006/7 Business Register issued by the Uganda Bureau of Statistics (UBOS), the total number of registered businesses employing more than five persons was 25 467, located mainly in the Kampala area.

lxx. Private sector organisations in Uganda have been very active in promoting enhanced business practices among their members. Institutions such as the Private Sector Foundation Uganda (PSFU), the Uganda National Chamber of Commerce and Industry (UNCCI) and the Uganda Manufacturers Association (UMA) have been assisting their members in the governance area. Dialogue between the public and private sectors has been improved with the establishment of the Presidential Investors Round Table (PIRT), which is actively promoting reforms aimed at enhancing the investment climate in the country.

lxxi. The government has established a wide range of supervisory and regulatory bodies to oversee the application of adopted laws and regulations. However, apart from the BoU and the Capital Markets Authority (CMA), the critical shortage of human, technical and financial resources in these institutions and weak enforcement capacity have hindered the effectiveness of these bodies.

lxxii. The development of Ugandan capital markets is encouraging and the recent launch of the Uganda Securities Exchange has created an avenue for greater popular participation in the privatisation process. The CMA in Uganda is actively cooperating with its Kenyan and Tanzanian counterparts to bring about the EAC Regional Capital Market, and will soon be adhering to the principles of the International Organisation of Securities Commissions (IOSCO). Notable progress has also been made in regulating the banking sector, which was recently strengthened with the enactment of the Financial Institutions Act and the Microfinance Deposit-Taking Institutions Act. The majority of microfinance institutions, however, are still not regulated. The regulation of the insurance sector needs to be enhanced by incorporating IFRS provisions, while the accounting profession is still awaiting the enactment of the Accountants Act to strengthen the enforcement of accounting and auditing standards by the Institute of Certified Public Accountants of Uganda (ICPAU). Moreover, current commercial laws do not fully incorporate the requirements contained in most standards and codes. This has been identified as a major weakness, given that continued non-compliance with international standards could have negative implications on investment and international trade. Similarly, political interference in the administration of justice, compounded by pervasive corruption, has gradually undermined the Ugandan investment climate.

lxxiii. To create an enabling business environment and promote private sector-led investment, the Uganda Law Reform Commission (ULRC) is revising more than 64 commercial laws. However, the process has been lagging behind for the past four years, either at Cabinet level or in Parliament. Following consultations with the private sector, the PIRT has prioritised 27 laws to be passed by Parliament. Progress is being monitored by the Competitiveness and Investment Climate Strategy (CICS) Secretariat.

lxxiv. Other impediments to business activities in the country include difficulties in accessing finance, the high cost of credit, inadequate infrastructure (energy, transport, water, sanitation and telecommunication), high tax rates applied to a very narrow base and an inefficient government bureaucracy.

lxxv. Despite recent positive developments in the corporate governance arena, Uganda still faces a number of challenges. The Ugandan economy is driven, to a large extent, by private sector micro-, small and medium-sized enterprises (MSMEs), most of which are family owned and do not apply principles of corporate governance. The vibrant informal sector is not captured in national statistics or accounted for in government policy making. The government-funded Prosperity For All (PFA) programme has mainly been used for domestic consumption rather than for developing productive activities at local level, especially in the agricultural sector. Overall, the government needs to promote domestic investment and provide for adequate incentives to develop domestic savings.

lxxvi. The enforcement of legal prescriptions in the labour and environmental sectors has not proved effective enough. Law infringement by Ugandan companies is seldom penalised and foreign investment has often been promoted at the expense of workers' rights and environmental protection.

lxxvii. Uganda is characterised by a very high population growth rate, yet the issue of employment of young people is still not adequately addressed. The current educational framework does not meet employers' expectations, as Ugandan enterprises are in crucial need of technically skilled and industrially trained workers, rather than university graduates.

lxxviii. Although the legal framework adequately provides for the protection of various companies' stakeholders, financial literacy must be improved within the general public. There is a clear lack of public awareness on companies' obligations as regards corporate governance principles, and very few Ugandans know their rights.

lxxix. The APR Panel recommends that the government should take the necessary actions to fast-track the enactment of the revised commercial laws, thereby fully incorporating the international standards and codes adopted by the country into its legal and regulatory framework. The government will also need to capacitate the regulatory, supervisory and enforcement bodies it has established if they are to fulfil their respective mandates, especially in the areas of labour, the environment and consumer protection. The PFA programme should be formally evaluated and reformed to be demand driven in order to better support local development throughout the country.

3.4 Socio-Economic Development

lxxx. When the NRM government came to power in 1986, it was confronted with the gigantic task of reviving a shattered economy in order to raise the living standards of the Ugandan population. The neglect of the social sector, especially health and education, during the years of political and economic upheaval had contributed to a severe decline in the standard of living for the majority of the population. Moreover, institutional capacity had been weakened by disruption and continual crisis management.

lxxxi. Since 1986, Uganda has made considerable progress in promoting high growth and socioeconomic progress. The country has especially made notable progress in strengthening the capacities of the central economic management agencies that have primary responsibility for development planning (specifically the MFPED and BoU). These agencies have played an extremely important role in the reform process, resulting in a strong sense of domestic ownership in the development process.

lxxxii. The PEAP is the country's main policy document on poverty reduction and is the government's guiding framework for developing a number of programmes aimed at promoting socioeconomic development. These include Universal Primary Education (UPE) and Universal Secondary Education (USE), improved access to primary healthcare services, and the Plan for the Modernisation of Agriculture (PMA). Special priority is being given to the needs and rights of women and children, as well as vulnerable and disadvantaged groups and individuals. In Northern Uganda, the government has put in place a number of disaster response programmes, such as the Northern Uganda Reconstruction Programme (NURP I), NURP II, Northern Uganda Social Action Fund (NUSAF) and the Peace, Recovery and Development Programme (PRDP).

lxxxiii. The government has set up a well-articulated institutional infrastructure for effective service delivery through a decentralised system. This delivery system includes clearly articulated structures at central and local levels. Departments covered at local government level include education, health, water and agriculture, as well as land boards.

lxxxiv. The government has also made an attempt to sign or ratify international standards and codes in order to benchmark progress in socioeconomic development against accepted international norms and practices. In some respects, Uganda has demonstrated this by establishing policies, institutions, programmes and other mechanisms to ensure that adopted or ratified standards and codes are implemented. However, there has been no systematic and comprehensive approach to the ratification and implementation of the outstanding standards and codes. Many standards and codes have not been systematically recorded for dissemination to state and non-state stakeholders.

lxxxv. There is also a general lack of awareness of signed, ratified or domesticated standards and codes among citizens. More could be done, therefore, particularly in terms of increasing awareness and effective participation of all stakeholders through, among other things, adequate and appropriate documentation.

lxxxvi. Nonetheless, Uganda has made tremendous progress towards achieving some major socioeconomic targets set out in the PEAP and the Millennium Development Goals (MDGs). Over the past 20 years, the country has achieved sustained growth and a significant reduction in income poverty. The economy has grown at an average rate of 5.6 per cent per year over the past five years. The income poverty headcount declined from 56 per cent in 1992/3 to 31 per cent in 2005/6.

lxxxvii. There have also been considerable achievements in primary and secondary school enrolment following the introduction of UPE and USE. The country has also made significant progress in reducing the prevalence of HIV/AIDS from 18.5 per cent in the early 1990s to about 6.4 per cent in 2005. However, many problems still face these two sectors. In addition to the problems cited in the CSAR pertaining to the quality of education and health, the dropout rate in primary schools is very high, while in healthcare corruption is rampant, especially in medicinal drug distribution.

lxxxviii. Despite many improvements over the years, effective policy implementation remains a critical challenge in Uganda. Corruption, inadequate resources, lack of capacity – particularly at lower levels – and the politicisation of development programmes are major challenges. There is also a lack of effective public expenditure management, revenue enhancement and coordination of development assistance. In Northern Uganda, the well-intentioned disaster management programmes have been constrained by rampant corruption and insecurity.

lxxxix. The decentralised system for service delivery also suffers from a number of structural, operational and financial weaknesses. This has tended to affect the quality of service delivery at local level. Weak policy and programme implementation in Uganda suggests the need for strengthening programme monitoring and evaluation capacity.

xc. Dependence on external sources is a major constraint to genuine domestic ownership of the development process in Uganda. While this dependence has been declining over the years, it still remains relatively high. This has given rise to the perception that Uganda is mainly a "donor-driven" country. Despite insistence by state stakeholders about the local ownership of the development process in Uganda, there is no doubt that donors have been very influential in shaping various policies.

xci. There is also concern that economic growth has not been associated with significant job creation and poverty reduction. The country therefore faces high and rising unemployment, particularly among the youth. The problem of household vulnerability to poverty also needs to be addressed. The upswing in poverty levels between 1999 and 2003 seems to indicate a significant level of household vulnerability.

xcii. Another source of concern is rising inequality. Uganda has not been able to address fully the problem of rising income inequality within and across regions, and between urban and rural areas. Income inequality, as measured by the Gini coefficient, increased significantly from 0.35–0.37 in 1997, to 0.39–0.43 in 2000, with the inequities higher in the urban than rural areas. The inequalities are not only evident for income, but also for other basic social services, such as healthcare and education.

xciii. Unlike most of Southern Uganda, there has been little economic growth or development in the northern part of the country. In fact, social conditions and personal security have worsened in a number of northern communities.

xciv. It is important to note that Uganda is using a relatively narrow definition of poverty based on per capita income or the consumer index. Income poverty assessments tell only part of the story. Access to basic services is critical in an economy that is still largely subsistence based, not cash based.

xcv. Uganda's efforts to reduce poverty sustainably are being hampered by demographic factors. The country's population growth and fertility rates are among the highest in the world, with over 50 per cent of the population below 15 years of age. This has created a very high dependency ratio. The bottom-heavy demographic structure is also exerting tremendous pressure on the government to provide adequate social services to the people. While Uganda has come up with a comprehensive policy and legal framework for environmental management, policy implementation remains weak.

xcvi. The land question in Uganda also remains unresolved. The Land Bill, which the government tabled in Parliament, has generated a great deal of controversy. This suggests the need for urgent, broad-based consultations on the land question in general and the Land Amendment Bill in particular.

xcvii. The APR Panel recommends, among other things, that the authorities should explore the possibilities of widening the definition of poverty, stepping up efforts to curtail it and then widening regional inequality, as well as undertaking capacity-building programmes for local communities to prepare them for effective participation in the planning, implementation and monitoring and evaluation processes.

4. CROSS-CUTTING ISSUES

xcviii. Some areas of deficiencies or shortcomings in Uganda are recurrent and interrelated. They necessitate a holistic approach because of their wider impact on the quality of governance in all areas. The following are ten major cross-cutting issues emerging from the report:

- The ratification and domestication of standards and codes;
- The high population growth rate;

- Policy implementation gaps;
- Managing political transition;
- The land question;
- Resolving the conflict in the north;
- Decentralisation;
- Managing diversity;
- Corruption; and
- Overdependence on aid.

xcix. These challenges are briefly elucidated below.

4.1 The Ratification and Domestication of Standards and Codes

c. The term “standards and codes” refers to sets of provisions relating to the institutional environment – the “rules of the game” – within which policies are devised and implemented. Countries with a well-regulated and transparent institutional environment tend to demonstrate better political, economic and corporate governance.

ci. It is in the interest of countries to adopt and implement internationally recognised standards. These standards and codes contain important guidelines that need to be clearly spelt out, particularly for a better understanding at district and lower levels.

cii. Although Uganda has acceded to a number of international standards and codes, many of them have not been systematically recorded for dissemination to state and non-state stakeholders. Some of the ratified codes and standards have not been translated into policy, legislation or specific actions. For example, while Uganda signed the Protocol for Women’s Rights in Africa 2003, which promotes women’s rights and gender equality, it has still not been ratified and domesticated.

ciii. Domestication of these conventions is therefore critical. In some respects, Uganda has demonstrated this by putting policies, institutions, programmes and other mechanisms in place to ensure that adopted or ratified codes are implemented. More could be done, however, particularly in terms of ensuring meaningful participation and appropriate documentation.

civ. It came to light during stakeholder consultations that many Ugandans are unaware of many of these conventions. When international and regional standards and codes are adopted or ratified, it is important that they be made widely known to all stakeholders at all levels. This will particularly enhance the government’s capacity in regional and international cooperation.

cv. The APR Panel recommends that Uganda should undertake a comprehensive review of standards and codes identified for ratification and implementation. The country should also create an easily accessible database of signed, ratified or domesticated standards and codes with a view to their monitoring.

4.2 The High Population Growth Rate

cvi. In 1798, Thomas Malthus published his famous Essay on the Principle of Population. He argued that people's tendency to have children would inevitably place a strain on food supplies and limit the standard of living attainable by the mass of humanity. His argument has proved remarkably durable, its influence enduring through the ensuing centuries. In contemporary form, this contention has been expressed as a "Malthusian population trap". Rapid human population growth has a variety of consequences. Historically, high fertility rates are linked to poverty and high child mortality rates, together with an increased need for food, infrastructure and services. Overpopulation and poverty have long been associated with an increase in disease and a higher mortality rate. People tightly packed into unsanitary housing are inordinately vulnerable to natural disasters and health problems.

cvii. Rapid population growth can affect both the overall quality of life and the degree of human suffering. It aggravates poverty by producing a high ratio of dependent children for each working adult. This leads to a relatively high percentage of income being spent on immediate survival needs, such as food, housing and clothing, leaving little money for the purchase of elective goods or for investment in the economy, education, government services or infrastructure. The pressure of such a population surge limits employment opportunities, resulting in rising costs of education, health services and imported food.

cviii. Recovering from civil war and an HIV prevalence rate that peaked at 30 per cent in the 1990s, Uganda now has the third highest population growth rate in the world, estimated at 3.2 per cent. Given the inherent demographic momentum, this rate is likely to persist for some time to come. There are twice as many Ugandans today as there were 20 years ago, and there will be twice as many again – about 60 million – by 2030. By 2050, Uganda is expected to have slightly more than 103 million citizens, if current trends continue. The country also has the world's youngest population, with more than half of its people (56 per cent) under the age of 18.

cix. The high population growth rate is driven by the country's high average total fertility rate of 6.9 children, one of the highest in the world. This means that an average Ugandan woman will have seven children in her lifetime.

cx. A variety of sociocultural factors contribute to the high fertility rate, such as a low mean age at first marriage; low educational levels (especially among females); a low level of contraceptive use; and the general low socioeconomic status of women in society. Other factors include rapid improvements in healthcare, hygiene and nutrition, as well as political stability. More recently, political statements encouraging Ugandans to have large families appear to have perpetuated the high fertility rate.

cxi. The stance of Uganda's political leadership towards population growth seems profoundly ambivalent. The false notion exists that a large domestic market, defined as a large population within the country's borders, will ensure economic prosperity. If this were the case, countries in Africa and across the world with large populations would be rich today, but many are among the least developed.

cxii. Admittedly, much of Uganda is not densely populated and the negative consequences of this are well documented. The issue is not the size of Uganda's population, but the rate at which it is growing. For a country that is still in the early stages of economic development and is heavily donor dependent, it is dangerous to urge the population to produce more children without cautious consideration of the implications.

cxiii. It is crucial to ensure that the country checks its rapid population growth. The percentage of women using birth control has remained at 23 per cent over the last decade, yet the unmet need for family planning has increased from 29 to 41 per cent over the same period. This means there are many women who would like to stop falling pregnant or space their pregnancies, but they do not have access to contraceptives. This definitely calls for urgent action.

cxiv. Uganda needs to devise, and strongly enforce the implementation of, a National Population Policy guided by the following five priorities: education for women; empowerment of women, including a change in traditional attitudes towards gender and child bearing; promotion of scientific and technical development; promotion of new modes of production (the modernisation and commercialisation of agriculture); and promotion of "growth with equity" and sustainable human development.

4.3 Policy Implementation Gaps

cxv. At the crux of good governance is the effective implementation of all policies and programmes. In this way, the government's relevance is validated and it is able to fulfil the mandate given to it by the electorate. The government has no relevance unless it meets the needs and aspirations of the people, especially in the area of service delivery. The effective execution of set programmes is therefore a non-negotiable prerequisite for all government ministries in order to accomplish the cherished vision of prosperity for all.

cxvi. Uganda has come up with many interventions and policies in an attempt to promote sustainable development and eradicate poverty. In addition, a number of agencies have been put in place to complement efforts towards achieving sustainable development in the country.

cxvii. While policies, legal frameworks and implementation structures might be in place, they can only help reduce poverty and enhance access to basic social services if they are explicitly translated into action, with mechanisms in place to enforce the policy.

cxviii. The CRM noted that policy implementation in Uganda remains weak. Policies have not been fully mobilised in order to achieve accelerated sustainable development.

The major reasons for the implementation gap include the following:

- Lack of resources – the Ministry of Gender, Labour and Social Development (MGLSD) that is responsible for implementing these policies is only allocated 0.3 percent of the total national budget;
- Limited human resources capacity to implement the policies, especially at local government level;
- Corruption;
- Policy duplication and inconsistencies among government departments;
- Bureaucratic delays and indecisiveness; and
- Overdependence on external funding.

cxix. Some sectors, in particular urban housing, agriculture and urban transport, are led by the private sector; in other words, the government only sets the policy and standards and the private sector is directly involved in implementing the policy. There appears to be some confusion regarding the role of neo-liberalism in guiding development policy making. While the government seems ill at ease with the label "neo-liberalism", it is obvious that the neo-liberal ideology has heavily influenced the development of policies.

cxx. The extent to which the private sector can implement policies effectively is debatable. As yet, Uganda cannot rely on the private sector to implement policies in certain areas, because the sector is nascent and its foundations are still shaky. For this reason, the state still has a critical role to play in promoting the development process through effective policy intervention. To the extent that policy interventions are necessary, they should work with or through the private sector rather than against it.

cxxi. To ensure efficient and effective implementation of public policies, a programme budget must be adopted with an emphasis on output. The authorities may consider strengthening or broadening the current Monitoring and Evaluation Unit in the Office of the Prime Minister to include addressing issues relating to the implementation of policies and strategies. This Unit will, among other functions, monitor the achievement of targets set by government ministries and departments, and follow up on the removal of identified bottlenecks. It will also liaise with other ministries and departments to ensure the speedy implementation of Cabinet decisions, as well as undertake field visits to inspect important government projects on site.

cxxii. To facilitate the monitoring of government ministries and departments, the Unit may want to develop a scorecard. The purpose of using such a scorecard would be to summarise all the deliverables of each and every government ministry or department, and then report to Cabinet on a quarterly basis regarding their implementation.

4.4 Managing Political Transition

cxxiii. The early 1990s witnessed the (re)introduction of multiparty systems in Africa, following increasing demands for opening up the democratic space. Unfortunately, the experience of the post-Cold War era has not left democratising states feeling very confident about adopting pluralist multiparty political systems. Even though many African countries have embraced multiparty politics during the last decade of democratisation, the concept of plurality and the rights that underpin it is still hotly contested. African states have been offered a version of liberal democracy reduced to the crude simplicity of multiparty elections, rather than a democratic empowerment of the people, in order to satisfy donor conditionality ("donor democracy"). Sustainable democracy must inevitably result in the democratisation of the development process.

cxxiv. The challenge facing Uganda is how to exit completely from monolithic politics, which stifled the diverse voices, into pluralistic politics, which requires multiple players – including state and non-state actors – without reverting to ethnicity and tribalism. For instance, in order to build harmonious relations between the ruling party and the opposition, both parties need to recognise the importance of a democratic culture based on principles of civility and cooperation. Intra-party tensions, which are not necessarily based on ideological differences, present a challenge to enhancing democratic culture.

cxxv. Closely linked to intra-party relations is the aspect of redefining the roles, powers and limits of the major pillars of the state, in the course of the transition from a monolithic political culture to a pluralistic culture. Issues of the oversight role of Parliament and the independence of the judiciary in relation to the powers of the executive do take time to become institutionalised. The dominance of the executive over the legislature tends to undermine the effectiveness of the latter, while also opening the way for it to become more relaxed regarding accountability and transparency.

cxxvi. The APR Panel considers these issues to problems of transition that must be addressed in order to strengthen the pluralistic political culture. While the process of democratisation in Uganda has not been accompanied by, or has not degenerated into, violent conflicts and instability, regionally driven implosion along ethnic lines must be prevented in the aftermath of a return to multiparty constitutional rule.

cxxvii. The opportunity and challenge of the 1995 Constitution, which provides for the separation of powers, the rights of citizens and respect for constitutionalism, must be fully exploited. This is what makes Uganda's democratic gains appear fragile. Democracy, regardless of the absence of a single model, has almost become a synonym for inclusiveness. A democratic society should aim at being an inclusive society.

cxxviii. No doubt political parties occupy a central place in the governance of the modern state. In Uganda, however, this has not been the case since the regime of Idi Amin. The resurrection of the multiparty system is a very recent development and Ugandan political parties, although very active, have yet to become forces for sustainable democratisation and development. Their establishment has not been prompted by ideological considerations and rarely, if at all, have their members been mobilised on the basis of coherent policies. A good number of them are empty receptacles for ethnic barons with no deep resonance with the population. As a result, the ability of political parties to deepen and nurture democratic discourse, though currently very limited, needs to be developed, as the project of democracy requires competent and ideologically sound political parties. The state simply has to create an environment in which a multiparty structure and culture can be developed. Parties under this structure must be internally democratic, with distinctive ideologies, development paradigms and policies, as well as being committed to the political and socioeconomic transformation of the nation. What will differentiate the parties is how they will bring about this transformation.

cxxix. The maturation of political parties must be seen as a continuous process that must be embarked upon speedily. Uganda should take a leaf out of the book of the older democracies whose major political parties have established education, training and research institutions for this purpose.

4.5 The Land Question

cxxx. There is no doubt that land is very important in Africa for several reasons, including social, political and economic development, as well as sustainable resource management. Other integral land issues on the continent are growth and poverty reduction; governance, political organisation and conflict; and migration and demographic developments. For the majority of poor people, their land is their livelihood. Most people in Africa depend on land as a resource for living. However, in Africa, land is not just another commodity or a means of subsistence. It is much more than this – it combines being a factor of production with its role as family or community property, a capital asset and a source of cultural identity and citizenship. All the interrelated social, institutional and political factors involved in land make it an asset different from all others.

cxxxi. The major land issues that must be addressed in Uganda include the following:

- The size of land held by the poor has been diminishing and land is increasingly in the hands of a few.
- Some minority groups have been displaced from their land.
- Existing tenants facing eviction have no land tenure security.
- The number of land disputes needing to be addressed is increasing.
- Clear policy guidelines are absent.
- Financial and technical capacities to implement the Land Sector Strategic Plan (2001–10) fully are lacking.
- Limited land rights exist for women, the poor, and urban and peri-urban dwellers.
- Information on land, including a cadastral update, an update of the Land Registry and the systematic production of certified general and thematic maps, is lacking.

cxxxii. The current controversy over the Land Amendment Bill suggests the urgent need to pursue land reform in Uganda. Land reform is a fundamental dimension of the agrarian question in the country. This, in turn, is a fundamental dimension of the industrialisation question, which is ultimately a national issue. Industrialisation is critical to the modernisation and transformation of the country. In the absence of reform, production and land use will continue to be restricted by the inequitable land tenure system inherited from the colonial era.

cxxxiii. Land reform in Uganda should be accompanied by progressive land tenure reforms to counter the general tenure insecurities and land-grabbing processes in the absence of a National Land Policy and Land Use Policy. Institutional reforms will need to be included that defend the poor against land seizures and accommodate those currently excluded from increasingly scarce arable land (women, youth and minorities). The reforms should also be able to prevent and resolve conflicts over competing claims to land rights, and ensure fair administration of land rights and land-use regulations.

4.6 Resolving the Conflict in the North

cxxxiv. Experience worldwide demonstrates that violent conflict is detrimental to sustainable human development and adversely affects democracy and good governance. Development cannot take place without peace, and democratic governance cannot prevail without political stability. A protracted war within a country accentuates the polarisation of its society. Such polarisation retards efforts towards nation building and socio-cultural integration.

cxxxv. Conflict results from, and gives rise to, a variety of cultural, political, social, economic, religious and psychological processes and dynamics. Once initiated, it helps to perpetuate poverty, low growth rates and general underdevelopment. Violence is also typically associated with the collapse of essential infrastructure, social services and institutions, breakdown of the rule of law, as well as significant reductions in private and public sector investment.

cxxxvi. For two decades Joseph Kony's Lord's Resistance Army (LRA) has plunged Northern Uganda into a nightmare of atrocities, sadistic mutilations, kidnappings and sexual slavery, all in the name of establishing a Ugandan government "based" on the Bible. This has involved a brutal campaign of atrocities against the local Acholi and Langi population, often meted out as punishment for failing to support the rebel movement's cause.

cxxxvii. The cost of this protracted violent conflict to human lives, the economy and the political governance of the country has been immense. Over a period of 16 years until 2002, the net cost of this war was estimated at around US$1.33 billion, representing 3 per cent of GDP or US$1000 million annually. The largest proportion of these costs relates to military expenditure (29 per cent), loss of livestock and crops (24 per cent) and injury and loss of life (21 per cent).

cxxxviii. About 1.7 million people have been forced to abandon their normal lives and have become internally displaced persons (IDPs). About 1000 children die every week in the squalid IDP camps. About 40 000 children have been abducted by the LRA and forced to become child soldiers and rebels' wives. About 40 000 children have also been forced to become night-time commuters, spending their nights on verandas in town centres, churches or hospital compounds in an attempt to avoid abduction.

cxxxix. The main parties to the conflict (the government and the LRA) engaged in negotiations in Juba under the mediation of the government of Southern Sudan, aimed at finding a peaceful political settlement to the conflict.

cxl. Both within Uganda and from the international community, expectations regarding the outcome of the Juba talks were high. The people of Northern Uganda yearn for peace and a return to normal life. However, the much-awaited peace agreement failed to materialise as the LRA leader, Joseph Kony, did not show up on 10 April 2008 for the signing of the Final Peace Agreement (FPA), designed to bring a negotiated end to years of brutal violence. According to Ugandan government negotiators, three out of the five complex agreements have been signed. All that remains is for the final two to be signed – the details having been agreed upon by both sides, thus bringing an end to the LRA's 21-year insurgency. The Juba Ceasefire Agreement of August 2006 ended on 16 April 2008 and President Yoweri Museveni has indicated that the Ugandan People's Defence Forces (UPDF) may be ordered to resume operations against the LRA.

cxli. Kony has said repeatedly that a peace agreement is only possible if the 2005 International Criminal Court (ICC) indictments against him are dropped. To accommodate Kony and other LRA leaders, Ugandan government negotiators have proposed a mixture of mato oput (the traditional Acholi system of reconciliation rituals) for lesser crimes, and recourse to a special Ugandan High Court for more serious offenses. The use of mato oput, which emphasises reconciliation rather than punishment, is favoured by Uganda's Chief Justice, Benjamin Odoki, as well as many Acholi elders who are desperate for an end to the years of LRA terror and often ruthless retaliation by the UPDF.

cxlii. In 2005, when the LRA began to move out of its traditional area of operations along the Sudanese-Ugandan border, Uganda invited international assistance through the ICC. The ICC responded by issuing indictments for war crimes and crimes against humanity against Kony and four other LRA leaders: Okot Odhiambo, Vincent Otti, Dominic Ongwen and Raska Lukwiya. However, the ICC is not so easy to dismiss when it becomes inconvenient and official Ugandan efforts to have the ICC drop these charges have failed. Over the last year Kony has typically dealt with these challenges through bloodshed within his own movement, culminating in the massacre of his deputy, Okot Odhiambo, and eight other commanders in Garamba National Park in April 2008. Of the five LRA leaders originally charged by the ICC, only Kony and Dominic Ongwen are still alive.

cxliii. Kony's failure to sign the peace agreement is disappointing to say the least. Two years of intensive negotiations brokered by Riek Machar, a former Nuer militia leader and current Vice-President of the semi-autonomous government of Southern Sudan, should not be wasted. The delayed signing is understandably frustrating, given the hard work and courage of those who have laboured for almost two years to keep this peace process in motion. Though this development presents a setback to the negotiating process, creativity is urgently called for on the part of negotiators and mediators. If Kony still refuses to sign or reneges on the peace agreement, the government, with the support of the international community, should implement key components of the FPA.

cxliv. Ultimately, peace in Northern Uganda does not have to depend on the actions of Joseph Kony. If the Ugandan government pledges to uphold the commitments it made during the negotiation process to help redevelop war-affected areas and make amends for the crimes committed during the war, peace can still be achieved. A separate strategy can then be put in place for dealing with remaining LRA forces, which are likely to operate in the border regions of the Central African Republic, the Democratic Republic of Congo and Southern Sudan.

cxlv. It must be noted that the peace agreement is also about restoring the Ugandan government's relationship with the people of Northern Uganda, who have endured the brutal consequences of this war. The international community has a critical role to play in helping Uganda to take such steps towards lasting peace and national healing. Every care must be taken to ensure that the progress made thus far is not reversed.

4.7 Decentralisation

cxlvi. Recently there has been a great push by governments of all political persuasions across the world to introduce decentralisation reforms. Within the last decade, over 65 developing countries have undertaken one form of decentralisation or another.

cxlvii. Whatever the form, likely consequences of a decentralised government are political legitimacy, democratisation, economic efficiency, a lean government, and poverty reduction. It is not, however, a social engineering tool with a universally applicable blueprint. Decentralisation has its downside – it can foster regional identity and encourage secessionism, and the system can revive conflict within multi-ethnic societies. In particular, as long as information is disseminated from the top, there are opportunities for those in power to manipulate and capture more political power. By its nature, decentralisation is inevitably a political process, because it concerns the redistribution of power and resources, and thus alters the balance of power in a society.

cxlviii. Uganda has one of the most ambitious decentralisation programmes in Africa. Since the NRM came to power in 1986, it has developed a clear legal framework for decentralisation. Significant resources have been transferred to local government. The NRM depends on rural political support and has staked its credibility on making the Local

Council (LC) system work. Indeed, local health and education initiatives attest to the beginnings of a productive relationship between NGOs, the local business community and LCs. Conflict resolution is now in LC hands. The NRM has succeeded in making LCs the core of social networks for most Ugandans.

cxlix. Numerous achievements have been realised in terms of improving governance and service delivery through democratic participation and community involvement. The implementation of the decentralisation programme has widened the political space by deepening the process of democratic participation at local level. This has empowered local communities to manage their affairs in local governments and so take charge of their circumstances.

cl. Apart from improving service delivery at the local level, decentralisation is helping to resolve Uganda's political problems, which are basically rooted in the centralisation of power and ethnic pluralism. This has caused a major realignment in relations between central and local government. Some of the most important reforms have been led by the District Development Programme and the Local Government Development Programme.

cli. These changes have led to high expectations that decentralisation could institutionalise the participation of local communities and reduce the political dominance of national elites. These expectations, however, are now in danger of being dampened.

clii. The dramatic transformation created by decentralisation requires a comprehensive approach involving different stakeholders to identify available opportunities and challenges jointly. It also requires improving interaction between policy makers and implementers at different levels in order to ensure the sustainability and institutionalisation of governance initiatives.

cliii. These processes have been slow to occur in Uganda and there is a growing view that the democratic gains from decentralisation are in danger of being eroded. While democracy is taking root at local government level in a decentralised system of governance, there are indications that the system is becoming vulnerable to internal and external factors.

cliv. Internally, many local governments in Uganda face the challenges of insufficient technical and professional capacity. Councils also face problems of declining local revenues. As a result, programmes are poorly implemented, giving rise to poor service delivery. The situation has not been helped by allegations of corruption in procurement and service delivery at local government level.

clv. Externally, the major threat to councils is the role of the central government. A number of government policy-related issues, such as funding, affect the operations of local governments and service delivery. The recentralisation of some aspects of local government, such as the Chief Administrative Officer's position, is another threat. In addition, there is increasing political interference in the identification and implementation of local-level activities. The rapid pace at which new districts are being created has not helped the situation. Some local governments may also be affected by the growing issue of ethnicity and demands made in some regions for federalism.

clvi. Addressing the internal and external constraints will be critical to the autonomous existence and viability of local governments. At present, local governments have no capacity for the internal mobilisation of resources to implement locally identified activities and projects. As a result, there is a growing perception by local-level stakeholders that priorities are set by the central government.

clvii. Addressing external challenges will mainly require the central government to enhance the performance of decentralisation units in some of the following ways: promote flexibility in resource allocation to local governments; examine all aspects of the law that impact negatively on service delivery by local governments; and coordinate public statements, especially those concerning local governments, to avoid creating confusion and misunderstanding.

4.8 Managing Diversity

clviii. By the very nature of their formation and being, African states have had serious problems with the management of diversity. First, their constituent groups were forcibly and arbitrarily incorporated by colonisation. A major consequence of forced integration, accentuated by state-authored systems of discrimination and inequality, has been the long history of agitation over the right to self-determination by dominated, oppressed and marginalised groups, of which minorities constitute a special category.

clix. Second, and in addition to arbitrary and forcible integration, the colonial authorities – and post-colonial governments – pursued policies of ethnic and racial profiling and classification that reinforced rifts and, in some cases, created divisions that did not previously exist. Third, there are gross inequalities among the constituent groups in many states in terms of development, resource endowment, territorial size and population. This has been one of the major causes of problems among minorities. Fourth, there is intense rivalry, competition and conflict among the groups over access to, and benefits from, scarce resources and public goods and services.

clx. Not surprisingly, religious differences, administrative restructurings (especially the creation of so-called "autonomous" regions), discriminatory colonial policies (some of which still apply to date, such as the policy on recruitment into the army and police) and the inequitable allocation of resources among subsisting units have all interfered with and aggravated intergroup conflicts. This is the nature of the diversity that is problematic in African states and triggers state-challenging (self-determination) conflicts between groups that suffer from, or perceive themselves to be suffering from, exclusion, domination, marginalisation, and unjust and inequitable power configurations. What makes the issue particularly acute for Africa is that it touches not only on politics, but also on economics and the organisational capacity for a self-generating, sustainable development from within. The result is political strife, civil wars, ethnic tensions and tribalism, which have torn many African countries apart.

clxi. Uganda, like most post-colonial states in Africa, faces an enormous challenge in managing diversity. Since gaining independence in 1962, the country's politics have been marked by continued tribal and regional divisions, most poignantly the north-south divide. In addition, armed rebellion was widely accepted as the sole and legitimate means for expressing political grievances and attaining political power. Repression and violence, not limited to the notorious reign of Idi Amin, have been a constant feature of the Ugandan political system. This is aptly demonstrated by, among other things, the Buganda crisis, the Pigeon Hole Constitution, the Amin coup, the post-Amin regimes and the wars in Acholi, Kasese, Luwero, Teso and West Nile.

clxii. The complex history of Uganda is at the root of both the longevity and magnitude of the war in the north that has polarised the country along tribal or ethnic rifts and regionalism, coupled with huge socioeconomic inequalities. They are essentially two conflicts in one: first, the fighting of the LRA and, second, the deep grievances of Northern Ugandans against the existing government. It has caused structural imbalances, including inequality and poverty, which are concentrated more in the conflict-prone regions. These remain the most underdeveloped parts of the country today, especially Northern Uganda and the Karamoja region. Other parts of the country have also suffered as a consequence of this war.

clxiii. In addition, there is a deep sense among ethnic minorities of institutionalised discrimination against them. These groups include the Basongola in South-Western Uganda, the Benet in Eastern Uganda and the Bwata in Western Uganda. Such deep-seated feelings of marginalisation and social exclusion have the potential of fanning the flames of ethnic resentment, as well as violence.

clxiv. The growing social inequalities in Uganda in the context of high levels of impoverishment, particularly among unemployed young people, is yet another potential threat that can undermine the credibility of governance structures and processes, as well as the efforts to sustain democratic gains.

clxv. At present, most African countries are addressing diversity, including racial and ethnic identity issues, through a pacifying system of distribution and allocation – a form of ad hoc pragmatic management rather than a strategic approach. Careful, skilled social and political engineering is, however, required to put into practice the constitutional provisions on managing diversity. The government should take the lead in this. The social and political engineering should treat ethnic or regional diversity as an asset with significant potential benefits for the country. All key stakeholders with different interests drawn from different ethnic groups and parts of the country should be brought on board in order to deepen the social and political engineering process.

4.9 Corruption

clxvi. Corruption poses a severe challenge to development. In the political realm, it seriously undermines democracy and good governance. In elections and in legislative bodies, it reduces accountability and representation in policy making; and, in the judiciary, it erodes the rule of law. Corruption undermines fair play, justice, equal opportunities, equity and non-discrimination, which are underlying principles of human rights.

clxvii. In the economic realm, corruption generates economic distortions in the public sector by pulling public investment away from priority sectors into projects where bribes and kickbacks are more flourishing. Corruption lowers compliance with construction, environmental and other regulations; reduces the quality of government services; and increases budgetary pressures on the government. In corporate governance, it undermines economic development by increasing the cost of business through bribes, the management cost of negotiating with officials and the risk of breached agreements or detection.

clxviii. Although the Ugandan government has made considerable efforts at reducing corruption, both petty and grand corruption are prevalent and affect every institution in the country, from the private sector through the courts to healthcare. Documentary evidence indicates that corruption is most rife in procurement, privatisation, administration of public expenditure and revenue, and the delivery of public services. For example, the Public Procurement and Disposal of Public Assets Authority (PPDA) estimates that over USh330 billion (US$184 million) is lost every year to corruption in procurement. This is much more than the country receives annually in aid.

clxix. Uganda has made great strides in formulating the legal framework within which to fight corruption. It ranks among the best in Africa. The government has now tabled the Whistle Blowers Bill and the Witness Protection Bill in Parliament, which are intended to protect a person who discloses information against a public official on misconduct and corruption. These Bills, if passed, will further reinforce the fight against corruption together with, among other things, the Inspectorate of Government Act of 2002, the Leadership Code Act of 2003, the Access to Information Act of 2005, and the Public Procurement and Disposal of Assets Act of 2003.

clxx. However, the anticorruption agencies are still poorly resourced. More resources need to be made available to the Auditor-General's office, the Inspectorate of Government and the Criminal Investigations Department of the Uganda Police Force in order to enhance their effectiveness in the fight against corruption.

4.10 Overdependence on Aid

clxxi. Grants and concessional loans represent an important source of revenue for low-income developing countries. The assistance that these countries receive redresses the financial gap arising from their development needs. It thus acts as a catalyst and plays a complementary role in the implementation of the national development programmes and strategies.

clxxii. In Botswana, Korea, Mauritius and Taiwan, high levels of aid reinforced local capacity, enabling them to "graduate" from most aid. In many countries, however, the cost of aid dependence has been high. It can overload institutions; weaken capacity and ownership; create revenue instability; fragment budgets; lower tax efforts; and undermine accountability and democratic decision making. It can also potentially undermine institutional quality by weakening accountability; encouraging rent seeking and corruption; stirring up conflict over the control of aid funds; siphoning off scarce talent from the bureaucracy; and reducing pressures to reform ineffective policies and institutions.

clxxiii. Aid therefore largely obviates the need for taxation, and since governments do not need to collect taxes, they do not need voter support either. Other pernicious effects include a lack of initiative in development strategy; weak institutions being weighed down by a multitude of donor activities and undermined by technical assistance; policy being directed from the outside; the presence and intrusion of donors at every point; and a reactive, rather than proactive, government.

clxxiv. In Uganda, aid dependence is a recurrent concern in all the thematic areas. Admittedly, development aid has helped to redress capital deficiencies (financial, physical and human) and has been used to meet the shortfalls in resources aimed at various investments. The massive improvements in education and health can mainly be attributed to aid. There is, however, a danger that external aid can create a dependency syndrome that weakens the recipient government and its people. Uganda needs to undertake an orderly transition from the current high dependence on foreign aid for financing economic and social development to building up leadership in the political, citizenry and civil society arena. Uganda is not poor. It has been blessed with abundant human and natural resources that it should use to the benefit of all its people.

clxxv. The diversification of the economy, particularly through the pursuit of aggressive industrialisation, will ensure that Uganda emerges during the next two decades as a self-reliant economy on the road to realising its vision of prosperity for all.

clxxvi. Fortunately, the Ugandan government is fully aware of this challenge and has already taken measures to increase the mobilisation of domestic resources. The share of donor funding in national development programmes was reduced from 60 per cent in 2004/5 to 40 per cent in 2007/8. Nonetheless, the level of dependence is still very high and more should be done to reduce it.

5. BEST PRACTICES

clxxvii. The APR Panel has identified nine best practices worthy of emulation. They are highlighted below for peer learning.

Democracy and Political Governance

- Prompt handling of election petitions following the 2006 general election: Despite its resource constraints, the judiciary made an extraordinary effort to handle election petitions promptly following the first-ever multiparty elections of 2006. The entire backlog of election petitions was completed within a period of two months by the Supreme Court.

Economic Governance and Management

- Uganda's macroeconomic management: Macroeconomic policy making is generally commendable as reflected, among other things, in the strong economic growth rate averaging 6.3 per cent between 1990 and 2007; a reduction in the incidence of poverty to 31 per cent in 2006; a reduction in inflation; and significant growth in savings and investment.

- The budget consultative process: The budget preparation process is highly consultative and follows a well-stipulated budget cycle taking close to nine months. Key to this broad-based consultative process is the real desire by the government to bring the budget closer to the people.

- Uganda Desk at the Uganda Investment Authority (UIA): The UIA has set up a unit within the institution – Uganda Desk – to promote and facilitate local investment. A total of 383 SMEs from nine districts have been trained in business start-up and business development skills.

- Uganda Parliamentary Budget Office: Uganda is one of the first countries in Africa to legally establish an independent Parliamentary Budget Office manned by experts to advise Parliament on the budget and the economy. The office is staffed by 20 economists, statisticians and information technology personnel, and is sufficiently computerised.

Socio-economic Development

- Free Universal Primary Education in Uganda: Primary school enrolment now stands at over 80 per cent. UPE also has a specific focus on the education of girls, the disabled and orphans. Of the current number of learners enrolled, 49.9 per cent are girls, implying that the country has attained the MDG target of gender parity at primary school level.

- Uganda's successful handling of the HIV/AIDS pandemic: Uganda's approach to addressing HIV/AIDS has been praised around the world. The overall prevalence of HIV/AIDS in Uganda has dropped by more than 50 per cent, from 18.5 per cent in the 1990s to 6.4 per cent in 2006.

- The role of President Museveni in the fight against HIV/AIDS: President Museveni did what no other African president or leader had ever done before. He recognised the devastating impact of HIV/AIDS on his country and was the first major African leader to speak out publicly about the dangers of AIDS. He mobilised his entire government to combat this threat and established Africa's first nationwide prevention efforts.

- The decentralisation process in Uganda: Since decentralisation began in 1993, numerous achievements have been realised in terms of improving governance and service delivery through democratic participation and community involvement.

6. CONCLUSION

clxxviii. A holistic package of strategies, policies, programmes and plans, if fully targeted at the major strengths and challenges identified in the review process, will help entrench good governance and development in Uganda. These strengths and weaknesses are highlighted below.

6.1 Strengths

- Uganda's emergence over the past 20 years from economic decline, conflict and repressive governments to a relatively free society – a major turnaround in Africa;

- The country's macroeconomic stability and high economic growth rate;

- A decline in poverty from 56 per cent in 1992/3 to 31 per cent in 2006;

- Uganda's key role in facilitating regional peace and security, including negotiating and concluding the Comprehensive Peace Agreement for Sudan during President Museveni's tenure as Chair of IGAD, and installing a legitimate, democratically elected government in Burundi under the auspices of the Regional Peace Initiative for Burundi; Uganda has also remained engaged in Somalia and has contributed troops to the African Mission in Somalia;

- A significant measure of political liberalisation in Uganda, as evidenced by the emergence of a free media and civil society;

- A remarkable decentralised system of governance – as a result, there has been a reasonable level of participation in development policy formulation and planning at all levels;
- Several reputable higher institutions of learning – for example, Makerere University, established in 1922, is one of the oldest and most prestigious universities in Africa; it has had the honour of educating some of Africa's leaders, including former Tanzanian Presidents Julius Nyerere and Benjaminn Mkapa and Kenyan President Mwai Kibaki;
- One of the best records in Africa in raising school enrolment and reducing gender inequality in primary school attendance; and
- Uganda's achievement in combating HIV/AIDS, which is one of the few remarkable success stories in Africa.

Key Challenges:

- The lack of structural transformation in the economy;
- A high rate of poverty and worsening inequality;
- A high population growth rate;
- The adverse effects of geography, which makes doing business more costly;
- The slowdown in the process of establishing a fledgling democracy, to the point that it is now being reversed;
- An uneasy peace with neighbours – Uganda's relations with its neighbours, especially the DRC and Sudan, are tense; and
- The need for modernisation and transformation of the mindset, attitudes and behaviours of its citizens; the challenge is to promote a culture of entrepreneurship and innovation.

clxxix. There is no doubt that, with determination, a concerted reform effort and political will, Uganda can leapfrog into the future as a prosperous middle-income country by 2030 and sustain growth at levels that can lift most of its people out of poverty. Uganda has to build on the successes highlighted in this report, while addressing the challenges, in order to claim its rightful place as the "Pearl of Africa".

CHAPTER ONE

1. INTRODUCTION

"The mandate of the African Peer Review Mechanism is to ensure that the policies and practices of participating states conform to the agreed political, economic and corporate governance values, codes and standards contained in the Declaration on Democracy, Political, Economic and Corporate Governance. The APRM is the mutually agreed-to instrument for self-monitoring by the participating governments."

NEPAD/HSGIC/03-2003/APRM/MOU/Annexe II

1.1 The Evolution of the African Peer Review Mechanism

1. In recognition of the imperatives of good governance for human security and political stability, high economic growth, sustainable development and accelerated sub-regional and continental economic integration, the Sixth Summit of the Heads of State and Government Implementation Committee (HSGIC) of the New Partnership for Africa's Development (NEPAD), held in March 2003 in Abuja, Nigeria, adopted the Memorandum of Understanding (MOU) on the African Peer Review Mechanism (APRM).

2. The Mechanism, which is turning out to be the most innovative aspect of NEPAD, is an instrument voluntarily acceded to by member states of the African Union (AU) for self-evaluation. Assessment under the APRM is conducted within the framework of agreed values, codes and standards as contained in the Declaration on Democracy, Political, Economic and Corporate Governance. The APRM has at its epicentre the deepening of democratic practices, strengthening of achievements, dissemination of best practices and rectification of underlying deficiencies in governance and socioeconomic development processes among AU member states. The framework is aimed at encouraging and building transformational leadership through a self-assessment process, constructive peer dialogue and the sharing of information and common experiences. Its objective is to reinforce successful and exemplary practices among African countries.

3. The APRM is unprecedented both in scope and mandate. It assesses a country's performance in four substantive thematic areas:

   - Democracy and Political Governance;
   - Economic Governance and Management;
   - Corporate Governance; and
   - Socioeconomic Development.

4. Five years on, the lessons emerging from the APRM implementation process are en-

Table 1.1: Countries that Joined the APRM Between 2003 and January 2008

Country	Region
Central Africa (5)	Cameroon, Democratic Republic of Congo, Gabon, Rwanda and São Tomé & Principe
East Africa (5)	Djibouti, Ethiopia, Kenya, Tanzania and Uganda
North Africa (3)	Algeria, Egypt and Sudan
Southern Africa (7)	Angola, Lesotho, Malawi, Mauritius, Mozambique, South Africa and Zambia
West Africa (8)	Benin, Burkina Faso, Ghana, Mali, Mauritania, Nigeria, Senegal and Sierra Leone

Source: APR Secretariat, March 2008.

couraging. These lessons are making it possible for countries to benchmark good governance in Africa, with shared African and international norms and standards serving as the guiding framework, as well as for citizens to participate in the evaluation of the way in which they are governed. Through the APRM, African countries are able to learn from each other and further deepen African solidarity. Capacity in the monitoring of governance is being developed and partnerships are being created, facilitating greater advocacy for the APRM and showcasing Africa's innovative thinking in governance.

5. The APRM has thus contributed to refocusing the world's attention on Africa. That notwithstanding, the expectation is for the Mechanism to deliver and demonstrate the continent's seriousness in tackling identified governance challenges that are obstacles to its development. The APRM provides a unique opportunity for countries that have acceded to it to strengthen their institutions and systems of governance.

6. The APRM is open to all member states of the AU. In terms of membership, the Mechanism has come a long way since March 2003 when ten pioneer countries decided to embark on an uncharted course. Mauritania's accession in January 2008 brings the number of countries that are voluntarily participating in the APRM to 28 (Figure 1.1). They represent about three-quarters of the African population (Table 1.1). A formal request to join has been received from the Republic of Togo, which will bring the membership to 29. The APR Panel looks forward to the remaining 24 African countries joining the band of nations committed to the pursuit of the ideals of good governance in its entirety.

7. Accession to the APRM entails a country undertaking to submit to, and facilitate, periodic peer reviews. It also includes committing to the implementation of the National Programme of Action (NPOA) arising from the review, and the operationalisation of the agreed parameters for good governance across the four thematic areas.

8. Since its inception, the APR Panel has launched reviews in 14 countries: Ghana, Rwanda, Mauritius, Mali, Kenya, Uganda, Nigeria, Algeria, South Africa, Benin, Burk-

ina Faso, Tanzania, Mozambique and Lesotho. Of these, six reviews have been completed and peer reviewed by the APR Forum.

9. Ghana was the first country to be reviewed at the Fourth APR Forum meeting held in Khartoum, Sudan, on 22 January 2006, while Kenya and Rwanda were reviewed at the Fifth APR Forum meeting held in Banjul, The Gambia, on 30 June 2006. South Africa and Algeria were reviewed at the Seventh Summit of the APR Forum in Accra, Ghana, on 1 July 2007. Benin joined the elite group of peer reviewed countries at the Eighth Summit of the APR Forum held on 30 January 2008 in Addis Ababa, Ethiopia.

1.2 The APRM Process

10. The APRM process consists of five stages, which are outlined in the APRM Base Document.

Stage One

11. The first stage entails a country establishing structures for managing the peer review process at national level. The structures include the designation of a Focal Point and the establishment of a National Governing Council (NGC) or a National Commission. The country is then required to undertake a comprehensive national self-assessment involving all key stakeholders and grassroots constituencies. The findings of the assessment have to be validated nationally and a Country Self-Assessment Report (CSAR) is submitted to the APR Panel.

12. On the basis of the findings in the CSAR, the country prepares a draft NPOA, which must reflect input by the broad civil society. The NPOA is then submitted to the APR Panel as an integral part of the CSAR.

13. According to the APRM Base Document, the primary purpose of the NPOA is to guide and mobilise the country's efforts in implementing the necessary changes to improve its state of governance and socioeconomic development. In addition, the NPOA is the key input delivered by the country into the peer review process. It serves to present and clarify the country's priorities, the activities undertaken to prepare and participate in the APRM, and the nature of the national consultations. The NPOA also indicates the responsibility of the various stakeholders in implementing the programme – the government, civil society organisations, the private sector, the judiciary, political parties, national assemblies, the media, women, youth, people with disabilities, trade unions, religious bodies, professional bodies, corporate entities and organisations (private, public and informal), academia, and research institutions.

14. As the country prepares its CSAR, including the NPOA, the APR Secretariat prepares a comprehensive background document on the country. The preparation of the document draws on up-to-date information from national, sub-regional, regional as well as

international sources. The Background Paper serves to cross-check the information contained in the CSAR.

15. Based on the CSAR, NPOA and Background Paper, the APR Secretariat develops an Issues Paper outlining the key issues on which the review process will focus. This Paper is informed by five main considerations:

- Critical issues that are addressed in the CSAR but need reinforcement;
- Issues that have been understated or inadequately addressed;
- Issues identified in the past but which continue to experience serious problems with implementation;
- Issues missed completely by the CSAR; and
- Areas of discrepancy or divergence (evident from cross-checking with the Background Paper).

Figure 1.1: The APRM's Geographical Coverage

Source: APR Secretariat, March 2008 (adapted from WorldAtlas.com).

Stage Two

16. The second stage involves fielding of the Country Review Mission (CRM) under the leadership of the APR Panel. The CRM is mandated to carry out the widest possible consultations with all stakeholders in the country undergoing peer review. The main objectives of the CRM are to:

- Learn about the different stakeholders' perspectives on governance in the country; and
- Clarify the issues identified in the Issues Paper and build consensus on how they should be addressed.

Stage Three

17. This stage involves the drafting of the CRM's report. It is informed by the CSAR and NPOA, the Background Paper and Issues Paper prepared by the APR Secretariat, as well as information made available to the CRM during the country consultations.

18. The draft report also:

- Considers the applicable political, economic, corporate governance and socio-economic development commitments made in the preliminary NPOA;
- Identifies any remaining weaknesses; and
- Recommends further actions to be included in the final NPOA.

19. The draft report has to be clear on the specific actions required in instances where unresolved issues are identified. The report is first discussed with the government concerned to verify the accuracy of the information. The government is given an opportunity to respond to the findings and put forward its own view on how the shortcomings could be rectified. These responses are appended to the draft report. At this stage, the country finalises its NPOA, taking into account the conclusions and recommendations of the draft report.

Stage Four

20. This stage begins when the APR Panel Member leading the country's peer review process submits the final report, together with the country's final NPOA, to the APR Panel. On its approval, the report is submitted to the APR Forum for presentation and peer review and, subsequently, for implementation according to the APR Forum's mandate. If the country shows a demonstrable will to rectify the identified shortcomings, it will be incumbent on participating governments to provide assistance to the extent they can, and to urge development partners and agencies to come to that country's assistance.

Stage Five

21. The final stage of the APRM process entails the formal publication and presentation of the country review report to various institutions after it has been considered by the APR Forum. These include key regional and sub-regional structures, such as the regional economic community to which the country belongs, the Pan-African Parliament, the African Commission on Human and Peoples' Rights (ACHPR), the Peace and Security Council, and the Economic, Social and Cultural Council (ECOSOCC) of the AU.

22. The timeline for completing the peer review process varies among countries, depending on each country's specificities. The anticipated duration of each peer review from the onset of Stage One to the end of Stage Four is 9 to 12 months.

1.3 APRM Principles

23. A number of essential factors and principles underpin the effectiveness of the APRM. These include national ownership and leadership by the participating country, inclusiveness and broad-based participation, accountability, technical competence, credibility, and freedom from manipulation.

24. To ensure that these principles are applied in practice, rules and procedures have been developed to guide all stakeholders in conducting the review process. These include the APRM Base Documents, the "Guidelines for Countries to Prepare for and Participate in the APRM" (Country Guidelines) and the standard questionnaire for APRM assessment that is sent to all countries.

1.4 Key Objectives of the APRM Focus Areas

25. The key objectives for each of the four thematic areas are listed below.

Democracy and Political Governance Objectives

i. Preventing and reducing intra- and inter-country conflicts;

ii. Fostering constitutional democracy; that is, periodic political competition and opportunity for choice, the rule of law, a Bill of Rights and the supremacy of the Constitution are firmly established in the Constitution;

iii. Promoting and protecting economic, social, cultural, civil and political rights as enshrined in all African and international human rights instruments;

iv. Upholding the separation of powers, including protecting the independence of the judiciary and of an effective Parliament;

v. Ensuring accountable and efficient public officeholders and civil servants;

vi. Fighting corruption in the political sphere;

vii. Promoting and protecting the rights of women;

viii. Promoting and protecting the rights of children and young persons; and

ix. Promoting and protecting the rights of vulnerable groups, including displaced persons and refugees.

Economic Governance and Management Objectives

x. Promoting macroeconomic policies that support sustainable development;

xi. Implementing transparent, predictable and credible state economic policies;

xii. Promoting sound public finance management;

xiii. Fighting corruption and money laundering; and

xiv. Accelerating regional integration by participating in the harmonisation of montary, trade and investment policies among the participating states.

Corporate Governance Objectives

xv. Providing an enabling environment and effective regulatory framework for economic activities;

xvi. Ensuring that corporations act as good corporate citizens with regard to human rights, social responsibility and environmental sustainability;

xvii. Promoting the adoption of codes of good business ethics in achieving the objectives of the organisation;

xviii. Ensuring that corporations treat all their stakeholders (shareholders, employees, communities, suppliers and customers) in a fair and just manner; and

xix. Making provision for the accountability of corporations and directors.

Socio-economic Development Objectives

xx. Promoting self-reliance in development and building capacity for self-sustaining development;

xxi. Accelerating socioeconomic development to achieve sustainable development and the eradication of poverty;

xxii. Strengthening policies, delivery mechanisms and outputs in key social development areas (including education for all and combating HIV/AIDS and other communicable diseases);

xxiii. Ensuring affordable access to water, energy, finance (including microfinance markets, and information and communication technology to all citizens, especially the rural poor;

xxiv. Ensuring progress towards gender equality, particularly equal access to education for girls at all levels; and

xxv. Encouraging broad-based participation in development by all stakeholders at all levels.

1.5 Implementation of the APRM Process in Uganda

26. Uganda is one of the pioneer countries that acceded to the APRM at its inception in 2003. In line with the APRM's principles of establishing appropriate institutions to oversee the implementation of the self-assessment process, the National Planning Authority (NPA) – the principal agency responsible for managing and harmonising national and decentralised development planning systems and processes in Uganda – was designated as the NEPAD/APRM National Focal Point institution in 2004. The NPA was thus tasked with setting up the national structures and ensuring that NEPAD's initiatives and the APRM are integrated into the national planning processes. The Minister of State for Finance, Planning and Economic Development (Planning), who has political oversight over the NPA, automatically became the National Focal Point of the APRM in Uganda.

27. The APRM Support Mission, led by Professor Adebayo Adedeji, CFR, was conducted in February 2005. The APRM MOU on the Technical Assessment and Country Review was signed between His Excellency General Yoweri Kaguta Museveni, President of the Republic of Uganda, and the APR Panel, thus paving the way for the commencement of the country's self-assessment process.

28. However, national elections in February 2006 and the slow pace in establishing the institutional structures resulted in a lull in the self-assessment process. In May 2006, a new government was sworn in, which resulted in the resuscitation of the country re-

view process. As part of peer learning, the APRM Commission and Secretariat visited Kenya and Rwanda for experience sharing at the initial stages. A country delegation also visited the Continental Secretariat in December 2006 for peer learning. This heralded the inauguration of the APRM Commission by the President and the launch of the country self-assessment process at a National Sensitisation Workshop held on 19 February 2007 at Speke Resort, Munyonyo. The event was attended by Professor Adebayo Adedeji, Lead Panellist for the Uganda Review Process, on behalf of the APRM Panel of Eminent Persons.

29. Initially, the Commission had 17 members but was later expanded to 21 to ensure adequate representation of all stakeholders. The Programme Manager of the NEPAD/ APRM Secretariat was also appointed as ex officio member.

30. The members of the Commission were drawn from stakeholder groups involved in national consultative processes, such as Poverty Reduction Strategy Papers, Poverty Eradication Action Plans and monitoring the Millennium Development Goals. Each stakeholder was asked to submit a name based on eminence, credibility and adequate capacity to represent group, community and organisational interests in the APRM process.

31. The National APRM Commission is composed of nine civil society representatives, including the media, central and local government officials (4), statutory bodies (3), the private sector (1), trade unions (1) and Parliament (3), with a representative each from the opposition, ruling party and East African Legislative Assembly (Table 1.2). It is

Table 1.2: Members of the Uganda APRM National Commission

Name	Representing
Semakula, G. Elisha (Prof.) Makerere University (Chairperson of the Commission)	Academia
Niringiye, Zac (Bishop) Uganda Joint Christian Council (Vice-Chairperson of the Commission)	Churches
Kaye, B. Saul (Mr) National Planning Authority (Secretary)	Government
Abia, Christine Bako (Hon.) Member of Parliament of Uganda	Opposition
Agaba, Abbas (Mr) National Youth Council	Youth
Baingana, Emmanuel (Mr) National Organisation of Trade Unions	Trade unions
Buchanayandi, Tress (Hon.) Member of Parliament of Uganda	Ruling party
Busuulwa, Abdul (Mr) National Union of Disabled Persons of Uganda	People with disabilities

Drito, Alice (Ms) Uganda Media Union	Media
Gume, Fredrick (Mr) Former District Chairperson, Jinja District	Local government
Katungye, Rossette Nyirinkindi (Ms) Ministry of Foreign Affairs	Government
Kezaala, Jowad (Mr) Inter-Religious Council of Uganda	Muslim community
Madhivani, Nitin (Mr) Uganda National Chamber of Commerce and Industry	Private sector
Mwaka, N. Victoria (Prof.) National Association of Women Organisations in Uganda	Women
Nyamugasira, Warren (Mr) Uganda National NGO Forum	Civil society
Ochai, Max (Mr) Ministry of Finance, Planning and Economic Development	Government
Najjemba, Rose Muyinda (Mrs) National Women's Council	Women
Nkunzingoma, Rubumba Deo (Mr) Uganda Law Society	Legal fraternity
Odwedo, Martin (Mr) Office of the Prime Minister	Government
Sebalu, Mike (Hon.) Member of Parliament, East Africa Legislative Assembly	Parliament
Wanzala, Daniel (Mr) Uganda National Farmers' Federation	Farmers
Angey, Ufoyuru Silvia (Ms) Ugandan National APRM Secretariat	Ex officio

Source: Adapted from the Uganda National APRM CSAR.

chaired by a representative of academia and deputised by a religious leader. The Secretary is the executive director of the NPA. These representatives were elected by secret ballot in the First Commission Working Session after induction and given a formal letter of appointment from the National Focal Point Minister.

1.6 Methodology Used to Prepare the Country Self-Assessment Report

32. Technical partner institutions were responsible for conducting the assessments in each thematic area, producing reports and presenting them to the Commission. Initially, 12 technical partners were appointed through a competitive bidding process to support the Commission in domesticating the APRM Questionnaire and executing the desk research. This approach was abandoned after the desk research phase, because of the complexity of managing the various firms involved.

33. Five firms with specialists in various sections of each thematic area were subsequently appointed, each working with the Commission's thematic sub-committee.

34. The selected and technical institutions were as follows:

- Mentor Consult Limited (Democracy and Good Political Governance);
- Reev Consult Ltd (Socioeconomic Development);
- Greenstar International Uganda Ltd (Economic Governance and Management); and
- UMACIS Consulting (Corporate Governance).

The Uganda Bureau of Statistics undertook the National Sample Survey.

Box 1.1: The Methodology of the Self-Assessment Process

The self-assessment was conducted in a very professional manner and the approach is highly recommended to countries embarking on the process. As it is widely becoming the convention, four research instruments were used: desk research, 200 expert panel interviews, 96 focus group discussions and a national sample survey. In addition, the APRM National Commission carried out public hearings and received memoranda from various interest groups. Apart from control procedures embedded in the design of the desk and field research assessments, several quality control and assurance measures were employed, including engaging four distinguished senior researchers drawn from renowned institutions – one for each thematic area. A research methodologist was also engaged to provide continuous methodological support to the APRM's activities and to incorporate thematic reports into the CSAR. However, because of the shortage of funds, most of which was provided by donors, the Commission could print only 500 copies of this historic self-assessment report. It is, however, available on its website. As a result, stakeholders had to contend with duplicated summaries of the CSAR. This was frustrating not only to stakeholders, but also to the Commission and the CRM. Be that as it may, the innovation present in the preparation of the CSAR is worthy of emulation.

Source: Compiled by the CRM, March 2008.

35. The country's self-assessment was executed using a holistic approach. Four research instruments were used: desk research, expert panel interviews, focus group discussions and a national sample survey.

36. The Commission also worked with the Head of the Public Service, through nominees from each ministry, to undertake costing of the NPOA. These are senior government officials involved in planning and budgeting in their various ministries. As requested in the APRM Guidelines, the CSAR and NPOA were validated by national stakeholders in five one-day intensive workshops – one at the national level and four in the regions.

1.7 Country Review Mission

37. Uganda submitted its self-assessment report and a draft NPOA for addressing capacity constraints to the APRM Secretariat in December 2007, thus paving the way for fielding the CRM.

38. In all, the 599-page self-assessment report is well written and sufficiently candid. The Ugandan self-assessment process meets the APRM's avowed principles of objectivity, scientific rigour and freedom from manipulation.

39. The CSAR, the draft NPOA and the Background Paper form the basis of the preparation of the 99-page Issues Paper prepared by the APRM Secretariat in collaboration with strategic partners. The document was presented to the Panel of Eminent Persons at its meeting in Addis Ababa on 29 January 2007, which also approved the composition of the Country Review Team.

40. The CRM was fielded from 3 to 24 February 2008.

41. The Country Review Team was composed of independent experts in the four APRM thematic areas, experts from strategic partner institutions – the African Development Bank (AfDB) and United Nations Economic Commission for Africa (UNECA) – as well as members of the APR Secretariat, as indicated further on.

1.8 Country Review Team

APR Panel

- Prof. Adebayo Adedeji, CFR, Lead Panellist for Uganda and Chairperson of the APR Panel of Eminent Persons

Independent Technical Consultants

Democracy and Political Governance

- Dr Khabele Matlosa (Research Director, Electoral Institute of Southern Africa, Johan nesburg, South Africa)
- Prof. Ruth Meena (Retired Professor of Political Science, University of Dar es Salaam, Tanzania)

Economic Governance and Management

- Prof. Mike Obadan (Former Director-General, National Centre for Economic Manage ment and Administration, Ibadan, Nigeria; and Professor of Economics, University of Benin, Benin City, Nigeria)
- Dr Thomas Kibua (Former Deputy Governor of the Central Bank of Kenya; and Exec utive Director, Institute for Policy Analysis and Research, Nairobi, Kenya)

Corporate Governance

- Mrs Patricia Cisse (Managing Partner, Africa Investment and Business Advisers, Dakar, Senegal)

Socio-economic Development

- Dr Makha Sarr (Former Deputy Executive Secretary, UNECA; and Expert Consultant, Senegal)
- Dr Francis Chigunta (Lecturer in Development Studies; and Expert Consultant, Department of Development Studies, University of Zambia, Lusaka, Zambia)

Partner Institutions

- Mr Donatien Bihute (Former Deputy Vice-President, AfDB; and Expert Consultant)
- Dr Gladys Mutangadura (Economic Affairs Officer, African Centre for Gender and Social Development, UNECA)
- Dr Eltigani Seisi M. Ateem (Senior Regional Adviser, NEPAD and Regional Integration Division, UNECA)

APR Secretariat

- Dr Afeikhena Jerome (Coordinator: Economic Governance and Management)
- Ms Eunice Kamwendo-Chintedza (Research Analyst: Economic Governance and Management)
- Dr Rachel Mukamunana (Research Analyst: Democracy and Political Governance)

The 14-member team are nationals of 12 member states of the AU: Burundi, Côte d'Ivoire, Kenya, Lesotho, Malawi, Nigeria, Rwanda, Senegal, Sudan, Tanzania, Zambia and Zimbabwe.

1.9 Activities Undertaken During the CRM

42. The CRM was facilitated by the National Focal Point, Uganda's National Commission and the national APRM Secretariat.

43. The CRM formally began on 4 February 2008, although it was officially launched on 7 March 2008 at a ceremony held at State House, Entebbe, attended by His Excellency President Yoweri Museveni and the First Lady Mrs Janet Kataha Museveni. The CSAR, together with the NPOA, was ceremonially handed over by the President to the leader of the CRM. The President implored the team to take seriously the issue of industrialisation in Uganda. After several years in the doldrums, it was time that industrialisation took root on the continent of Africa.

44. In the course of the Mission, the CRM met with key government departments in the thematic clusters. It also interacted with representatives and officials of various institutions with a bearing on governance, including Parliament, the judiciary, the Internal Revenue Authority, Auditor-General, Central Bank, Uganda Bureau of Statistics, Uganda Human Rights Commission (UHRC), and government ministries and depart-

ments. In addition, the CRM held discussions with non-state stakeholder groups, including representatives from the private sector (the Chambers of Commerce, Manufacturers' Association of Uganda and Uganda Investment Authority), civil society organisations, women's groups and political parties. The high level of representation at these consultative and interactive meetings is noteworthy. All the stakeholder groups were led by their respective heads and were very candid in the assessment of the governance challenges facing Uganda. This is indeed commendable.

His Excellency President Yoweri Museveni and the First Lady Mrs Janet Kataha Museveni with Members of the Country Review Mission in State House, Entebbe, during the opening of the Country Review Mission.

45. In addition, the CRM held interactive sessions in each of the four regions to meet with representatives of the 81 districts in Uganda. The regional visits commenced in Mbale (eastern region) on 11 February 2008, followed by Mukono (central region) on 12 February 2008, and Mbarara (western region) on 14 February 2008. The last regional visit was Gulu (northern districts) on 21 February 2008. In each of the regions, the sessions were attended by representatives of the stakeholders from all the districts.

46. These regional visits allowed the CRM to interact with key stakeholders on the issues that emerged from the CSAR and the NPOA. In each region, sessions were held with district officials, both elected and selected. In addition, in order to understand their perspectives on governance and development in Uganda, the CRM met with stakeholder groups such as women's groups, the youth, people with disabilities, the elderly, minority groups, non-governmental organisations (NGOs), academia, the media, small businesses, faith-based organisations (FBOs), trade unions, private sector companies, community-based organisations (CBOs), professional bodies, social service institutions and traditional leaders. In all, the visits to all the regions were very useful in pro-

A cross-section of participants at the regional consultations in Gulu.

viding the CRM with a clear picture of the state of governance on the ground. The team benefited enormously from these visits, which brought out the various perceptions of Ugandans on how the country is performing and the main challenges in the four thematic areas.

47. The CRM returned to Kampala to continue its interactions with stakeholders and to hold wrap-up sessions. While in Uganda, the team met with Mozambique's former President, Joaquim Chissano, the current United Nations (UN) Special Envoy for areas affected by the Lord's Resistance Army (LRA), for insights on the peace talks between the Ugandan government and the LRA. At the request of the Uganda National Commission, the CRM also met with the diplomatic community accredited to Uganda and all UN agencies operating in the country.

48. In all the interactions with stakeholders at both the regional and national levels, it was made abundantly clear that the exercise was not limited to the government and the

The Press interviewing Professor Adebayo Adedeji during the Country Review Mission.

The Country Review Mission at a meeting with political parties in Uganda.

public sector, but served as a holistic review of Uganda as a nation. While the government – at national and district levels – was no doubt a key strategic player, it was not the sole player. All stakeholders had their respective parts to play. Consequently, the CRM was able to encourage stakeholders to come up with viable solutions to the identified problems and to consider what they themselves could do to foster development and reduce poverty.

His Excellency President Yoweri Museveni hands over a copy of the Country Self-Assessment Report to the Lead Panellist for Uganda, Professor Adebayo Adedeji.

1.10 Structure of the Report

49. The report consists of seven chapters. This introductory chapter is followed by Chapter Two, which provides an overview of Uganda as a backdrop to the report.

50. Chapters Three to Six evaluate developments and challenges in the four APRM focus areas (Democracy and Political Governance; Economic Governance and Management; Corporate Governance; and Socioeconomic Development) respectively. Each of these chapters has two sections: the first analyses the codes and standards of the APRM, while the second assesses the APRM's objectives for that thematic area. Each section begins with a summary of the CSAR, followed by the findings of the CRM and, finally, the APR Panel's recommendations on the identified challenges. Areas of best practice also have been highlighted.

51. Chapter Seven discusses the cross-cutting issues considered critical due to their wider impact on governance and which thus require holistic, immediate and urgent attention. These salient issues are the following:

- Ratification and domestication of standards and codes;
- The high population growth rate;
- Policy implementation gaps;
- Management of political transition;
- The land question;
- Resolution of the conflict in the north;
- Decentralisation;
- Management of diversity;
- Corruption; and
- Overdependence on aid.

52. Finally, the NPOA received from Uganda and the comments of the government are annexed to this report, as mandated by the APRM's rules.

CHAPTER TWO

2. BACKGROUND

2.1 Overview

53. Uganda, which so captivated Winston Churchill as the "Pearl of Africa", has suffered a series of major traumatic events since it gained independence from Britain in 1962. At the dawn of independence, which was achieved largely through peaceful negotiations, there were great hopes for building a united, peaceful and prosperous nation. The country's governance trajectory between independence and 1986 was a roller coaster ride that witnessed a brief spell of economic growth in the 1960s, interspersed with almost two decades of bad governance, violence and bloody conflicts, and economic collapse. This resulted in the destruction of economic, physical and institutional infrastructure and, to a large extent, explains the Uganda of today. The pearl ceased to shine and the country entered the dark age of political, economic and moral decline. It was to all intents and purposes close to becoming a failed state.

54. Since the late 1980s, Uganda has managed to reinvent itself and move away from the abyss created by the political and economic catastrophe of the Idi Amin years and the return to power of Milton Obote. Though the country has been plagued by intermittent clashes between rival armed groups, Uganda has made a gigantic leap forward in governance and socioeconomic development. The National Resistance Movement (NRM) government, which came into power in 1986 under the leadership of President Yoweri Kaguta Museveni, has to a large extent made considerable progress over the last two decades in restoring political stability and order to the country. Human rights have greatly improved and the country has launched a successful campaign to fight the HIV/Aids pandemic. Its economy is one of the fastest growing on the African continent. The almost unwavering commitment of the government of Uganda to people-centred governance, sustained macroeconomic stability, economic growth and poverty reduction is inspirational.

55. In discussing Uganda's significant comeback and achievements, as well as the social, economic and political challenges that confront the country today, it is useful to start with some history and perspective that shed light on the country's turbulent years and remarkable recovery since 1986.

2.2 Brief Political History

2.2.1 Colonisation

56. Until the late 19th century, the sovereign state now known as Uganda was, in constitutional terms, unknown, although its constituent parts were in existence long before then and thus predated the state.

57. In 1875, the explorer Henry Stanley reached Uganda. At that time, the territory was divided into numerous kingdoms and chiefdoms. Shortly after the arrival of Stanley, the first missionaries came to Uganda. The Church Missionary Society affiliated to the Church of England arrived in 1877, followed by the first Roman Catholic missionaries in 1879. Catholics, Protestants and Muslims all tried to convert the Ugandans to their religions. However, there was much hostility to the new religions. In 1885, James Hannington, the first Bishop of Eastern Equatorial Africa, was murdered.

58. In the wake of the missionaries came trade. In 1888, the British government gave the British East Africa (BEA) Company control of Uganda. Also, the European powers decided to divide up Africa among themselves. In 1890, Germany and Britain signed an agreement confirming that Uganda fell in the British sphere of influence.

59. Gradually, the BEA Company took control of Uganda and governed through "indirect rule", reducing local chiefs to mere puppet rulers. Finally, in 1894, the British government declared the territory a protectorate of Britain and Uganda as a country was born. When the British first established the protectorate, they built it around Buganda. In the years that followed, other territories were incorporated into the protectorate in a piecemeal fashion, following a process of accretion and military conquest. This approach ensured that, from the beginning of British rule, Buganda had a special place in Uganda.

60. In the 1940s, the fight for independence in Uganda started in earnest. In the period after World War II, the colonial regime was confronted by mass protests, riots and uprisings. Given the dominant position of Buganda in the colonial structure of pre-independent Uganda, the 1945 strikes were more concentrated there and were formally directed by, or against, the Bugandan regime.

61. With the post-war demobilisation of ex-service men (who fought on the Allied side during the war) as far afield as Burma (now Myanmar), the number of discontented Africans increased and early nationalist groups were boosted in both number and organisational ability. James Miti, formerly active in the Bataka movement of the 1920s, founded the Bataka Party in 1946. In 1947, the Abaganda Abakopi (Baganda peasants) as well as the African Farmers' Union was formed, the latter by I.K. Musazi.

62. These political groups, along with the Uganda General Transport and Workers' Trade Union, formed a grand alliance that pressurised both the colonial regime and the Buganda establishment for democratisation between 1946 and 1950. Among other things, the Alliance attacked the role of the marketing boards and Asians in the processing and marketing of crops and land alienation. It also called for democratic representation in the Lukiiko (the Bugandan Parliament).

63. The Alliance's economic and social agitation culminated in the mass protests of 1949. What began on 15 April 1949 as a simple gathering of subjects seeking the king's au-

dience at his lake, soon transformed into a full-scale confrontation between the natives and the colonial authority. The main targets of popular discontent were the chiefs' houses, Asian-owned ginneries and shops, state buildings and the police.

64. The colonial authorities responded by announcing a state of emergency, arresting and deporting alliance leaders, and banning the Bataka party and other indigenous organisations. They also increased the number of police and their activities. The 1949 mass protest did, however, mark a turning point in the colonial history of Uganda. The colonial regime initiated several reforms that were intended to restructure the colonial structure and facilitate the process of decolonisation. These saw the inclusion of the Lukiiko members, who were widely seen as enlightened and educated.

65. On the basis of restructuring the colonial structure mainly through the Buganda, Governor Andrew Cohen (1952–6) launched a programme of forming a unitary government shaped along parliamentary lines across the whole country. This was in keeping with the recommendations of the report of inquiry into African local government in the protectorate of Uganda.

66. During this period, the Uganda National Congress (UNC) was formed on 2 March 1952. It played an important role in political activities aimed at mobilising people for independence across the whole protectorate.

67. However, as independence appeared imminent, the politics of Uganda began to assume tribal, religious, regional and other sectarian dimensions, from which the country is yet to recover fully. Political parties disintegrated along tribal lines, while others, such as the Democratic Party (mostly Catholic) were formed on sectarian basis. The "special" status of Buganda in the colonial structure further complicated matters and set the stage for post-colonial political tensions and instability.

68. In March 1961, the Democratic Party (DP) won a general election that was boycotted by the Baganda but contested by the major parties. DP leader Bernard Kiwanuka became Chief Minister, and later Prime Minister, on the ticket of opposing Buganda's unilateral declaration of independence.

69. The result was that prominent Baganda, with the support of the Kabaka (title of the king of Buganda), formed the Kabaka Yekka (KY) ("Kabaka Alone") party. Its main aim was to entrench the Kabaka's position over and above any other Ugandan, especially Bernard Kiwanuka, the DP leader.

70. Faced with Buganda's demands and the victory of the predominantly Catholic party, the colonial authorities set about redefining the direction of political forces in favour of the grand alliance of the Protestant Anglican factions, the ruling British colonial administration and British interests in general. The reconciliation of Edward Mutesa and Milton Obote was therefore seen as inevitable.

71. An alliance was forged between Obote's United People's Congress (UPC) and the KY in preparation for the constitutional talks for internal self-government set for October 1961. In the subsequent independence elections, the UPC–KY alliance won most seats in the National Assembly. This relegated the DP to the opposition, while Milton Obote was to become the Prime Minister.

72. On the basis of the Uganda Independence Act of 1962 and the Constitution of Uganda of 1962, Uganda became independent on 9 October 1962. At the time, the country had a relatively higher standard of living than its neighbours, while its people were among the most enlightened in the region. Social services in Uganda were rated among the best in Africa.

73. Despite independence, however, the colonial institutional political and economic legacy remained untouched. This was particularly evident in the armed forces, judicial system and international trade. The official language, system of government and governance remained unchanged.

2.2.2 The Immediate Post-Independence Period

74. Although Uganda remains one of the most beautiful countries in Africa, with some of the continent's most graceful, well-educated and kind-hearted people, as several observers note, the country's post-independence years were marked by extended periods of turbulence, brutality and authoritarian rule by its leaders.

75. In the run-up to independence, Uganda's politics were so fragmented along tribal and religious lines that the major divide was not between the colonial authorities and the nationalists, but among the different elements of the prospective ruling class.

76. The contradictions that preceded independence, as well as the continued survival of governance systems inherited from the colonial era, created structural imbalances in post-colonial Uganda that engendered the emergence of negative political and social forces. These reactionary forces (particularly tribalism, regionalism and religious intolerance) have had disastrous consequences for the consolidation of Uganda as a nation state. This is most visible in the types of policy pursued by the successive administrations that emerged during the post-colonial years.

77. The independence era in Uganda can be divided into periods denoting the various governments as they came and went. The division set out below is intended to capture the critical and salient features that led the country along a path of brutal civilian and military dictatorships.

2.2.3 Milton Obote's First Term (1962–71)

78. Upon independence in 1962, Milton Apollo Obote, aged 36, became Executive Prime Minister of Uganda, taking over a country that was still reeling from the effects of the events that preceded independence. The DP and its Catholic supporters were still bitter about their defeat in the independence elections. More significantly, the Kabaka expected favours that were inimical to the development of a new political order.

79. The Constitution was changed in 1963 to satisfy an alliance between the UPC and the Kabaka's KY party entered into during the elections in 1962. This created a post of a titular head of state called the President, as well as the position of a Vice-President. The UPC government appointed Edward Mutesa II, Kabaka of Buganda, as the President and Commander-in-Chief of the armed forces. Paramount Chief (Kyabazing) of Busoga, William Wilberforce Nadiope, was appointed Vice-President.

80. Soon after the appointment of the President, cracks emerged in the UPC-KY alliance. Matters came to a head in 1966 when Obote overthrew the Kabaka. A UPC-dominated Parliament changed the Constitution and Obote declared himself Executive President. The Kabaka, Fred Mutesa, went into exile in London where he died in 1969. Thus, within four years of achieving independence, this first series of political catastrophes would still reverberate through Uganda years later.

81. In 1967, another Constitution was crafted under which Uganda was declared a republic and Obote assumed extensive executive powers. This effectively ended constitutional government, parliamentary democracy, the accountability of government and respect for the rule of law, although formally continued until 1971. Meanwhile, discontent simmered on, ushering in an era of coups and counter-coups that lasted until the mid-1980s. Obote was deposed from office twice – both times by a military coup – the first of which was led by his army commander, Major General Idi Amin Dada.

2.2.4 The Idi Amin Years (1971–79)

82. Idi Amin took over power on 25 January 1971, ruling the country with the military until March 1979. There was jubilation in Kampala and many parts of Uganda as crowds danced to welcome him and his regime as liberators.

83. The military coup set the stage for the entry of politics from the barrel of a gun. The paths of democracy and constitutionalism were abandoned, and there was a consistent breach in the state's responsibility to uphold and protect the civil and political rights of its citizens.

84. To begin with, and as a tactic for gaining public acceptance, Amin embarked on populist gestures, starting with the return of Fred Mutesa's body in April 1971, much to the delight of the Baganda. However, as time went on, his dictatorial tendencies emerged

and rule by decree became the order of the day. Amin used force to eliminate his suspected opponents, first in the army (mostly involving officers who came from the northern districts of Langi and Acholi), and then among the civilian population. The Amin regime was seen as a naked fascist military government.

85. During his eight years in office, Amin unleashed a reign of terror. He started by expelling some 70 000 Asians from Uganda and confiscating all their land and property. As his tyranny gained steam, he turned on his fellow Africans. Under his orders, and occasionally under his personal supervision, Amin's troops killed an estimated 300 000 Ugandans, including some of the country's most prominent political, academic and intellectual leaders. Amin's behaviour set a precedent that others would follow in the turbulent years ahead.

86. During Amin's rule, the economy collapsed. His forcible removal of the entrepreneurial Asian minority from Uganda decimated the economy. Production in all sectors dropped significantly and there were widespread shortages of essential commodities. Even the coffee boom of 1976–7 was unable to improve matters, as there was rampant smuggling of the commodity.

87. In the years that followed, the institutions of governance were effectively destroyed. Parliament – already weakened even before the coup – was simply abolished. Local government was restructured to enable the government to keep an eye on its political opponents. The civil service became dysfunctional.

88. Amin's reign was ended after the Uganda-Tanzania War in 1979 in which Tanzanian forces, aided by Ugandan exiles, invaded the country. However, this invasion did not usher in the anticipated period of peace and stability.

2.2.5 The UNLF (1979–80)

89. The defeat of Amin's army on the military front forced the disorganised and squabbling Ugandan exiles into a compromise to form the Uganda National Liberation Front (UNLF) in March 1979, for the purpose of replacing a defeated dictatorship. As soon as Kampala fell to the Tanzanian and Ugandan exile forces, the Chairman of the UNLF, Yusuf Lule, and a hurriedly assembled Cabinet, rushed to Kampala to fill the power vacuum left by Amin's departure. As Chairman of the UNLF's National Executive Committee (NEC), Lule became Uganda's third Executive President.

90. The government was, however, unstable and the new President did not last long. Within a short period of time, all groups in the loose UNLF coalition were at loggerheads and the animosity culminated in a spate of killings in and around Kampala.

91. Following a vote of no confidence in Yusuf Lule, Professor Godfrey Binaisa became the new President of Uganda. The political impasse in Uganda remained, however, while

the UNLF accelerated the process of its disintegration. This led to the overthrow of President Binaisa and the return of Obote. Supported by the army, the Chairman of the Military Commission, Paulo Muwanga, took over and the return of party-based politics became inevitable.

2.2.6 Milton Obote's Second Term (1980–5)

92. Milton Obote returned to Uganda in May 1980. In an election held later that year, Obote, under the banner of his old UPC, was declared the winner and immediately sworn in as President. The Commonwealth Observer Mission concluded that the election fairly reflected the expressed choice of the people. The accuracy of this judgement has, however, been questioned Even the idea that democracy, accountability and the rule of law could hold in the chaotic, fear and terror-ridden environment was too optimistic.

93. In an attempt to revive the economy, Milton Obote launched a programme of economic liberalisation. Instead of instituting much-needed political reforms, he instead unleashed a new round of retribution and bloodletting against perceived political adversaries and the remnants of Idi Amin's army. In three short years, Obote was able to create nearly as much havoc as Amin did in eight years.

94. Yoweri Museveni, a politician who had spent many years in exile in Tanzania, contested the validity of the general elections widely reported as fraudulent. Together with 26 young fighters, he immediately launched a gruelling military campaign against the UPC government. Museveni's group – the Popular Resistance Army (PRA) – was joined in its campaign by Andrew Kayira's Uganda Freedom Movement (UFM). Another opposition group led by former President Yusuf Lule – the Uganda Freedom Fighters (UFF) – joined the PRA to form the National Resistance Movement (NRM) and its army, the National Resistance Army (NRA).

95. The fighting against opposition groups dragged on, while the economy continued to decay. The national army became increasingly disorganised, desperate and more brutal. As the guerrilla war extended into other parts of the country, so too did the repression. By the end of 1984, it was estimated that hundreds of thousands of people had died as a result of the war and politically motivated murders, while thousands more were in concentration camps or had become homeless. Obote's army and political thugs butchered and massacred nearly 300 000 people, leaving piles of skulls and decomposing bodies in a part of the country called the Luwero Triangle.

96. The growing repression and intimidation reflected the increasing factionalisation of the political and military aspects of public life, which had a strong ethnic dimension. Unable to subdue the NRM, the Acholi faction of the army under Major Generals Tito Okello and Bazilio Okello deposed Obote once more in 1985.

2.2.7 The Military Commission (1985–6)

97. The military junta suspended the Constitution, dissolved Parliament, swore in Tito Okello as the new President and announced a military council. Okello governed for six months until he was deposed as leader after the “bush war” by the NRM and various rebel groups.

98. In January 1986, the NRA captured Kampala and Yoweri Museveni became Uganda’s new President. The triumph of the NRM after five years of a costly bush war has been described as a “popular revolutionary triumph”. As asserted by several observers, there has been a qualitative change in the character of Uganda’s political leadership since its seizure by the NRM and the NRA

99. Yoweri Museveni and his NRA/NRM government have provided Uganda with political stability and the best government since independence from British rule. Under President Museveni’s leadership, Uganda has undergone tremendous political and economic transformation.

2.3 The NRM Government (1986 to date)

100. Before the NRM government came to power, Uganda’s democratic credentials were non-existent. There was no rule of law and freedom of expression, the rights of the media and the right to life were neither respected nor protected. The Constitution had been changed and disregarded. Local government had been systematically degraded and made dependent on central government power and patronage.

101. Upon ascending to power, the NRM government committed itself to steering Uganda away from the history of dictatorship that had befallen the country. The NRM had to initiate measures to reconstruct the country and restore democratic governance.

102. Determined to redress the injustices and abuses that had characterised previous regimes, the NRM leadership developed a programme to restore democracy and consolidate national unity. The guiding framework for this programme was set out in the “Ten-Point Programme”, a kind of manifesto for the NRM.

103. The NRM government promised to introduce “grassroots democracy”. During the bush war, the movement had created village committees in the Luwero Triangle, which strengthened the organisation of anti-state power at the local level. As the war dragged on, the NRM established new institutions in liberated areas of the country. The cornerstone of these institutions was the elected councils at the village level, called resistance councils (RCs).

104. The RCs constituted a five-tiered system, ranging from RC1 at village level (the lowest unit) to RC5, which was the district council. It was a hierarchical structure of popularly

elected councils and committees from village level to district level. The structure was based on experience gained from the NRM's mobilisation of the population during the protracted guerrilla war (1981–6) against the previous regimes.

105. The RC system has, over time, earned the confidence of most Ugandans and grown nationwide in scope. Under this system, because local representatives are elected and not appointed, local politicians are accountable to the people who elected them.

106. The effective establishment of the RC system was the precursor of radical reforms to decentralise local government. Under the decentralisation policy, RCs became local councils (LCs). The multi-tiered system below district level was preserved with few changes. One of the radical changes was to transfer significant functions, decision-making powers, staff and resources from national ministries to local councils.

107. Although there continued to be complaints of corruption, incompetence or, more often, insufficient technical and professional capacity, the current, almost unanimous view is that accountability has been enhanced, local knowledge and control have been increased and, most critically, local services have improved.

108. The NRM government differed from previous governments in that it sought to establish institutions that would reflect the values and aspirations of the Ugandan people. Its manifesto emphasised six areas of reform: ideological reform; economic independence; popular democracy based on the RC model; respect for human rights; decentralisation; and review of the Constitution.

109. The government sought to effect changes through constitutional reforms. Against a background of sectarian politics, it introduced a non-party administrative framework in the new Constitution, which was adopted in 1995. While the Constitution retained the movement system of government that banned multiparty elections, it did provide for competitive elections held on a non-partisan basis.

110. The Constitution also guaranteed a variety of basic human rights, including among other things the expression of individual freedom and the right of assembly. The passing of the Constitution was followed by presidential and parliamentary elections in 1996, which were pronounced to be free and fair.

111. In the past few years, however, there has been growing concern, both within and outside of Uganda, about emerging trends that could undermine or imperil the important progress that the country has been making over the past two decades.

112. There is increasing evidence of mounting authoritarianism and rapidly escalating corruption in the country. Despite strong opposition, the Constitution was controversially amended in 2005 to remove limits set on the presidential term. This amendment enabled President Museveni to seek a third term of office.

113. The country has also been criticised for its involvement in the civil war in the Democratic Republic of Congo (DRC) and in other conflicts in the Great Lakes region. On the other hand, its success in engaging the Lord's Resistance Army (LRA) in efforts to resolve the conflict in the north has been warmly welcomed.

2.4 Overview of the Economy

114. Along with coming full circle in its political transition, Uganda has also undergone a secular transition in the economic sphere. At independence, the country was more fortunate than most of its neighbours in that it had promising economic potential and appeared poised for rapid economic growth and development. The high economic expectations of the post-independence period were, however, soon destroyed by the governments of the first eight rulers. Chronic political instability and erratic economic management produced a record of persistent economic decline that left Uganda among the world's poorest and least-developed countries.

115. For the first eight years after independence, the economy registered impressive growth rates. Between 1962 and 1968, the gross domestic product (GDP) expanded at a rate of approximately 6.7 per cent per year. By the early 1970s, however, civil war and political instability all but destroyed Uganda's once flourishing economy. The situation deteriorated further under the rule of President Idi Amin Dada from 1971 to 1979. In 1972, he expelled holders of British passports, including approximately 70 000 Asians of Indian and Pakistani descent, many of whom had been active in agribusiness, manufacturing and commerce. Relations with Uganda's neighbours soured and the former East African Community was disbanded in 1977. From 1972 to 1976, the GDP declined each year and registered only a slight improvement in 1977 when world coffee prices increased.

116. Tanzanian troops finally led a joint effort to overthrow the unpopular Amin regime in 1979. When Amin fled Uganda, the nation's GDP measured only 80 per cent of the level in 1970. Industrial output had declined sharply, as equipment, spare parts and raw materials became scarce. By 1980, the shattered economy was in ruins.

117. After the turmoil of the Amin era, successive governments attempted to revamp the economy and restore international confidence. In 1980, the second government of Milton Obote obtained foreign donor support, primarily from the International Monetary Fund (IMF), by floating the Uganda shilling (USh), removing price controls, increasing agricultural produce prices and setting strict limits on government expenditures. In addition, Obote tried to persuade foreign companies to return to their former premises that had been nationalised under Amin. These recovery initiatives created real growth in agriculture between 1980 and 1983. From mid-1984 on, however, overly expansionist fiscal and monetary policies and the renewed outbreak of civil strife led to a setback in economic performance.

118. The lack of foreign exchange was a major constraint on government efforts, and became a critical problem in 1984 when the IMF ended its support following a disagreement over budget policy. During the brief regime of Tito Lutwa Okello in 1985, the economy almost slipped out of control as civil war extended across the country. The upheavals of the 1970s and troubles of the 1980s left the economy in disarray.

119. After the predations of Idi Amin and three other transient presidents, as well as a civil war, mass emigration of skilled workers and mass murder, Uganda badly needed the decisive leadership and economic bootstrapping that President Yoweri Museveni has provided. The country gained a welcome sense of security, stability and renewed prosperity under his rule. Uganda has grown economically, in some years dramatically, since he became President in 1986.

120. Since assuming power in early 1986, the government has taken important measures towards economic recovery. Recognising the need for increased external support, Uganda negotiated a policy framework paper with the IMF and the World Bank in 1987. It subsequently began implementing economic policies designed to restore price stability and sustainable balance of payments; improve capacity utilisation; rehabilitate infrastructure; restore producer incentives through proper price policies; and improve resource mobilisation and allocation in the public sector.

121. By 1990, these policies began to yield positive results. Inflation dropped dramatically from 240 per cent in 1987 to less than 30 per cent in 1990. Some prices stabilised, production increased and consumer goods were more widely available. The Ugandan government has also worked with Western countries to reschedule or cancel the country's debts. It was the first country to reach Completion Point in May 2000 under the Enhanced Highly Indebted Poor Countries (HIPC) Initiative.

122. After this period of recovery, the government made significant strides in liberalising markets and releasing state influence during the 1990s, although some administrative controls remained. Monopolies in the coffee, cotton, power generation and telecommunications sectors were abolished and restrictions on foreign exchange removed. It was these reform programmes that triggered high GDP growth, thereby improving the economy and gaining the confidence of international lending agencies and donors.

123. The annual GDP growth rate between 1990 and 2006 was 6.3 per cent, hence slightly higher than growth in the late 1980s but still less than the 6.7 per cent per annum achieved between 1962 and 1968. Uganda is, however, growing more slowly than it did at the turn of the century, at 5.3 per cent per annum in 2006, as against 6.8 per cent in 2002 and some earlier years (Figure 2.1). On a per capita basis, Uganda's average GDP was US$314 in 2006, up from US$222 in 2002. Inflation has moderated, from 8 per cent in 2005 to 6.6 per cent in 2006. However, the economy experienced a widening fiscal deficit, estimated at 9.2 per cent of the GDP in 2007 without foreign aid and 2.7 per cent including external assistance. This deficit might well grow because:

- Governmental revenue collections are less than they might be;
- There has been parliamentary opposition to proposed tax and fee increases;
- Public sector expenditures are much higher than anticipated; and
- Electricity rates are heavily subsidised by the government.

The deficit might be a drag on economic performance if donors refuse to support the regime lavishly.

Figure 2.1: Real GDP Growth and Per Capita GDP (US$ purchasing power parity at current prices)

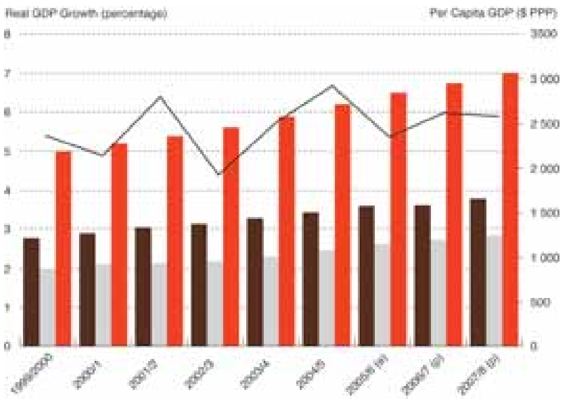
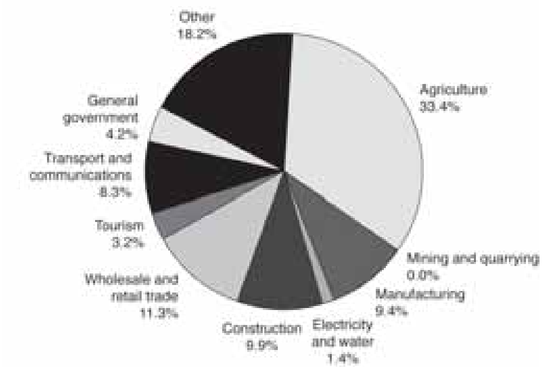


Figure 2.2: Percentage GDP by Sector in 2005/6



Source: AfDB/OECD. 2007. Uganda Country Report: African Economic Outlook.

124. In terms of sectoral composition, Uganda's economy is still essentially agriculture based, with agriculture contributing about 33 per cent of the GDP (Figure 2.2). This sector employs over 80 per cent of the population and generates 90 per cent of export earnings. Coffee is the main export crop, with tea and cotton as other agricultural products. Uganda also has deposits of copper and cobalt, which contributed 30 per cent of export earnings during the 1960s. The mining sector is now only a minor contributor to the economy, although it is envisaged that the recent discovery of oil will boost mining's contribution to the GDP in the near future.

125. The services sector's share of GDP rose steadily from over 41 per cent in 2000/1 to nearly 46 per cent in 2005/6. In contrast, agriculture, which had accounted for the bulk of domestic output during the past four decades, saw its share decline from 40 per cent in 2000/1 to 33.4 per cent in 2005/6. The share of industry has remained steady at around 20 per cent over the past five years. Agriculture, which provides food security and supports rural livelihoods, is constrained by heavy concentration on low-value crops and limited processing of raw produce. In addition, it is hampered by limited access to support services such as crop and veterinary extension services and food processing technology; inadequate infrastructure (such as transport, electricity and water); lack of market information; and the proliferation of local taxes.

126. The government has also made efforts to curtail poverty. In the late 1990s and early 2000s, a coalition of interests among the presidency, technocrats and donors helped to create a strong demand for the reorientation of government policies towards poverty reduction. The 1997 Poverty Eradication Plan (PEAP) was Uganda's first effort at a comprehensive strategy for reducing poverty. The subsequent two iterations of the PEAP (in 2000 and 2004) have also acted as Uganda's Poverty Reduction Strategy Papers. The PEAP is prepared by the Ministry of Finance, Planning and Economic Development (MFPED) on the basis of a consultative process and is performance oriented. Whereas the 2000 PEAP specified a set of priority indicators for monitoring poverty, the 2004 PEAP went further by specifying performance indicators alongside policy actions in its implementation matrix.

127. Political ownership of the PEAP was assisted early on by the fact that it embodied key new political priorities like universal primary education, and raised the profile of other basic services such as primary healthcare and water and sanitation. In addition, when the first PEAP was being prepared in the mid-1990s, the government was also introducing budgetary reforms such as a Medium-Term Expenditure Framework (MTEF) and output-oriented budgeting, both of which helped to add a strategic dimension to resource allocation. In the late 1990s, sector strategies were developed in key sectors such as roads, education and health, along with processes for reviewing sector performance. Such sector-wide approaches are now present in most, but not all, sectors. All these reforms benefited from an unusual degree of domestic initiative and strong leadership from the unified MFPED. This, combined with high-level political backing, contributed to the development of consistency between planning and budgeting instruments and processes.

128. It is against this background that the achievements of the current regime need to be understood. Recognising that the country has no choice but to seek external assistance, it abandoned its initial strategy to overcome the colonial legacy of "producing what we do not consume and consuming what we do not produce" in favour of policies of economic orthodoxy. Albeit reluctant at first, the government has persisted with this strategy and now has an impressive record of growth. The irony of Uganda's economic recovery is that it is based almost entirely on concessional lending and aid, without fundamental improvements to the basic structure underpinning its economy.

129. While the key macroeconomic indicators are generally healthy as a result of the pursuit of market-oriented policies, the effects on the material and social wellbeing of the vast majority of the population are not widespread, especially in rural areas. Not surprisingly, questions are increasingly being asked about the quality of development in Uganda, which is held back by:

- The long-standing (north-south) regional inequalities;
- Insecurity in Northern Uganda, South-Western Uganda and the Great Lakes region;
- The recent downturn in the economy and the evidence of growing inequalities;
- Youth disaffection and the potential political risks;
- Legacies of ethnic, religious and other social divisions, and their implications for political change;
- Patronage and corruption, and their costs to development; and
- The character of formal institutions and its implications for stability.

2.5 Overview of Corporate Governance

130. In recent years there has been a surge in corporate governance transformation around the world. On the African continent, this phenomenon is evident in the reform of corporate governance laws and practices in several countries.

131. While Uganda has made considerable progress in liberalising its economy and opening its markets, progress in corporate governance has been rather slow. Poor corporate governance manifested through tax avoidance, insider dealings and lack of transparency and accountability, has combined with the related ills of corruption and an inconsistent application of the rule of law to prevent Uganda from taking full advantage of its growth-friendly policies.

132. The turmoil of the 1970s and 1980s destroyed much of the business and legal infrastructure, forcing many businesspeople to rely on their wits to survive. As Uganda's economy grows and becomes more sophisticated, so should its business practices. Some progress has been made in this regard, as is evident in the move of Uganda Securities Exchange towards transparent corporate governance through its listing requirements. These include financial transparency, regular reporting and auditing

requirements. However, with only nine listed companies, the bourse is still underdeveloped and undercapitalised.

133. In forging ahead, Uganda needs to craft strong anti-fraud and anti-money laundering laws that protect investors and consumers, backed by active and fair enforcement. This will boost confidence in Ugandan markets. By creating an open and honest corporate culture, together with a realistic and effective regulatory regime, Uganda should be able to enjoy the fruits of its economic liberalisation.

134. Uganda also needs to face squarely impediments occasioned by power outages, prohibitive taxes, huge administrative spending and volatile oil prices, among other factors. These measures will help local producers, manufactures, traders and employers to improve productivity and will enhance market competitiveness by reducing the cost of doing business in Uganda.

2.6 Major Achievements

135. Uganda's emergence over the past 20 years from economic decline, conflict and repressive governments to macroeconomic stability, high growth and considerable political freedom represents a major turnaround. This has revolved around a number of key major positive developments.

2.6.1 Macroeconomic Reforms and Liberalisation

136. When the NRM government came to power in 1986, it was faced with the momentous task of rehabilitating and developing a shattered economy, and also raising the standards of living of the population after more than two and a half decades of continuous civil strife and insecurity. With massive support from the international donor community, the government launched the economy into an extended period of real economic growth and poverty alleviation. As a consequence, poverty levels in Uganda have declined from 56 per cent of the population in 1992/3 to 31 per cent in 2005/6.

2.6.2 Security and Professionalisation of the Army

137. The major achievement of the NRM government has been to establish peace and security across most, if not all, of Uganda, by reconstituting what had been a broken state. It has re-established effective government in all regions of the country, except in some areas of the north. This has been made possible by infusing discipline in the armed forces. However, real social transformation of the armed forces, as initially envisaged by the NRM leadership, has proved difficult due to, among other factors, the war in the north. Observers note that the Uganda People's Defence Force (UPDF) has become a critical component of the President's patronage network.

2.6.3 Constitutional Reform and Democracy

138. Towards the end of the 1990s, the NRM government launched a process of democratisation. There has since been a significant measure of political liberalisation, as evidenced by the emergence of a free media and civil society, although both are largely confined to major urban areas, especially the capital Kampala. In 1994, elections were held for a Constitutional Assembly, which produced Uganda's present Constitution that was promulgated in 1995. In 2005, the Constitution was amended to remove limits on the presidential term and legalise a multiparty political system. The challenge is to consolidate the democratic gains and further deepen the process.

2.6.4 Decentralisation

139. Uganda has developed a remarkable decentralised system of governance. As a result, there has been a reasonable level of popular participation in the process of formulating development policy and planning at all levels. Uganda's decentralisation represents a radical re-engineering of the mechanisms of governance towards political, administrative and fiscal devolution of power. It happened quickly and with strong political commitment from the top. The APRM Panel considers the decentralisation process in Uganda a best practice with lessons for other African countries.

140. The local government system in Uganda can be traced to structures established by the British colonial powers around the 1990s. As mentioned, these structures were, in turn, based on "indirect rule" or the chief system of authority, mostly in Buganda. The present system of local government, however, is based on the post-1986 reforms introduced by the NRM government.

2.6.5 Civil Service Reform

141. Since 1986, the NRM government has been implementing measures aimed at improving the effectiveness and efficiency of the civil service. At the time the new government came to power, it inherited a civil service that was inefficient, demoralised and unresponsive.

142. Aware that an ineffective civil service threatens to undermine basic public administration and most development efforts, the government embarked on the Civil Service Reform Programme (CSRP). The CSRP was a large-scale exercise that sought to address complex, interrelated problems involving performance improvement and productivity. This was seen as necessary because administrative failure in Uganda went far beyond sheer technical incompetence. The collapse of administration in the 1970s and early 1980s was also caused by a political breakdown. Inappropriate administrative structures destroyed every mechanism of political and financial accountability, thus eliminating effective management, monitoring and control.

143. The NRM government recognises that the promotion of rapid growth is dependent not only on the private sector, but also on an effective and efficient civil service. This is a prerequisite for a stable and orderly society conducive to wealth creation. Despite this realisation and improvements over the years, most sector ministries still suffer from inadequate funding and logistical support, and their contribution to the policy formulation process and service delivery remains weak.

2.6.6 Education

144. Uganda has one of the best records in Africa in raising school enrolment and reducing inequality in opportunity to attend primary school. A policy change that culminated in the introduction of universal primary education was introduced in January 1997. The policy reform abolished tuition and other costs (such as contributions to building funds and parent-teacher associations) in public primary schools. It also eliminated barriers such as pupils being obliged to wear uniforms, which had been a major hindrance to attendance by poor children. The Universal Primary Education programme shifted the burden of financing education away from households towards the public sector. Since the early 1990s, the education budget increased from 1.6 to 3.8 per cent of the GDP, boosted by donors and resources earmarked under the HIPC Initiative and the Poverty Reduction Fund. In the early 1990s, less than 40 per cent of the education budget was allocated to basic/primary education; by 2002/3, more than 60 per cent of the budget went to this sub-sector. Since 2002/3 the development budget, which covers construction and maintenance, has increased more than six-fold.

2.6.7 Reductions in the Prevalence of HIV/AIDS

145. Uganda is also one of the few success stories in Africa when it comes to combating HIV/AIDS. The adult prevalence rate fell from 18 per cent in the early 1980s to 6 to 7 per cent in 2005. The reduction in transmission has been achieved by a combination of methods, including the promotion of abstinence, being faithful to one partner and condom use (popularly known as the "ABC strategy"). The consistent high-level political commitment to combating the AIDS epidemic and the full support of religious groups and civil society organisations (CSOs) have contributed immensely to the dramatic reduction in the incidence of HIV/AIDS.

146. However, the decline has levelled off in recent years and there are indications that the infection rate is increasing again. The threat of HIV/AIDS to pro-poor growth and poverty reduction deserves renewed attention as efforts to promote sexual and reproductive health as a means to reduce the risks of infection are fettered by conservative lobby groups within and outside the country.

2.7 Challenges and Opportunities

147. In the light of these dramatic turnarounds, Uganda has been a former failed state that

has succeeded in rebuilding its polity and economy. This enviable legacy must not be squandered, however. This requires that a number of challenges will be faced and crucial opportunities seized. The government has indeed carefully maintained a prudent set of macroeconomic policies that have elicited continued aid flows from the donor community. Yet, although these flows have considerably assisted in propping up the economy such that Uganda's annual rate of economic growth remains above 5 per cent, there are real political and structural risks that threaten to undermine this record.

CHALLENGES

2.7.1 Lack of Structural Transformation in the Economy

148. The irony of Uganda's recovery is that the macroeconomic stability that has been achieved is based almost entirely on concessional and conditional transfers of development aid. It is not based on any fundamental improvement in the basic economic structure and the inherited colonial economy has persisted. There has been no deconstruction of the economy and therefore no restructuring has taken place. Little has changed in the relative importance of the agricultural, industrial and other sectors of Uganda's economy. Agriculture remains by far the most important sector. This has created a pattern of trade dominated by primary agricultural products and imports dominated by manufactured goods. Put simply, the economy is still monocultural, export-import aid dependent.

149. As a result, Uganda's economic base remains fragile. Over half of its earnings is derived from coffee exports, while coffee prices – like those of many primary agricultural commodities – are extremely volatile. This reflects Uganda's high vulnerability to external shocks. Although horticulture and floriculture are receiving increased investment as air cargo becomes a viable means of transport, there has been little economic diversification. Large-scale structural unemployment has also persisted.

150. In order to take advantage of international markets, Uganda should minimise exporting raw materials. Instead, it should add value to its exports by processing its products and exporting them as finished products in line with the country's industrialisation goal. Diversification of the economy is a challenge that must be dealt with.

2.7.2 Poverty

151. Despite a record performance, Uganda, with a population of over 30 million, is still one of the world's poorest countries. Alleviation in household income poverty came about when the government dismantled the State Coffee Marketing Boards between 1992 and 1999, thus enabling coffee producers to benefit directly from high commodity prices in the international market. The majority of the Ugandan population is engaged in subsistence agriculture and the informal sector. The effort to reduce poverty substantially remains a major challenge. The impressive achievements to date must not ob-

scure the fact that Uganda is still in a very early development phase, demographically as well as economically. After falling from approximately 56 to 34 per cent between 1992 and 2000, the proportion of the population now living in poverty rose to 38 per cent by 2003 before declining to 31 per cent in 2006. Therefore, despite the apparent reduction in poverty, a significant proportion (20 per cent) of Ugandans is still living under chronic poverty. In many respects, poverty is deepening as inequality widens.

152. The proportion of the population living in poverty is also much higher in some areas of the country than in others, suggesting that the process of poverty alleviation has been highly uneven, both geographically and sectorally. Thus, while the proportion of the population living in poverty in the south and the west is now roughly 27 per cent, the figure for the north is 63 per cent and for the east is 46 per cent. Agriculturalists are the largest single occupational group and account for 74 per cent of the population – about 50 per cent of them live in poverty.

153. These figures suggest that Uganda's economic recovery has benefited some ethnic groups far more than others, a fact that sows the seeds of potential conflict along ethno-regional lines. The glaring gap between the corrupt rich and the poor, which has grown by leaps and bounds, and the north-south divide are threatening to tear apart the once united and harmonious nation.

2.7.3 High Population Growth Rate

154. Uganda's population growth rate, estimated at 3.2 per cent a year, is third highest in the world. The average Ugandan woman gives birth to seven children in her lifetime. This is a serious challenge that affects the growth levels in Uganda. Just to keep incomes constant, the economy must grow by more than 3 per cent a year, assuming there are no shifts in income distribution. Uganda has been able to achieve twice this growth rate for more than a decade, realising significant poverty reduction despite negative distributional shifts. Since the easy gains from the post-war period have been exhausted and growth has slowed, the effect of high population growth on poverty reduction has become more obvious.

155. Combined, the demographic factors have the potential of generating a downswing momentum in the fight against poverty and can result in a less than optimal path to socioeconomic development in the country. Consequently, it is strongly recommended that Uganda considers adopting and implementing a National Population Policy as a key element in its poverty reduction strategy.

2.7.4 Negative Political Developments

156. Equally disturbing, because they pose the greatest threat to Uganda's continued economic growth, are the risks resulting from recent political developments in the country. For much of the post-independence period, a culture of democracy has been

severely lacking. Underpinning Uganda's volatile politics is the broader problem of political instability fuelled by sectarianism. This has assumed various forms, including ethnicity (the quest for the restoration of traditional kingdoms, notably Buganda, Bunyoro and Toro), religious divisions, and the ambition of parochial politicians. It is against the backdrop of Uganda's unstable politics and failed democracy that the NRM came to power. As noted in several parts of the report, while the NRM has restored political stability to a large extent, a genuine culture of democracy still eludes Uganda.

157. After an extended period of political liberalisation, which resulted in the strengthening of Parliament, the judiciary, watchdog agencies such as the Inspector-General of Government (IGG) and a free media, Uganda is in danger of slipping back into a period of neo-patrimonial rule. The apparent militarisation of society has not helped the democratic cause, while democratic gains from the decentralisation process are in serious danger of being eroded. The recent mushrooming of districts in the country has given impetus to the situation.

158. Ultimately, the reform of the Ugandan state lies in full-fledged democratisation of society. The acculturation of the democratic culture is an imperative, and the civil society, the private sector and political parties have to play the leading role in this pursuit. After rescuing Uganda from the Amin and Obote death grip, the leadership should now be concerned about the legacy that they will leave the country.

2.7.5 Corruption

159. Corruption is a major issue facing Uganda today. It is pervasive, and appears to involve prominent members of the government. Though it is difficult to make a quantitative estimate of the extent to which corruption is reducing the rates of economic growth, it will no doubt eventually take its toll – on the rate of growth, the level and quality of domestic investment and foreign direct investment, as well as the proper channelling and use of external aid.

2.7.6 Dependence on Aid and Debt

160. Aid – in the form of budgetary and project support – now provides roughly half of Uganda's annual budget, making it one of the most aid-dependent countries in Africa. Foreign direct investment appears to be tapering off, or is of poor (risky) quality.

161. In 1986, the year the NRM came to power, official development assistance amounted to approximately US$200 million. By 1997, aid from the IMF, World Bank and donor governments had increased to nearly US$850 million. Although there has been a decline in the level of dependence on aid, it still remains high.

162. Uganda was the first country to access the original HIPC Initiative in April 1998 and Enhanced HIPC Initiative in May 2000. Although the country's debt overhang has been drastically reduced under the HIPC initiative, it still remains high.

2.7.7 An Uneasy Peace with Neighbours

163. As noted in Chapter One, Uganda is a landlocked country sharing borders with seven countries. The volatility in the region means that inter-state conflicts have remained a major challenge for peace in Uganda. The country has experienced conflict of one form or another with its neighbours, especially the DRC and Sudan. Although there has been a relative improvement in Uganda's relations, greater effort should be made to promote peace with all its neighbours. If conflicts are not properly resolved, they have the potential to reverse the positive gains that have been made in political stability and economic development.

2.7.8 Cultural Remodelling

164. In order to hasten to meet a prosperous future, Uganda needs to promote modernisation and transformation in the mindset, attitudes and behaviours of its citizens. The challenge is to promote a culture of entrepreneurship and innovation.

165. Modernisation and transformation are, however, not possible without the development of human resources through education and healthcare. Uganda should therefore seek to equip the whole of its society, especially young people, with skills. At present, there is no comprehensive policy for human resource development that links the education sector to industry and employment. The government should ensure that, in addition to Universal Primary Education (UPE), Universal Secondary Education (USE), more technical schools and wider university enrolment are introduced and close linkages are created between educational institutions and employment opportunities.

OPPORTUNITIES: UGANDA AS THE "PEARL OF AFRICA"

166. Despite these challenges, it must be reiterated that the Ugandan government and people have made significant process in rebuilding the country. The challenge now is to consolidate hard-won gains.

2.7.9 Peace Negotiations in the North

167. The ongoing peace negotiations in the north between the government and the LRA offer the opportunity for political renewal in Uganda. As mentioned, the war has caused untold suffering and caused extensive damage to the country's infrastructure. It is therefore commendable that even before reaching a comprehensive peace agreement, the government has already put in place various development initiatives aimed at redressing the extreme underdevelopment in northern Uganda. These initiatives include the Northern Uganda Reconstruction Programme (NURP), the Northern Uganda Social Action Fund (NUSAF) and the Emergency Rehabilitation Plan. The latest and more comprehensive programme, the Peace, Recovery and Development Programme (PRDP), is aimed at addressing fundamental structural problems in the north of the country.

2.7.10 Emerging Opportunities in the Regional and Global Economy

168. The reported discovery of oil in the Lake Albert Basin in Uganda has generated a great deal of excitement about the country's future economic prospects. Revenues from oil will no doubt help fund infrastructural development and improve the provision of social services. Given the track record of other African oil producers, however, Uganda needs to take measures enabling it to maximise its gains from the oil proceeds without causing distortions in other sectors of the economy, and without exacerbating political conflict.

169. As it takes advantage of enlarged markets through regional integration, Uganda urgently needs to industrialise in order to transform itself into a prosperous middle-income country by 2030, as envisaged in its Vision 2030 report. It is crucial that the performance of the real economy should improve and the private sector, as an economic actor, should drive transformation and development.

170. There is no doubt that, with determination, concerted reform effort and political will, Uganda can leapfrog into the future as a prosperous middle-income country by 2030, and sustain growth at levels that can lift most of its people out of poverty. To be able to do so, Uganda has to build on the successes highlighted in this report, while addressing the challenges, in order to justify the claim that it is the "Pearl of Africa".

CHAPTER THREE

3. DEMOCRACY AND POLITICAL GOVERNANCE

3.1 Overview

171. Africa's 21st century development vision, the New Partnership for Africa's Development (NEPAD), has put peace and democracy at the centre of successful political and economic integration on the continent. Sustainable human development and poverty eradication are impossible under conditions of war and autocratic governance. This explains why one of the pillars of the African Peer Review Mechanism (APRM) is a commitment by African states to a people-centred democracy and good political governance.

172 Institutionalising democracy and good political governance in Africa has now, more thanever before, assumed top priority. The principal goals are as follows:

- To ensure that there is peace and security through constructive management of intra-state and inter-state conflicts, and protection of the rights of internally displaced persons and refugees;
- To build firm foundations for constitutional democracy, in which separation of powers exist and citizens are equal before the law;
- To promote and protect the political, economic and sociocultural rights of the people, especially marginalised and vulnerable social groups; and
- To fight corruption in all spheres of life, especially in the public service, as well as establishing an efficient public service.

173. Uganda is making tremendous efforts to put in place institutional mechanisms for achieving the above goals, especially since 1986 when the National Resistance Movement (NRM) government of President Yoweri Museveni assumed power. The historical context within which these efforts are being made has to be understood and appreciated. After Uganda gained political independence from Britain in 1962, the country enjoyed political stability under conditions of a multiparty system only until 1967. From the mid-1960s to the mid-1980s, Uganda experienced protracted violent conflicts of various kinds (both intra-state and inter-state); unconstitutional rule and authoritarianism in various forms; abrogation and manipulation of the Constitution and rule by decrees; as well as sectarianism and discrimination predicated upon ethnic and regional divides. These were the horrors of autocratic rule in Uganda for a period of more than 20 years.

174. Uganda's long history of conflicts spans the pre-colonial period, the colonial era and most of the post-independence epoch to date. This has resulted in socioeconomic destruction, loss of lives, and retardation of sustainable human development. The impact of pervasive political instability over a period of 20 years has left scars that are still visible in the country's social fabric and political psyche. For instance, Uganda faces

the enormous challenge of managing diversity among its people precisely as a result of two decades of war that polarised the country along tribal/ethnic divides and regionalism. The war has led to other structural imbalances as well, including inequality and poverty, which are more concentrated in conflict-prone regions. These areas remain the most underdeveloped in the country today, especially Northern Uganda and the Karamoja region.

175. The two most important objectives of the liberation struggle waged by the NRM against oppressive and autocratic regimes in Uganda were the restoration of peace and security and the institutionalisation of democratic governance. President Yoweri Museveni committed his new government to transforming the state and state-society relations in line with a new governance framework defined by the Ten-Point Programme, a kind of manifesto that the NRM prepared in the final years of the bush war. It entailed the following:

- Restoration of democracy;
- Restoration of security;
- Consolidation of national unity and elimination of sectarianism;
- Defence and consolidation of national independence;
- Building of an integrated and self-sustaining national economy;
- Restoration and improvement of social services, and rehabilitation of war-ravaged areas;
- Elimination of corruption and misuse of power;
- Co-operation with other African countries; and
- Pursuit of an economic strategy of a mixed economy.

176. The Country Review Mission (CRM) recognises the progress made by the NRM government in bringing about peace and stability in Uganda and putting in place the necessary institutions and policies on which a foundation of democratic governance can be anchored. These include the 1995 Constitution, which provides a Bill of Rights; establishing institutions for protecting democracy and promoting human rights; liberalising the media; managing intra-state and inter-state conflicts; decentralising power for effective service delivery; fighting corruption; and reintroducing a multiparty political system in 2005, which set the stage for the first multiparty elections of 2006. However, despite the progress that the NRM has made in establishing peace and stability in Uganda, the country still faces the challenges of institutionalising and consolidating democratic governance.

177. The fragility of pluralistic politics poses a big challenge to building a democratic culture and practices, in particular harmonious inter-party relations and credible elections. The dominance of the executive over the legislature undermines the oversight of the latter over the former.

178. Given the historical role of the military in government largely through military coups,

the Ugandan political system has become militarised over the years. This trend has tended to complicate civil-military relations and compromise civilian oversight over the security establishment. Furthermore, this militarisation of politics undermines the checks and balances of power among key organs of the state. The representation of the military in Parliament under conditions of a multiparty democracy, which Uganda has introduced since the 2005 national referendum, undermines the role of Parliament in holding both the executive and the security establishment accountable. As the judiciary exists in parallel with the expansive military courts, disputes have inevitably arisen over how justice is administered and dispensed by the two parallel systems.

179. Whereas Uganda has achieved peace, stability and tranquillity, the conflicts in the northern parts of the country have not yet been resolved conclusively. These conflicts are not only of national concern to the government and its people, but also of continental and international concern. The ongoing peace talks in Juba in Southern Sudan present a golden opportunity to end the conflict in Northern Uganda through a negotiated political settlement. Considerable progress has been made in this regard. What now remains is the commitment of the government and the LRA to sign the remaining protocols and, in so doing, pave the way for the Comprehensive Peace Agreement (CPA) to be signed and the various programmes for rehabilitation, reconciliation and reconstruction to be launched.

180. Decentralisation of power is widely recognised as a useful mechanism for devolving decision making and improving service delivery to local populations. When the NRM assumed power in 1986, state power was highly centralised following decades of dictatorial rule, despite the 1967 Local Administration Act. This situation changed in 1997 when the current Local Government Act was enacted.

181. The process of decentralisation started off very well as a progressive strategy which many believed would redress the bureaucratic red tape in service delivery at the local level and improve the socioeconomic livelihoods of ordinary people in both urban and rural areas. However, with time, people began to question the efficacy of the decentralisation programme. Local councils lack adequate resources, especially finance, and consequently are overwhelmingly dependent on grants from central government and donor funding. In addition, the proliferation of districts that are created largely on political grounds, and not on the basis of economic viability, has become a controversial issue that requires a political solution.

182. It must nevertheless on the whole be acknowledged that governance in Uganda is progressively moving away from the decades-old tradition of authoritarianism and militarism that marked its landscape between mid-1960s and mid-1980s. The eagerness to democratise has been so overwhelming that several policies, procedures, guidelines and institutions have been put in place to govern development and governance processes. One of the major challenges, which is at the heart of the problem, is how to harmonise these progressive policies and ensure smooth coordination among the

various institutions that have been set up. Uganda has many progressive policies and institutional frameworks, yet is severely lacking in resources and effective machinery for implementing them.

3.2 Standards and Codes

i. Summary of the CSAR

183. Section 123(1) of the 1995 Constitution of the Republic of Uganda empowers the President to make treaties between Uganda and any other country or international organisation in respect of any matter. Section 123(2) mandates Parliament to make laws governing the ratification of instruments concluded under clause 1. The Ratification of Treaties Act, No. 5 of 1998 (Cap. 204), provides for two clear procedures to be followed for signing and ratifying treaties – Cabinet ratifies treaties other than those pertaining to security (mentioned in section 3(b) of the Ratification of Treaties Act). The line ministry concerned consults all other ministries likely to be affected by the implementation of the instrument, in particular the Ministry of Finance, Planning and Economic Development (MFPED) and the Ministry of Justice and Constitutional Affairs (MJCA), to analyse the financial and legal implications. For matters pertaining to peace and security, as provided for under section 3 (b) (i) of the Ratification of Treaties Act, a specific resolution by Parliament is required for a treaty to be ratified. The Ministry of Foreign Affairs (MoFA) is the depository of all treaties in Uganda.

184. The Country Self-Assessment Report (CSAR) notes that Uganda has not signed or ratified some important instruments, such as the Second Optional Protocol to the International Covenant on Civil and Political Rights (ICCPR) aiming at the abolition of the death penalty; the Optional Protocol to the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment; the African Union Convention for the Elimination of Mercenaries in Africa; and the Protocol to the African Charter on Human and Peoples' Rights on the Rights of Women in Africa, otherwise called the Maputo Protocol.

185. The reasons advanced for not signing or ratifying some of the international and African standards and codes of governance include lack of information on the benefits to the government and the people of the ratification of such instruments; limited human resources in responsible ministries for dealing with such issues; and prudence due to financial implications that are likely to occur during the implementation of ratified instruments.

186. Of the international and African codes and standards that Uganda has either signed or ratified or both, the most important include the following 28:

i Charter of the United Nations (1945)

ii Universal Declaration of Human Rights (1948)

iii International Covenant on Economic, Social and Cultural Rights (ratified in 1987) iv International Covenant on Civil and Political Rights (ratified in 1995)

v Optional Protocol to the International Covenant on Civil and Political Rights (ratified in 1995)

vi Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (ratified in 1986)

vii International Convention on the Elimination of All Forms of Racial Discrimination (ratified in 1980)

viii Rome Statute of the International Criminal Court (ratified in 2002)

ix Convention on the Political Rights of Women (ratified in 1995)

x Convention on the Elimination of All Forms of Discrimination Against Women (ratified in 1985)

xi International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (ratified in 2003)

xii Convention on the Rights of the Child (ratified in 1990)

xiii Optional Protocol to the Convention on the Rights of the Child, on the sale of children, child prostitution and child pornography (ratified in 2001)

xiv Optional Protocol to the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (signed 2002 but not ratified)

xv Convention Relating to the Status of Refugees (ratified in 1976)

xvi Protocol Relating to the Status of Refugees (ratified in 1976)

xvii Convention on the Rights of Persons with Disabilities (signed in 2007 but not yet ratified)

xviii International Convention for the Suppression of the Financing of Terrorism (ratified in 2003)

xix Constitutive Act of the African Union (ratified in 2001)

xx African Charter on Human and Peoples' Rights (ratified in 1986)

xxi African Charter on the Rights and Welfare of the Child (ratified in 1994)

xxii Protocol to the African Charter on Human and Peoples' Rights on the Establishment of an African Court on Human and Peoples' Rights (ratified in 2001)

xxiii Organisation of African Unity (OAU) Convention on Preventing and Combating Corruption (ratified in 2004)

xxiv Pact on Security, Stability and Development in the Great Lakes Region (ratified in 2008)

xxv Protocol Relating to the Establishment of the Peace and Security Council of the African Union (ratified in 2004)

xxvi Protocol to the Treaty establishing the African Economic Community relating to the Pan-African Parliament (ratified in 2003)

xxvii OAU Convention on the Prevention and Combating of Terrorism (ratified in 2003)

xxviii Treaty for the Establishment of the East African Community (ratified in 2001)

ii. Findings of the CRM

187. The CRM found that the government of Uganda has adopted and ratified most of the relevant international and African codes and standards required by the APRM. Furthermore, the Constitution contains a Bill of Rights in Chapter 4 that enshrines funda-

mental and other human rights and freedoms. This affirms Uganda's commitment to the promotion and protection of the rights of individuals and groups. However, while the country has done quite well in the area of codes and standards of political governance, there are still a number of important instruments that have not been signed or ratified, and which have a bearing on the protection and promotion of human rights. These include the:

- Second Optional Protocol to the International Covenant on Civil and Political Rights aiming at the abolition of the death penalty (1989);
- Optional Protocol to the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (2002);
- Protocol to the African Charter on Human and Peoples' Rights on the Rights of Women in Africa (2003);
- African Union Non-Aggression and Common Defence Pact (2005);
- African Charter on Democracy, Elections and Governance (2007);
- Protocol of the Court of Justice of the African Union (2003); and
- African Union Convention for the Elimination of Mercenaries in Africa (1977).

188. The CRM's consultative meetings with the MoFA revealed that the government will not sign or ratify the Second Optional Protocol to the International Covenant on Civil and Political Rights aimed at the abolition of the death penalty. It was explained that this protocol conflicts with section 22(1) of the Constitution of Uganda, which provides for the death penalty in the execution of a sentence passed by a court. However, such an execution can be carried out only when the sentence has been confirmed by the Supreme Court.

189. Two areas of concern were raised by some stakeholders. First, there are difficulties in ensuring protection of the right to life in cases of sentences passed by martial courts. More specifically, trials by martial courts often do not conform to the international standards of a fair hearing and adequate legal assistance. Second, the African Commission on Human and Peoples' Rights (ACHPR) has shown concern over the death penalty in the Ugandan Constitution.

190. As regards the second to fifth items in the list above, the CRM was informed that the line ministries concerned are in the process of consulting with other stakeholders to speed up ratification. Already the Pact on Security, Stability and Development in the Great Lakes Region was ratified when the CRM was in the country in February 2008.

191. The government still faces challenges in the areas of domestication and reporting obligations. A major challenge relates to the required consultation process with various stakeholders – in particular the MJCA and the MFPED – for advice on legal and financial implications. This consultative process takes time due to limited human capacity for dealing with treaties and conventions. It was also noted that the Uganda Law Reform Com-

mission (ULRC), which reviews and revises laws and initiates new areas for legislation, has insufficient human capacity for dealing with its mandate. The CRM was informed that the government has approached donors, including the International Committee of the Red Cross (ICRC), to provide funding in order to strengthen the Commission.

192. Notwithstanding these challenges, it was generally agreed that institutions such as the MoFA and Parliament should play a proactive role in monitoring the domestication of, and compliance with, various international and regional instruments and standards. It was also brought to the CRM's attention that the process of reporting is time-consuming, as countries have to report to various treaty bodies in charge of monitoring. The MoFA feels that, in the context of the NEPAD and APRM initiatives, measures should be taken to streamline the process of reporting in order to lighten the onerous duty on countries and avoid duplication.

193. During the CRM's interactions with various stakeholders, it was noted that the Uganda Human Rights Commission (UHRC) and several local civil society organisations (CSOs) are engaged in popularising the human rights enshrined in the Constitution through civic education. However, it was also revealed that the general public remains unaware of most of the international and regional conventions to which Uganda has acceded.

194. Some stakeholders felt that the ratification of international conventions should be analysed carefully, taking into account the levels of acceptability and relevance to the country's political, social, cultural, legal and economic background in order to ensure that harmful provisions are reserved.

195. Despite these shortfalls, there is evidence from the national policies and Acts of Parliament that Uganda is committed to adhering to international codes and standards.

iii. Recommendations

196. The APR Panel recommends that Uganda should:

- Expedite the ratification of the outstanding conventions and protocols, in particular those relating to section 44 of the Constitution which enshrines freedom from torture and cruel, inhuman or degrading treatment or punishment (government; Parliament; UHRC);
- Strengthen the capacity of institutions responsible for domesticating the standards and codes (government; Parliament; UHRC; CSOs);
- Streamline and effectively coordinate reporting on the implementation of ratified conventions (government; Parliament; ULRC);
- Increase public awareness of various rights through continuous civic education (UHRC; EC; CSOs); and
- Implement the recommendation of the UHRC and human rights CSOs to incorporate human rights in the school curricula so as to inculcate and nurture a human rights culture from an early age (MoES; CSOs).

3.3 Assessment of the Performance of APRM Objectives

Objective 1: To prevent and reduce intra- and inter-state conflicts

i. Summary of the CSAR

Intra-State Conflicts

197. The CSAR observes that intra-state and inter-state conflicts have remained a major challenge to democratic governance in Uganda. Since political independence in 1962, the country has experienced various types of conflict that have triggered political instability. The adverse effects on democracy and development have emanated largely from the fact that many of the conflicts are violent and strategies for managing some of them peacefully have been unsuccessful, especially in Northern Uganda.

198. The CSAR defines five major causes of intra-state conflicts in Uganda:

- Political differences and poor governance;
- Land and imbalanced resource allocation;
- Rivalry over water and pasture;
- Ethnic differences; and
- Cultural differences.

199. More importantly, the Poverty Eradication Action Plan (PEAP) highlights the inextricable link between conflict on the one hand and regional disparities and poverty on the other hand. It should be emphasised, however, that the roots of the abovementioned structural causes of poverty and conflict in Northern Uganda are traceable to the country's history of colonialism. Northern Uganda evolved through a colonial strategy that reduced the region to a labour reserve for the southern region. This in part explains why the northern region remains both impoverished and conflict ridden. Factors fuelling the armed conflict, and propelling poverty and underdevelopment in Northern Uganda today include the following:

- External support for rebels;
- Proliferation of armaments;
- Poverty; and
- Imbalances in access to economic opportunities.

200. The Western Nile conflict has been contained successfully with the signing of a peace agreement between the government of Uganda and the first Uganda National Rescue Front (UNRF I), resulting in the integration of UNFR soldiers into the national army. Their leader, Moses Ali, was subsequently appointed to a high political office in government.

Another peaceful settlement was reached with a splinter group of the second Uganda National Rescue Front (UNRF II), led by Ali Bamuze, on 24 December 2003. Most of the UNRF II soldiers were integrated into the national army, including Bamuze. In Northern Uganda, a protracted conflict between the government and the LRA, led by Joseph Kony, has raged for the past 20 years until fairly recently, when diplomatic intervention halted hostilities and focused on a negotiated settlement of the conflict. In some parts of Western Uganda, peace and security remain threatened by conflict between the government and the Allied Democratic Forces (ADF) and the National Army for the Liberation of Uganda (NALU). In these conflicts, land ownership appears to play a central role. Conflicts are also propelled by ethnic differences and the perception of some regions that they are being marginalised in the process of policy making and development. The land issue has featured prominently as a key factor driving conflict relating to cattle rustling by the Karamojong in North-Eastern Uganda.

201. When the NRM assumed power in Kampala in January 1986, and its leader, Yoweri Museveni, effectively became the President of Uganda, the government of Sudan felt insecure and immediately started bolstering a destabilising force with a view to waging a proxy war. It started by providing military succour to the rebel movement, the LRA, with the initial dispatch of some 10 000 guns used to trigger military skirmishes in the towns adjacent to the border with Sudan. The factors that drove Khartoum to take this line of action included the following:

- The perceived security threat posed by the new Kampala government, which was seen to be a revolutionary movement (NRM/A) with allegedly strong ties with the Sudanese People's Liberation Movement/Army (SPLM/A); and
- The likelihood of the new Kampala government providing political and material support to the SPLM/A in its liberation war against the Khartoum government.

202. The war between the government of Uganda and the LRA intensified in the 1990s. Numerous efforts to resolve it, including the negotiation facilitated by President Jimmy Carter (former President of the United States of America) signed in Nairobi, Kenya some eight years ago, have not resulted in a long-lasting political settlement.

203. Serious negotiations, which are still ongoing, began in Juba, Southern Sudan, in 2006, as a result of the initiative taken by the government of the Southern Sudan. Although they promise to result in a comprehensive agreement that would set the stage for peace building and a post-conflict reconstruction and development programme, progress in this regard recently suffered a temporary setback when the LRA pulled out of the negotiations, complaining that their demands were not being met.

Inter-State Conflicts

204. Uganda is a landlocked country sharing borders with five countries: Tanzania (south),

Kenya (east), Rwanda (south-west), the DRC (west) and Sudan (north). Since independence, Uganda has experienced conflict of one form or another with all these countries. For example, the tense relationship between Uganda and Sudan since independence has only recently improved. Relations began changing for the better when the Khartoum government started distancing itself from the LRA by allowing the Uganda People's Defence Force (UPDF) to undertake military operations against the LRA within Sudan's borders. This development prompted the remnants of the LRA to flee into the Garamba National Park in the DRC, where they have sought refuge. At present, the government of Southern Sudan is mediating a peace process between the government of Uganda and the LRA. In addition, relations between Uganda and the DRC and Rwanda have been tense since the 1990s. In the recent past, there has also been a relative improvement in relations between Uganda and Tanzania and Kenya, respectively.

205. Many of the inter-state conflicts that Uganda has been embroiled in have focused largely on control for resources, as demonstrated by the military conflict with the DRC in 2007 over the ownership of Rukwanzi Island on Lake Albert. The contention was about whether the island belonged to Uganda or to the DRC. Other inter-state conflicts have been triggered by operations of rebel movements from neighbouring countries. One of the main factors propelling the conflict in Western Uganda, for instance, is the operations of rebel movements including the ADF and the NALU allegedly operating from some parts of Eastern Congo.

ii. Findings of the CRM

Intra-state Conflicts

206. In order to achieve peace, demilitarisation, reconciliation and political stability in Uganda, the Constitution provides, under section III of National Objectives and Directive Principles of State Policy, that:

- Every effort shall be made to integrate all the peoples of Uganda while, at the same time, recognising the existence of their ethnic, religious, ideological, political and cultural diversity;
- Everything shall be done to promote a culture of cooperation, understanding, appreciation, tolerance and respect for each other's customs, traditions and beliefs;
- Institutions and procedures for the fair and peaceful resolution of conflicts shall be established and nurtured; and
- The state shall provide the peaceful, secure and stable political environment that is necessary for the economic development of Uganda.

207. Whenever conflicts are not addressed quickly and peacefully, they can escalate into violence, tearing societies apart along various lines, including ethnicity, race, religion, region, gender, and so on. Failure to prevent conflicts and build foundations for sustainable peace is not only costly for countries in terms of continued instability, but

also adversely affects efforts at socioeconomic development. This is precisely what the major challenge to Uganda has been. Failure to resolve its multifarious conflicts peacefully and timely tore the country apart and facilitated the emergence of dictatorships and anti-people regimes in the past.

208. Judging from the history of Uganda, the country has been afflicted by conflicts since the pre-colonial, colonial and post-independence periods, as pointed out earlier. Although both government and non-governmental organisations (NGOs) eventually made tremendous efforts to manage these conflicts constructively and to strive towards peace building and post-conflict reconstruction and development, the government has only recently developed a comprehensive programme in this regard. Despite these efforts, some parts of the country – including Northern, North-Eastern and Western Uganda – are still embroiled in conflict.

209. While the main causes of conflicts in Uganda outlined in the CSAR were validated and emphasised during the public consultations undertaken by the CRM, many stakeholders singled out land disputes as the most common and most intractable of these. This matter featured more prominently in the CRM's consultative workshops in the Mbale, Mbarara and Gulu districts. The public consultations also confirmed the observation in the CSAR that increasing land disputes and conflicts are triggered by:

- The growing population, leading to land scarcity;
- Increasing demand for arable land;
- Encroachment due to poor demarcation in some places; and
- Controversy over land tenure regimes and ownership rights.

210. An important element of the tense relations between the government and the Buganda Kingdom is the matter of land tenure and ownership of land. The 1995 Constitution provides for land tribunals to handle land-related disputes, but these have not been effective. Currently, the government is embarking on land reform through amendments of the Land Act of 1998, a process that is also marked by controversy.

211. A vicious cause-effect circle exists between conflict, regional disparities and poverty. Poverty can be a cause for conflict, whereas armed conflict perpetuates poverty in affected societies. Thus, the longer violent conflict continues, the more regional socioeconomic disparities and poverty are perpetuated. Similarly, the more violent conflict escalates, the more the affected people become impoverished. Using the Human Poverty Index (HPI) measure,[1] the western and northern regions are the hardest hit by human poverty, with an HPI of 36.36 and 30.54 per cent respectively. This trend is consistent with data on poverty headcount by region (Table 3.1).

212. The incidence of poverty in Northern Uganda is estimated at 61 per cent (2005/6). This situation is seen to be "largely attributable to the 19-year-old conflict in the region, cou-

Table 3.1: Poverty and Inequality by Region

	1992/3	1997	1999/2000	2002/3	2005/6
National	55.7	45.0	33.8	37.7	31.1
Rural	59.7	49.2	37.4	41.7	34.2
Urban	27.8	16.7	9.6	12.2	13.7
Central	45.6	27.9	19.7	22.3	16.4
Eastern	58.8	54.3	35.0	46.0	35.9
Northern	72.2	60.9	63.6	63.3	60.7
Western	53.1	42.8	26.2	31.4	20.5

Source: UNDP (2007b: 12)

pled with the cattle-rustling problem that has traditionally plagued Karamoja and the surrounding sub-region".[2] However, progress in reducing (and ultimately eradicating) poverty, while slower than in the other regions, is discernible from the table. While the incidence of poverty in the northern region was 72.2 per cent in 1992/3, it dropped to 61 per cent in 2005/6. On the other hand, the rates of reduction were higher in the other regions. This trend suggests that, if armed conflict can be halted and resolved through peaceful means and a sustainable post-conflict reconstruction and development programme be embarked upon, then accelerated poverty reduction and eradication could be realised, thus extricating this region from decades of deprivation, underdevelopment and poverty.

213. During the CRM's consultations with stakeholders, it was felt that whereas both the government and non-state actors have made efforts to find durable solutions to the intra-state conflicts, a lot more still needs to be done. Stakeholders agreed that the existing strategies, policies and institutional frameworks for building a peaceful Uganda and dealing with the armed conflict in the northern region are laudable, What is still needed, however, is the political will to make them succeed and the commitment of adequate resources for this purpose. Political will on the part of both the government and the LRA is required if the peace talks in Juba are to succeed. It is also imperative that adequate resources be secured in order to kick-start post-conflict reconstruction and development in Northern Uganda, including the possibility of a sociopolitical healing process aimed at reconciling the affected communities. The government has applied a combination of measures to contain the conflict in the country, including military action and disarmament, with the UPDF playing a key role in this regard. The LRA is infamous for its horrendous atrocities and human rights abuses, perpetrated especially against women and children. The release of abducted children turned into child-soldiers, and of women and girls turned into sex slaves, would go a long way in demonstrating the LRA's commitment to long-lasting peace. The LRA has abducted an estimated 40 000 children who have been turned into child-soldiers.

214. With a view to redressing human rights abuses in Northern Uganda, the UHRC and the government have set up civil military cooperation centres. These centres are tasked with:

- Providing effective steps to prevent situations where human rights are threatened and to build confidence between the military and civilian communities;
- Enhancing transparency in the area of human rights documentation, especially where the military is involved; and
- Addressing human rights abuses committed by ordinary citizens.

215. Furthermore, Parliament has recently enacted the Equal Opportunities Act with a view to redressing marginalisation and managing ethnic diversity. The Act is specifically intended to ensure equal treatment of all groups in Uganda and to eliminate inequalities and discrimination against individuals and groups of people on the basis of ethnic origin, socioeconomic status, gender, disability or political inclination. Unfortunately, as the Equal Opportunities Commission has not been established, the Act has not yet been put into effect.

216. While military action and disarmament by the UPDF have not been abandoned, more emphasis seems to be placed on negotiations and mediation aimed at peaceful resolution of intra-state conflicts. The ongoing negotiation and mediation aimed at resolving the conflict in Northern Uganda have provided a ray of hope that peace and stability could return to this conflict-prone region. In mid-2006, the government of Southern Sudan offered to mediate between the government of Uganda and the LRA to resolve the conflict in Northern Uganda.

217. Peace talks started officially on 14 July 2006 in Juba, Southern Sudan, under the mediation of Dr Riek Machar, Vice-President of the Southern Sudan government. At the start of the talks, both parties' lack of mutual trust created a very tense atmosphere and preliminary deliberations were marked by intense acrimony. However, the cessation of hostilities agreement signed on 26 August 2006 helped to set the momentum of the peace talks. This milestone development was followed by confidence-building measures, including the visit of President Yoweri Museveni to Juba as a sign of the government's commitment to the talks. Furthermore, the government facilitated the visits of various delegations to the LRA leadership in Garamba, including cultural, traditional, religious and political leaders.

218. During a consultative meeting with the Minister of Internal Affairs and the State Minister for Foreign Affairs, the CRM learnt that to date, good progress has been made with the peace talks in Juba. The main agenda of the peace talks is focused on five main issues: cessation of hostilities; a comprehensive solution to the conflict's causes; reconciliation and accountability; a ceasefire agreement; and demobilisation, disarmament, reintegration and resettlement (DDRR).

219. So far, agreements pertaining to the first four issues have already been signed. The remaining issue is that of the DDRR. Prospects for signing an agreement to this effect,

and as well as signing the Comprehensive Peace Agreement, are good. The last round of talks resumed on 18 February 2008. Negotiating teams, particularly from the government's side, were optimistic that the CPA would soon be signed, thus paving the way for peace building and post-conflict reconstruction and development in Northern Uganda. On 18 February 2008, the two parties also signed an agreement on how to deal with the war crimes committed in Northern Uganda over the past two decades.

220. The resolution of the armed conflict in Northern Uganda has become an issue of not only national concern, but also of regional, continental and international concern. To this end, five African countries are directly involved in the Juba peace talks, monitoring the talks on behalf of the African Union (AU) and also monitoring the implementation of the three agreements that have been signed. These countries are the DRC, Kenya, Mozambique, South Africa and Tanzania. Each country has deployed two military observers and one political observer. This type of political solidarity between and among African states, when it comes to dealing with armed conflicts in any of the 53 AU member states, is long overdue. It should be continued and embedded in the continent's political culture.

221. The peace-monitoring role of these five countries has involved deploying military observers to oversee implementation of the agreement on cessation of hostilities at their own cost. Some heads of state from these countries have also lent political support to the process by personally visiting the venue of the talks to encourage both the mediator and the negotiating teams. For instance, President Thabo Mbeki of South Africa visited Juba on 9 April 2007 to reaffirm his country's support of the peace talks.

222. The international community has shown immense interest in, and support for, the successful conclusion of the peace talks in Juba. Many of the embassies and high commissions accredited to Uganda have visited the venue of the talks to strengthen the negotiating teams' optimism that their actions will save millions of people suffering untold misery as a result of the armed conflict in Uganda. The international community has also provided resources to facilitate the LRA's participation in the peace talks. More importantly, the UN Secretary-General has dispatched his Special Envoy, President Joachim Chissano, former President of Mozambique, to the talks. His main mandate is to facilitate the peace talks and ensure that the parties to the negotiations steer the process towards a peaceful settlement. President Chissano has played a pivotal role in the Juba peace talks thus far. His most important contribution relates to confidence building and he has ensured that the LRA remains committed to the talks. Before he became involved, the LRA was showing signs of loss of confidence and was questioning the whole process, the venue and even the impartiality of the chief mediator. President Chissano and his team also provide technical and political support to the chief mediator. In his own words: "We are not mediators, we are facilitators. We help the chief mediator with issues, processes, timeframes and parties' adherence to signed agreements, and we encourage parties to strive towards the ultimate signing of the Comprehensive Peace Agreement." President Chissano has kept in constant contact

with the LRA leadership in Garamba in the North-Eastern DRC. He has visited all the areas affected by the LRA rebellion in Uganda, the DRC and Sudan to monitor adherence to the signed agreements, and reports to the UN Security Council.

223. A possible stumbling block to the peace talks in Juba, Southern Sudan, is the indictment of five LRA rebel leaders by the International Criminal Court (ICC). The government of Uganda had requested the ICC to intervene in the conflict in Northern Uganda as early as 2003. The ICC responded to the request positively and agreed to investigate and prosecute those responsible for war crimes and crimes against humanity. On 14 October 2005, the ICC issued warrants of arrest against five top leaders of the LRA: Joseph Kony, the late Vincent Otti (executed in Garamba in February 2008), Okot Odhiambo, Dominic Ongwen and the late Raska Lukwiya (killed on 12 August 2006).

224. The CRM learnt that LRA leaders have raised concerns about the ICC indictment. They have indicated that it threatens the expeditious conclusion of the Juba peace talks. They have therefore requested that the arrest warrants be withdrawn so that they can be assured of the government's commitment to, and good faith in, the peace process. However, the government has not interfered in what it perceives to be as a legal matter between the LRA and the ICC. Upon further inquiry through consultative meetings, the CRM learnt that the ICC cannot withdraw the indictment. It can only suspend the warrants upon the request of the UN Security Council, following a similar request to this effect by the government of Uganda. Such suspension would take one year only as domestic justice mechanisms are set in motion. If the domestic mechanisms are not effective and the crimes against humanity still persist with impunity, the ICC is empowered to reinstate the warrants of arrest.

225. The government of Uganda has confirmed its commitment to engage the UN Security Council in the suspension of the arrest warrants for a period of one year. This will set the stage for the ICC to issue the suspension. Once this is done, the government will set in motion the process for dealing with the crimes committed by the LRA leadership through the domestic justice system, including formal channels of the court system as well as traditional systems that conform to African traditions of peace making and peace building. Once the CPA has been signed, the government intends to request the ICC to suspend the warrants of arrest for the LRA leaders after they have undergone the Acholi traditional alternative justice system of mato oput. In this system they would be required to accept responsibility for the crimes they have committed, apologise publicly for them, ask for forgiveness from their victims and pay reparations. Victims would be expected to accept the apology and ask for reparations. Regrettably, failure to sign the remaining agreement is bound to delay any action to suspend the arrest warrants and put Uganda's domestic justice systems in motion.

226. It is widely acknowledged that the negative impact of the intra-state and inter-state conflicts on women and children in Uganda has been enormous. There is also a need to investigate the extent to which women take part in conflict resolution mechanisms

that are under way, in line with the principles of the United Nations Security Council Resolution 1325 adopted on 31 October 2000. This Resolution recognises the important role of women in the prevention and resolution of conflicts and in peace building, and the importance of their equal participation and full involvement in all efforts for the maintenance and promotion of peace and security. It also recognises the need to increase their role in decision making on conflict prevention and resolution.

227. During the consultations, the CRM confirmed that the government of Uganda has an unflinching commitment to gender equality, which is also one of the core principles of its 1995 Constitution. This commitment is manifested, among other things, by representation of women in key organs of the state, especially Cabinet, Parliament and local government structures. With regard to the peace process in Juba, the government team has 12 negotiators, of whom two are women. In addition, the Women's Coalition of Uganda has made various submissions for the negotiating team to be expanded and more women included. The Women's Coalition sends its own delegation to Juba regularly to monitor the peace talks from a close range. Moreover, the team of the UN Secretary-General Envoy to the Juba talks includes a gender specialist who advises on gender dimensions of the resolution of the conflict.

228. Even before the CPA is reached through the current peace talks in Juba, the government has already put in place various development initiatives aimed specifically at redressing the vicious circle of poverty and conflict. These include the Northern Uganda Reconstruction Programme (NURP), the Northern Uganda Social Action Fund (NUSAF) and the Emergency Rehabilitation Plan. The latest and more comprehensive programme aimed at dealing with some of the fundamental structural and historical root causes of the conflict in Northern Uganda has just been initiated. It has taken the form of the Peace, Recovery and Development Programme (PRDP) and the Karamoja Integrated Disarmament and Development Programme (KIDDP), both of which commenced in 2007 and have a lifespan of three years up to 2010. The PRDP was officially inaugurated by the President of Uganda on 11 February 2008. This programme is a comprehensive strategy aimed at addressing the root causes, and not just the symptoms, of the conflict in the northern part of the country. It includes the following four initiatives: the Northern Uganda Social Action Fund, the Northern Uganda Data Centre, the Northern Uganda Rehabilitation Centre and the Northern Uganda Youth Development Centre. The four main strategic objectives of the PRDP are to:

- Consolidate state authority;
- Rebuild and empower communities;
- Revitalise the economy; and
- Promote peace building and reconciliation.

229. It is estimated that the PRDP will cost the country US$607 million over the three-year period. Of this total, the government will contribute 30 per cent, while the remaining 70 per cent will be expected to come from donors. At the end of the period, the pro-

gramme will undergo evaluation. Following this assessment, more resources will be allocated to ensure that post-conflict reconstruction and development in Northern Uganda achieve their objectives fully. The international community, including the UN and the World Bank, has given a positive signal in support of the PRDP.

230. While recognising the value and significance of various strategies that are in place to find a lasting solution to armed conflict (including disarmament, diplomatic interventions, mediation and peace talks), the CRM noted informal efforts made by various groups in rural communities. These involve local people and their traditional leadership of chiefs and the councils of elders dealing with some of the conflicts, such as land, pastoral or family conflicts. At the consultative workshop in Mbarara, the CRM was informed of an initiative involving women in this district, which was sponsored by the European Union (EU) through the Uganda Gender Centre. This initiative provides a forum for local people, predominantly women, to manage social conflicts ranging from family squabbles to land disputes and pastoral clashes constructively. As a result of the efforts prompted by this initiative, the number of cases taken to the local council for resolution has been drastically reduced and social cooperation within the district has improved tremendously.

Inter-state Conflicts

231. Today, Uganda peacefully coexists with four of its five neighbours: Kenya, Rwanda, Sudan and Tanzania. This situation presents an opportunity for nurturing and consolidating fragile peace and security in the Great Lakes Region. In contrast, the inter-state relations between Uganda and the DRC remain tense and at times prone to conflict. This not only poses a serious security problem to the two countries, but also constitutes a major threat to sustainable peace and security so critical to regional integration in both the Great Lakes and the East African regions.

232. A positive development that has the potential to add considerable value to regional integration and peaceful coexistence in the East African region is the currently ongoing peace talks between the government of Uganda and the LRA, mediated by the government of the Southern Sudan. This is a good example of neighbouring states becoming each other's peacekeeper. It is also a good case of Africans taking responsibility for resolving problems of Africans, as clearly articulated by the Constitutive Act of the African Union.

233. As part of the efforts towards regional integration, regional economic communities, such as the East African Community (EAC) and the Intergovernmental Authority on Development (IGAD), have made modest contributions to assist member states in managing inter-state conflicts constructively and peacefully. This is due to the realisation that peace and security in any one of the member states are dependent on stability throughout the entire region. Besides, without peace and security in the region, member states cannot successfully pursue effective development policies and strategies

capable of extricating ordinary people from the scourge of poverty. That is why, in 1998, EAC member states signed the Memorandum of Understanding on Cooperation in Defence, outlining specific areas of inter-state cooperation in the matter of defence and security. On its part, the IGAD has put in place a Conflict Warning and Response Mechanism aimed principally at redressing intra-state and inter-state pastoral conflicts.

234. Uganda has a population of about 222 310 refugees, many of whom came from the DRC and Sudan seeking political asylum from armed conflicts in their own countries. The refugee problem reinforces the regional dimension of the conflict in Northern Uganda. Sustainable democratic governance and development in East Africa in general, and in Uganda in particular, requires political stability and durable peace. The streams of refugees entering the country as a result of conflicts afflicting its neighbours presents another major challenge to development in Uganda. The recent post-election conflict in Kenya, for example, triggered refugee flows into Uganda. About 7 000 Kenyans sought refuge in Uganda's eastern district of Tororo alone. One of the major problems is that the government of Uganda does not have adequate resources to address the diverse socioeconomic and political challenges facing the internally displaced persons (IDPs) and refugees. Consequently, these people rely heavily on relief aid from donor agencies and the voluntary services provided by local and international NGOs.

iii. Recommendations

235. The APR Panel recommends that Uganda should:

- Ensure that ongoing efforts towards land reform through amendment of the 1998 Land Act are geared towards, among other things, amicable resolution of land disputes and conflicts. The government is to provide adequate resources to the land tribunals to ensure that they are able to carry out their constitutional mandate (MoLG; MLHUD);
- Step up efforts, in collaboration with regional and continental bodies and the international community, to ensure peaceful resolution of the armed conflict and expedite the concluding of the Comprehensive Peace Agreement through the Juba peace talks (government; UHRC; civil society);
- Fully implement the PRDP of Northern Uganda over the next three years (Prime Minister's Office; MoLG; private sector; CSOs);
- Ensure that, in the process of resolving the armed conflict and implementing post-conflict reconstruction and development programmes, specific interests and human rights of vulnerable groups are addressed and promoted, including those of children, orphans, the elderly, IDPs, refugees, ethnic minorities and people living with HIV/AIDS (Prime Minister's Office; all ministries; UHRC; specific organisations representing vulnerable groups; CSOs);
- Investigate violence against women, punish perpetrators and rehabilitate victims (UPF; UHRC; CSOs);
- Support local initiatives aimed at institutionalising alternative justice systems through the utilisation of informal mechanisms for managing micro-level con-

flicts as part and parcel of broader programmes aimed at poverty eradication and post-conflict reconstruction and development (MoLG; UHRC; CSOs; traditional leadership institutions); and

- Intensify its current efforts aimed at promoting inclusiveness, redressing marginalisation and managing diversity by establishing the Equal Opportunities Commission and providing resources for the Commission to carry out its mandate effectively (Prime Minister's Office; MGLSD; MoLG).

Objective 2: To foster constitutional democracy, including periodic competition and opportunity for choice, the rule of law, a Bill of Rights and the supremacy of the Constitution, as firmly established in the Constitution

i. Summary of the CSAR

Supremacy of the Constitution and Rule of Law

236. Uganda has had a turbulent constitutional history. Up until the constitution-making process that resulted in the adoption of the 1995 Constitution, the country lacked an entrenched culture of constitutionalism. The 1962 Constitution, bequeathed to Uganda by the departing British colonial administration, was replaced by one popularly known as the Pigeonhole Constitution, because members of Parliament (MPs) were informed that their copies were in their pigeonholes – having not participated at all in its preparation, consideration and, needless to add, its approval. It was soon replaced by the Republican Constitution of 1967, which was also controversial because it was debated by a Parliament whose mandate had expired and whose term was deemed to have been extended by a further five years. Generally, the 1967 Constitution undermined the rule of law and the separation of powers, both of which are cardinal pillars of democratic governance. The political system was characterised by centralisation of power to the benefit of the executive branch of the government, and to the detriment of the principles of checks and balances. During 1971 to 1979, the Constitution was suspended and rule by military decrees was institutionalised. Where constitutional rule is non-existent, governance lacks legitimacy and is susceptible to political instability and a culture of iron-fisted dictatorial rule. This is precisely what happened in Uganda between the mid-1960s and mid-1980s, in an era that was marked by an institutionalised culture of militarism.

237. It is against this backdrop that, in 1988, the NRM government instituted a constitutional review process under the stewardship of Justice Benjamin Odoki, the current Chief Justice. It was to drive the new constitution-making process in Uganda ensuring as much public participation and inclusiveness as possible. The process took eight years and, for the first time ever in the history of Uganda, it was participatory and inclusive,

involving countrywide consultations at all levels. The report of the Odoki Commission was subjected to debate by an elected Constituent Assembly, culminating in the promulgation and adoption of the 1995 Constitution of the Republic of Uganda. This constitution-making process was important for restoring the principle of the supremacy of the Constitution, parliamentary democracy and legitimacy of rule. Since its adoption in 1995, the current Constitution has been subjected to three major amendments.

238. The Constitution was amended in 2005 to provide for a transition from the movement political system to a multiparty system; to remove term limits for the Office of the President; and to repeal the right to recall an MP. Between 1986 and 2005, Uganda had a no-party movement system in which election of MPs was premised on individual merit and party political affiliation. In 2005, this system was changed through a referendum, and resulted in the adoption of the present multiparty system after the first multiparty elections were held in 2006.

239. Removal of the constitutional limit of the tenure of the President to two terms has ignited political controversy regarding the manner in which it was handled in Parliament, given that it coincided with the provision of funds to NRM MPs, which were purportedly meant to facilitate their constituency development work. This has created a public perception of possible political corruption being involved. It was also feared that the amendment of the Constitution, by removing the term limit for the office of the President, may undermine Uganda's fledgling multiparty democracy and the emerging, yet still embryonic, culture of constitutionalism.

240. Similarly, the repeal of the right of the electorate and special interest groups to recall MPs who are deemed ineffective and unable to deliver services to their constituencies may compromise the principle of vertical accountability of the elected representatives to the electorate.

Institutions for the Promotion of Democracy

241. The 1995 Constitution provides for four key institutions to promote democracy:

- Uganda Human Rights Commission (UHRC);
- Inspectorate of Government, or Inspector-General of Government (IGG);
- Auditor-General; and
- Electoral Commission (EC).

242. The UHRC is established by section 51 of the 1995 Constitution and the Uganda Human Rights Commission Act of 1997. It comprises the chairperson (judge of the High Court) and no less than three other commissioners, all appointed by the President with approval of Parliament. Its main constitutional mandate includes the promotion and protection of human rights as provided in the Bill of Rights of the Constitution (Chapter Four).

243. Two of the main functions of the UHRC are to establish a continuing programme of research, education and information to enhance respect for human rights; and to formulate, implement and oversee programmes intended to inculcate in citizens an awareness of their civic responsibilities and an appreciation of their rights and obligations as free people. The UHRC's task is a mammoth one, given the history of political instability, armed conflict and abuse of human rights during the long period of turbulence, brutality and authoritarian rule. As mentioned, the worst forms of human rights abuses have occurred against innocent civilian populations subjected to the armed conflict perpetrated by the LRA in Northern Uganda. However, the UHRC has also found that human rights abuses have been committed by state security agencies. Consequently, both the UHRC and the government have established civil military co-operation centres to redress this problem.

244. The office of the IGG is established by section 223 of the 1995 Constitution. The IGG and the Deputy IGGs are appointed by the President with the approval of Parliament. The number of Deputy IGGs is the prerogative of Parliament. The IGG is person of integrity, qualified to be appointed as judge of the High Court.

245. Essentially, the IGG aims to ensure adherence to the Leadership Code of Conduct provided in section 233 as a mechanism established by Parliament for ensuring ethical conduct by public officials and combating corruption. Thus, the IGG is an anti corruption body that investigates cases of corruption but lacks power to prosecute. Only since 2007 has the IGG begun dealing with high-profile cases of corruption involving former ministers and top political leaders. The functions of the IGG are to:

- Promote and foster strict adherence to the rule of law and principles of natural justice in administration;
- Eliminate, and foster the elimination of, corruption and abuse of authority and of public office;
- Promote fair, efficient and good governance in public offices;
- Supervise the enforcement of the Leadership Code of Conduct;
- Investigate any act of omission, advice, decision or recommendation by a public officer or any other authority to which this section applies; and
- Stimulate public awareness about the values of constitutionalism in general and the activities of its office, in particular, through any media and other means it considers appropriate.

246. The Office of the Auditor-General is one of the most important institutions for promoting democracy, as it is meant to monitor good public finance management and governance. It is established by section 163 of the 1995 Constitution, and the Auditor-General is appointed by the President with the approval of Parliament. This person's main functions are to audit and report on the public accounts of Uganda and of all public offices, and to conduct financial and value-for-money audits in respect of any project involving public funds. He or she submits reports annually to Parliament for

debate. The Office of the Auditor-General plays an important oversight role in public institutions' use of national budgetary resources and in ensuring that Parliament is fully involved in the monitoring and management of public finances.

247. The EC is established by section 60 of the 1995 Constitution and the Electoral Commission Act of 1997. It comprises a chairperson, a deputy chairperson and five other members, all appointed by the President with the approval of Parliament. All are persons of high integrity. Unlike the UHRC and the IGG, no qualification has been stipulated for the chairperson and members of the EC, except that no MP, member of a local government council, member of the executive of a political party or political organisation, or a public officer is eligible to membership of the EC. Electoral commissioners hold office for seven years renewable once only.

248. The main functions of the EC are to:

- Ensure that regular, free and fair elections are held;
- Organise, conduct and supervise elections and referenda;
- Demarcate constituencies;
- Ascertain, publish and declare results of elections and referenda;
- Compile, maintain, revise and update the voters' register;
- Hear and determine election complaints; and
- Formulate and implement voter education programmes relating to elections.

249. The CSAR notes that the EC faces a number of challenges. First, it lacks sufficient resources to undertake all its functions effectively and efficiently. This problem is compounded by the EC's additional tasks of coordinating and managing the functioning of about 35 registered political parties, as provided for by the Political Parties and Organisations Act of 2005. Second, the EC does not have the capacity to conduct presidential, parliamentary and local council elections simultaneously, and is stretched to the limit in conducting by-elections for both constituencies and local councils. Third, there is still controversy over the independence of the EC, especially from undue political influence by the ruling NRM and the executive arm of the government. The CSAR further notes that, apart from inadequate funding, the EC is largely partisan and should be overhauled to reflect the demands of a multiparty setting. Without independence, the EC will not be able to organise credible elections.

The Electoral System and Political Competition

250. Up until the 2005 referendum that led to the adoption of the multiparty system, Uganda held elections according to the movement system based on individual merit. The EC managed and conducted the first multiparty elections in 2006, following the reintroduction of multiparty democracy. In undertaking its constitutional mandate to conduct and manage elections, the EC is guided by the Electoral Commission Act of 1997, Presidential Elections Act of 2005, Parliamentary Elections Act of 2005, Local Government Act of 2005 (as amended), Access to Information Act of 2005, and Electronic

Media Act of 2005. The movement system, which disallowed elections on the basis of political party affiliation, is perceived to have constrained some human rights as enshrined in the Bill of Rights, including freedom of assembly and association. Thus, the liberalisation of the political space by allowing political parties to compete freely and fairly for state power is a positive and commendable development.

251. Elections take place at various levels of society. At national level, presidential and parliamentary elections are held, while at local level, there are local government elections and elections of special interest groups. Consequently, the country uses various types of electoral system depending on the level of an election. For presidential elections, a Single-Member Majoritarian (SMM) system is used in which the winner of the presidential race must garner 50 per cent plus 1 of the total valid votes cast. If no candidate is able to capture a clear majority of votes in line with the SMM system, a run-off is held. The 2006 presidential elections were won by Yoweri Museveni of the ruling NRM by 59.28 per cent, as shown in Table 3.2.

252. With regard to parliamentary elections, a Single-Member Plurality (SMP) system is used in which one candidate has to emerge victorious in each one of the 215 constituencies on the basis of a simple plurality (not majority) of votes. This is a typical British type of electoral system commonly known as First-Past-The-Post (FPTP) and also colloquially referred to as the "winner-takes-all" system.

Table 3.2: Results of the 2006 Presidential Election

Candidate	Party	Votes in	% votes
Abed Bwanika	Independent	65 874	0.95
Besigye Kizza	FDC	2 592 954	37.39
Obote Kalule Miria	UPC	57 071	0.82
Ssebaana John Kizito	DP	109 583	1.58
Yoweri Kaguta Museveni	NRM	4 109 449	59.26
Total number of valid votes cast		6 880 480	
Total number of rejected ballot papers		292 525	4.1% (of ballots counted)
Total number of ballot papers counted		7 173 241	69.2% (of registered voters)

Source: Electoral Commission (EC). 2006. Report of the 2005/2006 General Elections, August. Kampala: EC.

253. Local council elections follow the same SMP model as the parliamentary elections, except that at local level there is a requirement for women-only elections in order to ensure 30 per cent representation of this special interest group in local councils. Special interest groups represented in Parliament (the youth, women, workers, the military and people with disabilities) also elect their representatives through their own electoral colleges on the basis of the SMP system. This electoral affirmative action, especially at local government level, is a feature of decentralisation and popular participation in Uganda that other African states could learn a great deal from.

254. Political parties have become a feature of Uganda's political system since the 2005 referendum. They are now allowed to take part actively in the competition for state power at various levels, including the contestation for Parliament, presidential elections and local council elections. There are currently 35 registered political parties. Parties are required to register with the EC, which has the mandate to coordinate and manage their functioning. As they are new institutions lacking strong structures, these parties exhibit weaknesses in terms of their internal functioning and are also marked by poor inter-party relations. For instance, the CSAR notes that there is still a tendency to regard the opposition as rebels.

Decentralisation and Popular Participation

255. One of the democratic principles that the 1995 Constitution upholds is the decentralisation and devolution of governmental functions and powers to the people at appropriate levels where they can best manage and direct their own affairs. Decentralisation is essential for improving service delivery at community level. The CSAR notes that decentralisation can be administrative, political or financial.

256. Uganda has the requisite legislation governing local government. It also has the necessary institutions at both central and local government levels for anchoring democratic local governance. However, developing good legislation and institutional frameworks is one thing, while ensuring compliance with the legislation and the effectiveness of the institutions is quite another. Local government institutions in Uganda unfortunately remain ineffective in terms of delivering social services and improving people's socioeconomic livelihoods. The CSAR observes the following challenges that hinder the effectiveness of local councils:

- Biases in the recruitment process;
- Difficulties to attract and retain qualified staff;
- Difficulties in the creation of new districts;
- Lack of local revenue and dependence on central government subventions;
- Usurpation of local councils' power by central government, as in the case of the appointment of the chief administrative officers;
- Weak institutional capacity of local councils;
- Corruption; and

- The challenge of effective popular participation in decentralisation. Local communities are not fully involved in the process of planning, implementing and evaluating development programmes. Only once a year they are involved in the process of budgetary conferences at district level.

Civilian Oversight of the Security Forces

257. The security forces form an adjunct of the executive branch of the government in charge of protecting the sovereignty of the country and maintaining law and order. Security agencies include the UPDF, the Uganda Police Force (UPF), the Intelligence Services and the Prison Services. In a democratic setting, security agencies should be accountable to civil authorities.

258. The Parliamentary Committee in charge of defence has to ensure that Parliament oversees various defence and security issues, including defence spending. However, given that the military forms part of Parliament as a special interest group, the effectiveness of this Committee in overseeing defence and security policy and financing is bound to be affected by the direct involvement of the military in its work.

ii. Findings of the CRM

Supremacy of the Constitution and Rule of Law

259. Implementation of the Ten-Point Programme in the early years of the NRM government reversed autocratic governance. Since then, a political culture and practice of the supremacy of the Constitution and the rule of law has increasingly developed, and resulted in the constitutional review process led by Chief Justice Odoki in 1988. The constitution-making process that the NRM government embarked on was inclusive and broadly representative, involving all key stakeholders in the country. Spanning a period of eight years, the process culminated in the drafting and adoption of the new Constitution in 1995. The comprehensive Bill of Rights in Chapter Four of the Constitution includes equality and freedom from discrimination, protection of the right to life, protection of personal liberties, respect for human dignity, protection from inhuman treatment, protection of freedom of conscience, expression, movement, religion, assembly and association, and the right to education. To ensure that dictatorship does not enter through the back door, section 75 explicitly states that "Parliament shall have no power to enact a law establishing a one-party state".

260. In the case of the removal of the presidential two-term limit from the 1995 Constitution, evidence of popular participation is non-existent. Nevertheless, the executive did not exercise arbitrary power in the manner in which the issue was handled, and the legislature duly approved and endorsed the executive's proposed amendment. What seems to have triggered controversy, however, was the coincidence of this decision by Parliament with the provision of funds to MPs earmarked for constituency development,

thus creating the impression that political corruption was at play in the process. It also created the impression of undue political influence of the executive over the legislature. However, every country is free to set tenure limits or not – many old democracies of the West have no such constitutional limit. What is imperative is to put in place an electoral system that is professional, comprehensive and corruption-free, as well as an independent electoral commission that is perceived by one and all to possess the highest integrity. The appointment of such a commission must, ipso facto, be independent. Voters will then be able to exercise their sovereign right of determining how long a person can serve as President.

261. Once the executive and Parliament have set the constitutional rules regarding the President's tenure of office, in the final analysis it is the electorate that will determine the President's term through the ballot box every five years. Of paramount importance, therefore, in ensuring a level playing field for competition for office of the President is the nature of the electoral system and the way in which elections are managed. All presidential candidates should be accorded the same rights and privileges, especially as regards access to the media and resources for political campaign. Additionally, the impartiality of the EC must be impeccable and it must enjoy the full confidence of all stakeholders, including the presidential candidates. The Commission must manage the voters' roll in such a way that all eligible citizens are allowed to exercise their democratic right to vote for the President of their choice. It must manage all stages of the electoral process (pre-election, polling and post-election) fairly and impartially. The manner of selecting commissioners may need to be reviewed, as the general perception is that they are partisan. Unlike the appointment of judges in Uganda, there is no independent and professional pre-selection process from which list the President is expected to make a final selection for recommendation to Parliament. There is also no provision for checking and safeguarding the integrity of the members and removing them whenever there is evidence, however slight, that integrity has been compromised.

262. With regard to the repeal of the right of the electorate and special interest groups to recall MPs, section 84(7) provides that "the right to recall a Member of Parliament shall only exist while the movement political system is in operation". This provision explains why the recall of MPs has been repealed since the adoption of the multiparty political system. Currently the right to recall MPs is vested with political parties. A political party has the right to recall its MP if it feels that the person is no longer serving the interests of the party. This arrangement is problematic for two reasons. First, given the SMP electoral model, MPs are accountable to the electorate as individuals and not to the party that endorsed their candidature. Second, it is only under a Proportional Representation (PR) electoral model that MPs are accountable and answerable to political parties.

Institutions for Promoting Democracy

263. While the establishment of the institutional framework for promoting democracy is cause for celebration in Uganda, it is worth noting that the process still faces major constraints.

During consultations with stakeholders, the CRM learnt that these institutions face enormous challenges to deliver on their constitutional mandates, chief among which is the lack of resources that the government is supposed to provide. For instance, the EC is the hardest hit by this problem, which has adversely affected its institutional capacity for undertaking its mandate to coordinate and manage the political parties. It is encouraging that the Commission has adequate resources for carrying out its constitutional mandate, as confirmed to the CRM by the chairperson of the UHRC.

264. More importantly, the CRM found that a major function that the UHRC, IGG and EC ought to undertake, but are failing to execute effectively (in part due to resource constraints) is that of continuous civic education. Although the UHRC assured the CRM that it had adequate resources and was embarking on nationwide human rights and civic education, results of this programme were difficult to measure. In almost all the regional consultations (with the exception of Mbarara, where a representative of the regional office of UHRC attended), stakeholders raised concerns about the lack of, or little, effort being made towards educating citizens about democracy and human rights. Participants at consultative meetings were excited and enthused by the recent transition from the no-party movement system to a multiparty system, but they had little, if any, knowledge of how the multiparty system was supposed to operate and what exactly their role in this new political dispensation would be. Rectifying this democratic deficit requires systematic and continuous civic education, including mainstreaming aspects of democracy education into the formal curricula.

265. During the interactive session with the EC, it emerged that the security of commissioners' tenure remains problematic. Unlike the judiciary and the IGG, where the dismissal of a top official requires a probe by a tribunal, electoral commissioners can be removed by the President without a tribunal to establish circumstances for their dismissal. The EC expressed its concern about the lack of security concerning commissioners' tenure of office. It was noted that this was one of the examples that demonstrated how weak the independence of the Commission is.

The Electoral System and Political Competition

266. While the SMP system that Uganda uses to elect its Parliament is generally reputed for ensuring an MP's accountability to his or her constituency, in practice this MP-constituency link is more often than not a myth. The CRM learnt that MPs tend to forget the electorate in between elections, only to remember them at the next elections. The FPTP system is also notorious for its inability to facilitate broad representation of all groups in society, unless the governments concerned take deliberate measures to provide quotas for such groups by way of electoral affirmative action, as Uganda has done.

267. However, in conflict-prone societies like Uganda, the FPTP system is deficient, as it is unable to ensure broad-based political representation of diverse ethnic and regional interests. It is as a result of these deficiencies of the FPTP model that some African coun-

tries are increasingly reforming their electoral system towards the PR system, or a mixed system combining elements of both PR and FPTP. A mixed or PR system that will encourage the institutionalisation of political parties is a major challenge for the institutionalisation of democracy in Uganda. It may also facilitate the politics of accommodation and broad representation, reconciliation and harmony.

268. Moving the electoral reform away from the FPTP system towards a more proportional system could prove useful in dealing with the diverse conflicts that Uganda is experiencing. It could help the country in its pursuit of peace, justice and reconciliation, as it did in Lesotho in 2002, Mozambique in 1994, Namibia in 1989 and South Africa in 1994. However, an electoral system reform on its own may not be a panacea for a country's political problems. A wide array of strategies is required for addressing these problems, including prudent leadership, establishment of a culture of political tolerance, peaceful resolution of conflicts, and post-conflict reconstruction and development. These strategies may be included in the curricula of the educational, training and research centres.

269. Being a new feature of Uganda's political landscape, political parties face many other huge challenges. First, they have not extended their presence beyond urban centres. Having a nationwide presence presents a political burden more to opposition political parties than to the dominant ruling party, the NRM, which has established itself since 1986 and has a strong presence in both urban and rural areas of the country.

270. Second, party political activities have not yet become an entrenched political culture in Uganda and, as such, parties need to know exactly what their main functions during elections and in between elections are, including embarking on social mobilisation and civic education. This process will help build foundations for smooth inter-party relations and establish a culture of political tolerance.

271. Third, most parties lack distinctiveness in terms of their ideological worldview and policy and strategic paradigms. They also lack an internal democratic culture and practice. Lack of clear-cut policy menus and ideological positions distinguishing them from each other has prevented the various parties from providing the electorate with significant political choice.

272. Fourth, while the political system has been transformed by law from the movement system to a multiparty system, in practice, change in behaviours and mindsets is yet to happen as the system still operates pretty much like the movement system in the former era. As the saying goes, old habits die hard. It is evident that the way in which parties relate to each other both in and outside Parliament vividly exhibits enormous challenges for the establishment of a robust culture of political tolerance. The interrelationship between the ruling and opposition parties is marked by tension, acrimony and mutual distrust.

273. Fifth, the interrelationship between the EC and political parties remains uneasy, espe-

cially the relations of the Commission with opposition parties. The latter have raised concerns about the independence and impartiality of the EC. For some time before 2006, the EC had put in place a mechanism for improving relations with parties in the form of the Inter-Party Electoral Liaison Committee. This Committee has not been functioning since the election. The opposition parties also raised the issue of the lack of operationalisation of the National Consultative Forum, which was meant to bring parties together to share ideas on key national issues.

274. Sixth, lack of a code of conduct for political parties has also contributed to unhealthy inter-party relations, as well as various cases of electoral malpractices including vote buying, as experienced during the 2006 elections. During interactive discussions with the EC, this issue featured prominently. The EC indicated that one of the problems it faces in managing the parties during and in between elections is that the code of conduct has not yet been enacted.

275. Finally, political parties in Uganda lack adequate resources to carry out their mandate. For parties to compete for power effectively and survive in between elections they need human, infrastructural and technological resources, and all these require funds. Parties in Uganda are not provided with public funding.

276. At the various consultative meetings held with political parties, the CRM learnt that legislation exists that contravenes parties' freedoms of assembly, expression and association. Such legislation is not only in conflict with the Bill of Rights in the 1995 Constitution, but also retards the process of institutionalising multiparty democracy. Special reference was made to Statutory Instrument No. 53 of the Police Act, which came into effect in September 2007 and allows the police to break up political gatherings of more than 25 people in urban areas. This law also requires anyone intending to convene a rally of more than 25 people in an urban area to seek permission from the police chief. During the CRM there were cases of police breaking up demonstrations in Kampala on the basis of this legislation. At one of these demonstrations, held at Kisseka Market on Tuesday, 12 February 2008, police shot at demonstrators, injuring at least five people. The incident caused a great public furore. On Tuesday, 19 February 2008, opposition parties led by two political parties, the Forum for Integrity in Leadership and the People's Development Party, held a peaceful demonstration against this law in Kampala and handed a petition to the Speaker of Parliament. In the meantime, a private motion has been moved in Parliament for the repeal of this law, but the House resolved that the government should review it.

277. The need to respect the Bill of Rights, especially in regard to freedom of association, expression and assembly, was confirmed by the UHRC during a consultative meeting with the CRM. The chairperson of the UHRC noted that it is imperative for the political leadership to ensure that these rights are respected and observed as the country marches forward towards a dispensation of multiparty democracy. In her own words, "all parties need to understand what a multiparty democracy is both in concept and in

practice. What is the role of opposition parties in a multiparty system? What is the role of the ruling party in a multiparty system? How should parties interrelate?" The CRM learnt that the UHRC is working on guidelines on freedom of assembly and association to assist in this process. Uganda needs to learn from other African countries how political parties operate and function in an institutionalised multiparty demo cratic system. Having running battles with the police due to restrictions on freedoms enshrined in the Constitution is not characteristic of a vibrant democratic system.

Decentralisation and Popular Participation

278. Uganda's decentralisation policy is designed to:

- Transfer real power to the local government and thus reduce the workload on remote and under-resourced central government officials;
- Improve service delivery, effectiveness and accountability, thereby promoting a sense of people's ownership of local government programmes and projects;
- Free managers in local government from constraints of central authorities, thus allowing them to develop organisational structures tailored to local conditions;
- Improve financial accountability and responsible use of resources by establishing a clear link between payment of taxes and provision of the services financed; and
- Improve the capacity of local councils to plan, finance and manage the delivery of services they finance.

279. The CRM found that Uganda has an elaborate local government system aimed at achieving the above goals and objectives, ranging from the village level to the district level. Village councils comprise all members of a village aged 18 years and above. Next come the parish councils that consist of all village executive committee members. Sub-county councils comprise all executive committee members of the parishes. In turn, county councils comprise all sub-county executive committee members. Finally, district councils consist of all executive members of the counties and are the basic structure of local government. These structures are backed by appropriate legislation, rules and procedures for managing their affairs, including their financing.

280. However, it emerged from consultative meetings with key stakeholders that what started off as genuine decentralisation may be degenerating into re-centralisation, as local councils are now heavily dependent on central government. Their relative administrative, political and financial autonomy is fast disappearing. Recruitment of, and appointment to, top positions in local councils, including the chief administrative officer, are not the responsibility of the District Service Commission, but the Public Service Commission. In a consultative workshop held in Mukono District (Central Region), a participant raised the issue of lack of clear division of labour between the responsibilities of the local council chairpersons (elected officials) and those of the resident district commissioners (appointees of the President in each district). The financial

autonomy of the local councils has been severely eroded by the abolition of graduated tax which, in turn, has constrained their local revenue base. The councils used to depend on this tax for 90 per cent of their operations. As the CRM learnt during consultative workshops in Mbarara District (western region) and Mbale District (eastern region), councils are now able to raise only 30 per cent of their required revenue. The remaining 70 per cent is provided by the government in the form of conditional grants, unconditional grants and equalisation grants. During the interactive sessions, the CRM learnt that local councils' dependence on government grants is more pronounced in poorer districts, such as Gulu, where about 90 per cent of the revenue comes from government grants.

281. Besides their lack of financial autonomy and their dependence on central government funding, local councils have faced enormous problems especially with the proliferation of districts, now numbering 80. During the consultative workshops, stakeholders perceived this large number as both a cure and a curse – some participants felt they brought services closer to the people, whereas other participants suspected that they were more of a political project aimed at consolidating political support of the ruling party while being established with no consideration for their economic viability. Given the tribal/ethnic nature of these districts, it could aggravate the balkanisation of the country into smaller ethnic fiefdoms and potentially hamper current efforts at reintegration and management of diversity. The many districts have also become a bureaucratic chain of corruption, as nepotism and corrupt procurement and tender processes have become the norm and so undermine service delivery.

Civilian Oversight of the Security Forces

282. Civilian oversight over the security forces is meant to ensure that the security establishment is accountable to oversight institutions such as Parliament. This is important not only for institutionalising smooth civil-military relations, but also for building public confidence in all operations undertaken by security forces.

283. Civil-military relations in Uganda still need to improve in two main areas. First, accountability of the security forces to Parliament needs to be strengthened and, in order to do this, the direct representation of the army in the legislature has to be reconsidered. Second, the military court system needs to be streamlined with the judiciary. In this regard, the military courts martial system has to be harmonised with the courts of judicature to avoid disputes between the two.

iii. Recommendations

284. The APR Panel recommends that Uganda should:

- Provide adequate resources for enhancing the institutional capacity of key institutions for promoting democracy, including the UHRC, IGG, Auditor-General and EC (MFPED; MJCA; Parliament);

- Enhance the credibility of the electoral process and the legitimacy of electoral outcomes, in particular by addressing contentious issues such as the voters' register, disenfranchisement, boundary demarcation, voter intimidation, vote buying, election violence, and access to the media during elections (MJCA; EC; CSOs; ULRC);
- Embark on a comprehensive review of all electoral laws and other relevant legislation to ensure they promote a vibrant multiparty system (MJCA; EC; CSOs; ULRC);
- Review the current First-Past-The-Post electoral model with a view to injecting the element of proportionality into the PR model as part of broadening representation in governance and managing diversity and reintegration on a national scale (MJCA; EC; CSOs);
- Provide public funding for political parties represented in Parliament on a proportional and equitable basis, and have the EC manage it (EC; MFPED; MJCA);
- Strengthen the institutional capacity of political parties (EC; political parties);
- Enact a Code of Conduct for Political Parties and operationalise the National Consultative Forum (MFPED; MJCA; political parties; EC);
- Devise a system of appointing electoral commissioners so that only non-partisan, independent and professional people with a high reputation are selected (government; EC);
- Review representation of the army in a multiparty Parliament – while it may have been justified to have direct representation of the army in Parliament under the no-party movement system, it is desirable to continue under the changed conditions whereby political parties are the key players in the democratic process (government; Parliament);
- Repeal Statutory Instrument No. 15 of the Police Act, which places restrictions on meetings of more than 25 people, with a view to conforming to the Bill of Rights and allowing multiparty democracy to flourish (MoIA; Parliament; political parties); and
- Institutionalise security of tenure for members of the EC by ensuring that dismissal is dependent on recommendations of a tribunal, as for judges and the IGG (MJCA).

Objective 3: To promote and protect economic, social, cultural, civil and political rights as enshrined in all African and international human rights instruments

i. Summary of the CSAR

285. In its overall assessment of Uganda's performance in promoting and protecting economic, social, cultural, civil and political rights, the CSAR observes that " Ugandans are enjoying a wide range of rights including freedom of expression and religion, as well as

access to basic services and housing" (p. 95). This is largely attributable to measures undertaken by the government for protecting and promoting these rights over time, especially since 1986.

Measures for Promoting Human Rights in Uganda

286. Uganda has ratified various international, regional and sub-regional instruments that protect and promote the economic, social, cultural, civil and political rights of its people. These include the ICCPR, the International Covenant on Economic, Social and Cultural Rights, the Convention on the Rights of the Child (CRC), the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), various instruments of the International Labour Organisation (ILO), the Constitutive Act of the African Union, the African Charter on Human and Peoples' Rights, the African Charter on the Rights and Welfare of the Child, and the Protocol to the African Charter on Human and Peoples' Rights on the Establishment of an African Court on Human and Peoples' Rights.

287. In order to domesticate these instruments, the government has put in place various legal instruments for promoting and protecting these rights. Chapter 4 of the Constitution of Uganda contains an expansive Bill of Rights that guarantees fundamental rights and freedoms, including freedom of expression, association, assembly and participation in elections. The Constitution therefore complies mainly with the provisions of the various human rights instruments that Uganda is party to. The Bill of Rights covers several civil and political rights, such as equality and freedom from discrimination (section 21), protection of the right to life (section 22), protection of personal liberty (section 23), respect of human dignity and protection from torture (section 24), protection from slavery and forced labour (section 25), the right to a fair hearing (section 28), civic rights and activities (section 38), the right to vote (section 59), the right to access to information (section 41) and prohibition of derogation from particular rights and freedoms (section 43).

288. The government has put in place the Universal Primary Education (UPE) policy, which protects and promotes the right to education, as well as the Universal Post-Primary Education and Training (UPPET) policy, which aims at ensuring that pupils who complete their primary education are also able to access post-primary educational institutions. Tailor-made educational programmes cater for groups that suffered social exclusion for various historical reasons, such as the Alternative Basic Education for Karamoja (ABEK) educational programme catering for the needs of a disadvantaged ethnic group. The realisation of the right to education is limited by two main challenges addressed in the CSAR. While UPE has facilitated high enrolment rates, there are no mechanisms for ensuring retention of those enrolled. This is evidenced by the high dropout rate of 52 per cent in 2006. Similarly, expansion of enrolment has not corresponded with increased resources to ensure quality of service delivery and a corresponding improvement of people's livelihoods. Again, this is evidenced by declining trends in numeracy levels of primary pupils, which dropped from 41.5 per cent in 1999 to 20.5 per cent in 2003.

289. In protecting and promoting the right to health, the government has prioritised provision of healthcare services to the majority of Ugandans. For instance, one of the National Programme Priority Areas covered in the PEAP is healthcare services. The Ministry of Health consequently developed the Health Sector Strategic Plan II (2005/6 to 2009/10), with the aim of contributing to the PEAP and the Millennium Development Goals (MDG) of reducing maternal and infant mortality rates. These rates threaten the right to life for both women and children, reduce fertility, intensify malnutrition and add to burden of the HIV/AIDS pandemic, tuberculosis and malaria. In addition, the Health Policy aims at improving access to health facilities through construction of physical facilities at sub-county and parish levels. The main challenge raised in the CSAR is the lack of resources, including essential drugs and adequate health personnel, and the availability of specialised treatment.

290. The government, through the National Housing and Construction Company (NHCC), is promoting access to affordable housing by constructing housing units to meet the different needs of various social categories of Ugandan people. The scheme is, however, urban based and mainly in Kampala. The majority of citizens living in rural areas and other urban centres continue to be excluded from this initiative. The situation is worsened by the absence of a National Housing Policy, apart from the national shelter strategy. The CSAR underscores the need for a national policy that will ensure that all Ugandans have access to affordable housing.

291. The CSAR notes that the government has created a legal and regulatory environment for protecting the right of Ugandans to employment. Several labour laws have been enacted including the Employment Act of 2006, Labour Disputes (Arbitration and Settlement) Act of 2006, Occupational and Health Act of 2006, the National Labour Policy of 2006 and Equal Opportunities Act of 2006. The main issue raised by the CSAR is that these Acts have not been operationalised yet – they had just been instituted when the CSAR was being compiled.

292. Cultural rights are constitutionally guaranteed. Furthermore, the government has created administrative district support services to facilitate “cultural self-determination”. Initiatives have been undertaken to preserve all ethnic languages, as well as promote a national language. The government has also restored some of the kingdoms that were abolished by the 1967 Constitution. The report makes no mention of any challenges with regard to cultural rights.

Policies and Laws to Promote Civil and Political Rights

293. The CSAR observes that policies for the promotion of civil and political rights are not clear-cut as those for socioeconomic and cultural rights. Freedom of expression (and the media) and the right to access information are enshrined in the 1995 Constitution. Uganda is also a signatory to various regional and international standards protecting and promoting freedom of expression and the media. Measures taken to promote and

protect this right include the enactment of media-centred laws such as the Press and Journalist Statute of 1995, Electronic Media Act of 1996, Access to Information Act of 2005 and Uganda Broadcasting Corporation Act of 2005. The government has also put in place media regulatory institutions such as the Media Council and Communication Council.

294. There are, however, several challenges limiting full enjoyment of the freedom of expression and the media. The CSAR identifies deficiencies in related laws, such as the Journalist Statute, which provides for issuing annual licences and annual practising certificates to journalists. A penalty of 300 000 Ugandan shillings or imprisonment of up to six months is imposed on failure to comply. In addition, the right to privacy and public interest provided in the Constitution is reinforced by the law against defamation. According to the CSAR, many journalists have fallen victim to this law, particularly because of delays in justice delivery. This frustrates and limits freedom of expression and the media.

295. The powers granted to the Minister of Information to ban publications in the public interest under sections 36 to 40 can potentially limit the freedom granted by the same law. The law of sedition prohibits publication of degrading information or exposure of personalities, particularly foreign dignitaries, and thus restricts media freedom. Other clauses include section 101, which prohibits disrespect of, disturbing interference in, or influencing of judicial proceedings. This may restrict the reporting of court cases that could be of public interest. Section 9(1) of the Terrorism Act forbids publication of news or material that promotes terrorism. As the definition of terrorism is contested, such a restriction could be abused.

296. The CSAR also notes abuse of freedom of expression by journalists, for example in cases where they fail to verify their facts before publishing. The high licence fee required by the broadcasting council is identified as another constraint. Such clauses can work against the principles of freedom of the media.

297. Freedom of religion is provided for in section 7 of the Constitution, which declares Uganda a secular state, and section 29 that guarantees Ugandan citizens freedom of worship. The CSAR, however, notes cases of manipulation by unscrupulous individuals who abuse this right. A case in point is the Kanungu massacres in 2000, where worshippers in a church were locked in and burnt to death.

298. Freedom of association is captured in section 29 of the Constitution, which provides for freedom to join associations, including trade unions, political parties and other civic organisations. This constitutional provision has resulted in the formation of several political parties, CSOs and trade unions. The government has also enacted several laws to regulate this freedom, including the Political Parties and Organisations Act (PPOA) of 2005 and the NGO Registration Act. The CSAR concludes that the government of Uganda has created an environment conducive to the operation of CSOs. With regard

to political participation, however, the opposition is weak and the CSAR attributes this to the early formative stages in which the multiparty system finds itself. Apart from contested space for organising political rallies (such as the Independence Square in Kampala), the CSAR claims that political parties do not face other major restrictions.

Institutions Promoting Human Rights

299. The government has put in place various institutions that promote and protect human rights, including the UHRC, courts of law, Uganda Police Force (UPF) and local council courts. CSOs working in the area of human rights play an indirect role as well.

Uganda Human Rights Commission (UHRC)

300. The UHRC performs several tasks in protecting and promoting human rights in Uganda. It conducts independent investigations into the abuse of rights, receives complaints from victims of abuse of rights, summons people for questioning and investigation on any matter, and demands disclosure of any information. According to the CSAR, the UHRC has been able to contribute to the protection and promotion of the rights of the people in several areas. It has profiled human rights at practical levels, conducted human rights education, handled complaints, exposed violators in several reports to Parliament, as well as monitored compliance with the human rights standards to which the country is party. For instance, between 1997 and 2006, the UHRC received 12 696 complaints and, in 2006 alone, it registered 1 222 complaints and passed 824 judgements. The CSAR acknowledges that the government has not interfered with the work of the UHRC, although it does not provide the Commission with adequate funding to perform its functions, particularly in delivering human rights education.

301. According to UHRC, child maintenance was the most violated right in 2006, accounting for 25 per cent of the cases, followed by freedom from torture (21.6 per cent), the right to property (14 per cent), the right to personal liberty (11.5 per cent) and the right to education (6.7 per cent).

Access to Justice for All

302. Several factors determine access to justice for all in Uganda. The first of these is physical access, which relates to the proximity of justice institutions to the users; the affordability of legal services by the majority of the users; and users' level of knowledge of procedures, court language and practices in the justice institutions. In recognition that justice for all requires coordinated efforts of multiple players, the government has adopted a sector-wide approach and established a coordinated framework, the Justice, Law and Order Sector (JLOS). The JLOS brings together 14 agencies under three primary agencies: the MJCA, the Ministry of Internal Affairs (MoIA) and the judiciary. A Strategic Investment Plan has been put in place that defines the broad policy framework for the sector.

303. The Constitution empowers Parliament to establish subordinate courts to accelerate justice delivery to all. This has led to the creation of quasi-judicial courts, such as the Human Rights Tribunal, Tax Tribunal, Family and Children Court, Land Tribunal and Court Martial. In addition, the Inspector-General of Police has been given the mandate to deal with any form of administrative injustice. Local council courts were also created for the purpose of facilitating access to justice for all.

304. Some of the challenges that hinder access to justice for all include the lack of sufficient human resources for the JLOS institutions; the language barrier and the social distance between duty bearers and citizens; lack of legal knowledge by duty bearers, particularly in local council courts; as well as laws that are insensitive to groups' rights, such as women and children.

305. Some measures taken to address these challenges identified by the CSAR include infrastructure development, legal aid, human resource development, as well as measures for reducing the backlog of pending cases of human rights abuse.

ii. Findings of the CRM

306. On the promotion of human rights generally, the CRM confirms the conclusion made by the CSAR that the Ugandan government has affirmed its commitment to protect and promote economic, social, cultural, civil and political rights through putting in place various legal, policy and institutional instruments. Additionally, the government has signed, ratified and domesticated some of the international, regional and sub-regional instruments for the protection and promotion of these rights. There are, however, several challenges in promoting and protecting human rights in Uganda, which are discussed below.

Civil and Political Rights

307. The CRM observes that the government is gradually opening up the political space to multiple players. However, Uganda is yet to build and institutionalise a political culture that respects and tolerates diversity of views and opinion. A shift away from monolithic politics, which stifled the diverse voices, is yet to be demonstrated through removing restrictive elements in laws such as the NGO Registration Act, Press and Journalist Statute of 1995, Electronic Media Act of 1996, Access to Information Act of 2005 and Uganda Broadcasting Corporation Act of 2005. Although the PPOA provides for the formation of political parties, Statutory Instrument No. 53 of the Police Act places restrictions on freedom of association, as discussed earlier.

308. Political pronouncements by high-level politicians demonstrate political intolerance of diverse voices, as well as lack of appreciation of the role of political diversity in building a robust and sustainable democracy based on the basic principles of a human rights-oriented political culture. Political opponents harbour mistrust and fear instead

of considering themselves partners in the development of a democratic state. The role of opposition parties does not seem to have been clearly articulated by both the ruling party and the opposition.

309. Some non-state actors have not demonstrated a participatory culture that is open to the diversity of voices. While trade unions appreciate the space offered for participation and representation in Parliament, some participants, during the CRM's stakeholder meeting with workers and leaders of trade unions, blamed trade union leaders for creating conditions that excluded ordinary members from competing fairly for this political space. For instance, all MPs representing trade unions are also the general secretaries of these unions. Upon election to Parliament, they do not relinquish their leadership positions in the unions, which has implications for their ability to deliver efficiently in both spheres. Some participants in a stakeholder meeting the CRM held with labour raised issues of lack of accountability mechanisms and power struggles within trade unions as constraints that have limited the power of unions to utilise the political space to articulate workers' grievances.

310. The CRM learnt that some employers do not comply with labour laws. Workers who have expressed their interests through their unions on matters such as discontent over poor working conditions and low wages have often been suppressed by employers who are also supported by the government. In a petition submitted to the Speaker of the Parliament by the Uganda Fisheries and Allied Workers Union on 11 February 2008, workers claimed that most labour laws are either not effectively enforced by the authorities or are disrespected by employees. They made reference to a case of 100 workers of Hwan Sung Ltd, who were sacked by their employer because they refused to withdraw from a union they had joined against their employer's will.

311. Delays to enact laws that comply with constitutional provisions cause denial of the constitutional rights of some citizens, as well as unfair treatment in justice delivery. For example, the divorce law was, until its repeal, biased against women's rights, as the grounds for divorce were not uniform for husbands and wives. Unlike the husband, a wife could not file for divorce on the grounds of adultery alone, as provided by Constitutional Petition No. 2 of 2003. In the case of Uganda Women Lawyers (FIDA) vs the Attorney-General, the court ruled among other things that the Divorce Act was discriminatory in so far as it provided unequal grounds for the dissolution of marriage. Even though this piece of legislation was abolished, it has left a vacuum for the protection of women from discriminatory practices embodied in customary laws and practices in matters of marital rights. The situation is aggravated by the delay in the enactment of the Domestic Relations Bill. This Bill addresses gender biases in family law in matters that affect women's and girls' rights, such as the right to own property, matters of inheritance, and so on. In addition, the Land Act of 1998 caters for women's security of occupancy and access to land but denies them ownership of land. This affects their right to enjoy equality before the law.

312. The paucity of legal protection accelerates the abuse of rights. Although freedom from torture, cruel, inhuman and degrading treatment or punishment is enshrined in section 24 of the Constitution, the UHRC continues to report cases of torture in security institutions. Of the 1 222 complaints noted by the Commission in its ninth report, 264 (21 per cent) were cases of violation of the right to freedom from torture. Most of the cases reported were lodged against the UPF, followed by the UPDF and the Violent Crime Crack Unit (VCCU), now known as the Rapid Response Unit (RRU). Torture by police and state security officers takes place in the "safe" houses where suspects are detained for days.[3] Another form of torture that is not always easy to capture is that resulting from gender-based violence, particularly at domestic level. Women are victims of domestic violence, which results in physical, psychological or mental abuse. Victims of domestic violence do not always go public – this is another area where legislation is lacking. The problem is compounded by delays in the enactment of the Domestic Relations Bill.

Social and Economic Rights

313. The CRM recognises the pervasiveness of poverty and inequalities that have an impact on the enjoyment of social and economic rights. The PEAP of 2004 indicates that 75 per cent of all premature deaths in Uganda could have been prevented. Of every 1 000 live births, at least 88 babies die soon thereafter, and for every 100 000 women giving birth, at least 354 die due to a number of poverty-based reasons, including poor access to nutrition, safe water and medical facilities. While the second PEAP indicates improvements in the delivery of health services, there has been no evidence of improved trends in child and maternal mortality. The high rate of maternal deaths results from constraints in accessing maternal services. The PEAP also indicates that access to public services has improved, but that the poor are less well served than the rich. When poverty and inequality are translated into human rights outcomes, they translate into deprivation of the right to life in a biological sense to the majority of children, women and poor men.

314. The HIV/AIDS pandemic poses new challenges to the protection and promotion of human rights. Issues of access to antiretrovirals by marginalised groups, as well as the challenges of the rights of orphans and widows, stigma and the social exclusion of people living with AIDS need serious attention from a human rights perspective.

Accessing Justice

315. The JLOS institutions are extremely under-resourced in terms of human resources, physical space and financial resources. This has affected the capacity of these institutions to promote and protect human rights in Uganda. Insufficient human resources in the JLOS have also compromised the delivery of justice. The huge backlog of court cases delays justice, congests prisons and frustrates citizens who are victims of this situation. The Supreme Court, for instance, has been unable to hear constitutional ap-

peals for close on two years now since the demise of one of the justices and the retirement of another (Monitor, Friday, 22 February 2008). The current establishment is less than half of the required number. During the interactive session with the judiciary, the CRM learnt that Parliament has approved the number of High Court judges to be increased from 30 to 50, the Court of Appeal from 8 to 15, and the Supreme Court from 7 to 11. It is of interest to note that the President appointed only 16 judicial appointees, leaving out the vacant positions of the Supreme Court, the only court in the system that has failed to hear cases because of a lack of quorum.

316. Additionally, the lack of capacity to inform citizens about their rights through civic education means that, due to lack of knowledge, it is difficult for them to hold duty bearers accountable for abusing their rights. Other than the ad hoc voter education conducted just a few days prior to elections, very little is being done to sensitise citizens to their rights.

317. The Ugandan government has created very elaborate local-level justice institutions to promote citizen participation in the administration of justice and to facilitate access to justice by the majority of citizens. Section 126 of the Constitution, which provides for people to participate in the administration of justice, led to the enactment of the Local Council Courts Act. This Act explains the scope, function and procedures of local council courts that exist at the level of villages, parishes, sub-counties, towns and divisions. At the sub-county, town and division levels, the court consists of five members, who are recommended by the executive committee and appointed by the council and district levels. At village and parish levels, the courts are composed of all members of the executive committee. Although they indeed facilitate access to justice by the majority of citizens, these structures face a number of challenges, including lack of legal knowledge by some of the court officials at this level, insensitivity of some of the officials to gender-related injustices or issues of children's rights, unawareness of judicial roles and lack of public awareness of their roles and rights in relationship to these courts.

318. Moreover, patriarchal values influence law enforcement and affect fairness in justice delivery. Expressing the double disadvantage that women face in accessing justice, the National Women Council's submission to the APRM observed that the Ugandan court system is characterised by patriarchal values upheld by legal practitioners and the institutions. Generally, more privileges are given to men, thus disadvantaging women; physical access to magistrates' courts is difficult; the poor, especially women, are unable to pay court expenses; and there is a high degree of technicalities involved, including legal jargon. These difficulties are compounded by women's higher rates of illiteracy, lack of experience in public speaking and ignorance of their rights. Delays in the time taken to deliver justice are aggravated by corruption and rampart poverty. These and other factors have made the poorest, invariably women, lose confidence in the justice delivery system.

iii. Recommendations

319. The APR Panel recommends that Uganda should:

- Provide adequate resources and build the requisite capacity of the human rights institutions in order to make them more effective in executing their mandate (MJCA; MFPED);
- Build and institutionalise a human rights culture in which there is respect of the rule of law (JLOS; UHRC; CSOs);
- Enact the Domestic Relations Bill and Sexual Offences Bill into enforceable law (MGLSD; Parliament);
- Review the media and land laws that contain clauses limiting the constitutional rights of citizens (MJCA; ULRC); and
- Conduct continuous and systematic civic education programmes to enhance the citizens' knowledge about their rights and empower them to hold both state and non-state actors accountable for actions that violate their rights (UHRC; CSOs).

Objective 4: To uphold the separation of powers, including the protection of the independence of the judiciary and of an effective legislature

i. Summary of the CSAR

Separation of Powers

320. The CSAR notes that the independence of the judiciary and the lack of any real or imagined undue political influence by the executive or any other power are important for giving citizens hope that there is rule of law in the country, and that their rights are protected and not subject to the whims of any organ of the state or non-state agency. In the same vein, Parliament must effectively represent the electorate who exercised their democratic right by constituting it through their votes. It should make progressive not repressive laws and exercise its oversight role vis-à-vis the executive organ of the state to guard against abuse of power and corruption in both the public and private sectors.

The Power of the Executive

321. The executive, which is the policy-making arm of the state, comprises the Presidency and Cabinet headed by the Prime Minister. The President is directly elected and must garner a majority (not a simple plurality) of votes to occupy this office. Besides being the head of state, the President is also the commander-in-chief of the armed forces. The Prime Minister and Cabinet ministers are ordinarily elected as MPs and thus represent specific constituencies, unless specially appointed by the President. Implementation of the policies made by the executive remains the responsibility of the subsidiary organs of the government, namely the bureaucracy and the security establishment.

322. Separation of powers, the most important aspect of the functioning of the executive organ, is the extent to which its power is restrained so that it does not exercise undue political hegemony or dominance, thereby threatening the autonomy or independence of the other organs of the state.

Independence and Effectiveness of the Judiciary

323. The judiciary adjudicates justice, interprets the Constitution with a view to ensuring its supremacy and inculcates a culture of the rule of law. Headed by the Chief Justice, it comprises the Supreme Court, Court of Appeal, High Court and Subordinate Courts. Its core functions include:

- Administering justice through dispute resolution;
- Interpreting the Constitution and laws of Uganda;
- Promoting the rule of law and contributing to the maintenance of law and order in society;
- Safeguarding the Constitution and upholding democratic principles; and
- Protecting human rights of individuals and groups.

324. According to section 128(5, 6) of the Constitution, the administrative expenses of the judiciary shall be a charge on the Consolidated Fund. The judiciary shall be self-accounting and may deal directly with the MFPED in relation to its finances.

325. The independence of the judiciary is not only a cardinal pillar of democratic governance, but also an indispensable feature of the separation of powers. Building progressive provisions within the Constitution for the independence of the judiciary, including a battery of enabling legislation for its realisation, is one thing and committing resources for such independence is another. Encroachment on the independence of the judiciary is bound to adversely affect its effectiveness in carrying out its mandate.

Independence and Effectiveness of the Legislature

326. The legislature undertakes three main functions: representation, law making and oversight over the executive. MPs represent the people who elected them into positions of leadership and are expected to undertake their mandate on behalf of the people. They should make laws on any matter for maintaining peace, order, stability, development and democratic governance. They play an oversight role to ensure that the executive is accountable to Parliament and, through it, to the general public on a variety of issues ranging from service delivery, budget allocations and expenditure to foreign policy. The extent to which Parliament effectively exercises its constitutional mandate to ensure horizontal accountability of the executive remains a moot point.

327. Section 78 of the Constitution stipulates the composition of Parliament as follows: members directly elected to represent constituencies; one woman representative from every district; such numbers of representatives from the army, youth, workers, people

with disabilities and other groups as Parliament may determine; the Vice-President and ministers who, if not already elected as MPs, shall be ex-officio MPs without the right to vote on any issue requiring a vote in Parliament. Parliament is headed by the Speaker. Two pieces of legislation protect its autonomy: the Administration of Parliament Act of 1997 and the Budget Act of 2001. Consequently, Parliament is not part of the public service, as it has its own Parliamentary Service Commission and its own Parliamentary Budget Office.

328. The current eighth Parliament of Uganda comprises a total of 330 members, made up of 215 constituency representatives, 80 district women representatives, 10 UPDF representatives, 5 representatives of the youth, 5 representatives of people with disabilities, 5 representatives of workers and 10 ex-officio members. Evidently, the composition of Parliament demonstrates its broadly representative nature, although controversy still surrounds the direct representation of the army in the House. Besides the broad representation of various social groups in Parliament, the strong collaborative relations with CSOs are a positive development with the potential to strengthen Parliament's independence and oversight role.

Mechanisms for Resolving Disputes between Organs of the State

329. In the process of undertaking their constitutional mandates, the three main organs of the state often come into conflict with one another. Such conflicts are inevitable and may be a blessing in disguise for devising innovative ways of developing tighter mechanisms of checks and balances. The problem is not that there are conflicts between and among these institutions in Uganda, but rather that there are no mechanisms for their resolution.

330. The CSAR notes that when problems that threaten the principle of separation of powers arise between these institutions, they tend to depend on the sheer goodwill of their heads to sit down and resolve the matter through consensus. If consensus is not reached, such problems could trigger a constitutional crisis.

ii. Findings of the CRM

Separation of Powers

331. In modern state systems, the main organs of the state are the executive, the judiciary and the legislature. The subsidiary arms of the government are the bureaucracy and the security establishment, which ordinarily form part of the executive organ of the state. The state therefore comprises these three permanent institutions: the executive, including the bureaucracy and the security establishment, the judiciary and the legislature. The government, on the other hand, is composed of men and women who man these institutions. Hence, the state (institutions), in the strictest sense of the term, is distinguishable from the government (officials). Institutions of the state are permanent,

while governments come and go in the normal course of regular competition for power in a democratic setting. However, both the institutions and officials play a crucial role in operationalising the notion of separation of powers. The existence and constitutional mandates of the key organs of state in Uganda are provided for in the present Constitution which, together with the enabling legislation, defines their scope of operations and sets out a system of checks and balances.

332. The notion of separation of powers is one of the critical pillars of democratic governance. It denotes the coordination of the governance mandate by various key organs of the state and, in so doing, ensures that there are institutional mechanisms to serve as checks and balances and so prevent tyranny, misuse of power and dictatorial rule. In essence, the separation of powers prevents the possibility of overconcentration and overcentralisation of power in one individual or organ of state, which may lead to undue dominance or hegemony of such individuals or organs. The main principle is simply that all the key organs of state must police and oversee each other, leaving room for execution of their constitutionally defined areas of jurisdiction.

333. During the era of military authoritarianism (the mid-1960s to the mid-1980s) power was, to all intents and purposes, concentrated in the Presidency and the individual head of state, yet the principle of separation of powers was not embedded in the governance realm. Since the mid-1980s to date, the principle has become the norm as part of the deliberate democratisation of the governance system all the way from central to local government levels.

The Power of the Executive

334. Although the Constitution prescribes the separation of powers among the key organs of the state, in actual practice the dominance of the executive over the judiciary and the legislature is the norm and hampers the equilibrium between power and checks and balances. The CRM was made aware that while the judiciary and legislature are administratively and functionally independent, they are not financially autonomous. The executive uses its control and disbursement of resources to the judiciary and the legislature as a veiled method of exerting influence on the execution of their constitutional mandate. For instance, resources for the judiciary do not come directly from the Consolidated Fund through Parliament, as the Constitution stipulates, but through the MJCA. This also means that the judiciary is not self-accounting, as anticipated by the Constitution.

Independence and Effectiveness of the Judiciary

335. The independence of the judiciary is a cardinal pillar of democratic governance in any country and can be assessed at three levels: being able to make court judgements without undue influence and such judgements being respected by all; having administrative independence; and having financial independence. Judicial and operational

or functional independence exists in Uganda, including security of tenure for judges. Security of tenure for the judiciary is assured. Judges are appointed by the President upon submission of a list by the Judicial Service Commission (JSC), which is chaired by a retired judge. The Presidency makes a selection from the list and forwards the selected names to Parliament, where the appointment committee considers the names and has the power to vet and approve them. Conditions for the dismissal of judges also guarantee their security of tenure. Judges cannot be dismissed until, and unless, a tribunal has been established and has recommended such action. Since independence, only three tribunals have been set up to dismiss judges.

336. While the Constitution is explicit about the independence of the judiciary, the CRM learnt that, in reality, administrative independence does exist and relative judicial autonomy is the norm, while fiscal independence is non-existent. During the interactive sessions, stakeholders pointed out that external pressures sought to erode the independence of the judiciary. For instance, while the employment and dismissal of judicial staff through the JSC reinforced the independence of this staff complement, it was noted that the appointment and dismissal of non-judicial staff were the prerogative of the Public Service Commission (PSC), an issue that the judiciary would like to change. The judiciary nevertheless assured the CRM that recent past external pressures to erode the independence of the judiciary have receded.

337. The CRM is cognisant of the fact that a constitutional and institutional framework has been put in place for institutionalising the rule of law and the separation of powers. Stakeholders, however, were concerned about the extent of citizens' knowledge of the way in which the judiciary functions from the national level to the lowest tier of local government structures. For instance, people are generally unable to make a clear distinction between the judiciary and the police.

338. The integrity of the judiciary is extremely crucial to instilling public confidence in the country's justice system. Public confidence is one of the barometers for gauging whether or not the people regard the judiciary as independent and impartial. The attitude and actions of the political leadership towards the judiciary also play a huge role in either inhibiting or enhancing the integrity of, and the confidence of people in, the judiciary. The new JLOS initiative, which is aimed at major justice reform, could go a long way in entrenching public confidence and the independence and integrity of the judiciary.

339. During the interactive session with the members of the judiciary, the CRM was informed that the Supreme Court and the Constitutional Court do not have premises of their own due to resource constraints. The Supreme Court rents premises from the Buganda Kingdom and pays a monthly rental fee. In like manner, the Constitutional Court rents premises from a commercial entity. Both Courts face capacity problems, including lack of a sufficient number of judges. For instance, the Supreme Court requires seven judges, but has only five. This is a problem that characterises the judiciary at all levels, hampering effective and efficient administration of justice and also causing a huge backlog

of cases that have not yet been dealt with. This taints the public image of the judiciary, given that "justice delayed is justice denied". The judiciary has persistently pressed for the appointment of judges and the public has made similar calls. Fortunately, on Wednesday 20 February 2008, it was reported in the local media that the President had submitted a list of 16 new judges to be appointed. The list was duly submitted to Parliament for consideration and to make its recommendations accordingly.

340. During the interactive session with the judiciary, the CRM learnt that the Commercial Court that has been established is working very well. It has attracted a number of countries who wish to learn from Uganda how the Court operates so that they can emulate this good practice. In its ten years of operation, the Commercial Court has achieved wonders in terms of extending justice to the commercial sector and combating unlawful behaviour. The main problem, however, has been that the Court is highly dependent on donor funding and, with potential donor fatigue, its sustainability is seriously threatened. The overwhelming dependence of the Commercial Court on donor funding, which has contributed in part to its success, may, paradoxically, become its own weakness.

341. The judiciary is currently in the process of establishing the Anticorruption Court and plans to this effect are in their advanced stages. Although donors are interested in supporting this Court, the judiciary is unsure of the sustainability of donor support, judging from current experience with the Commercial Court. The main lesson seems to be that it is unhealthy for the judiciary to be highly dependent upon external donors. The political leadership ought to be able to mobilise local resources to support the judiciary and even if donors contribute to this effort, it should only be to complement resources committed by the public sector (and even the private sector), with a view to deepening the country's democratic and corporate governance.

342. The CRM learnt that the judiciary is also tasked with handling election petitions. Elections often result in numerous complaints being brought before the EC by various stakeholders. If the Commission is unable to resolve a complaint satisfactorily, it is referred to the Supreme Court. During the interactive session with the members of the judiciary, the CRM was informed that it usually takes up to about five years for election petitions to be resolved. This, in part, is due to the lack of resources at the disposal of the Court.

343. Delay in dealing with election petitions has triggered post-election conflicts in numerous African countries. It is imperative that election results be announced timely and election petitions be dealt with in good time so that the key players develop confidence in the electoral system and the judiciary. It is against this backdrop that the CRM was impressed with the promptness with which the judiciary in Uganda handled petitions within two months after the 2006 general election. The CRM considers this a best practice that other African states should emulate if they are to forestall a possibility of post-election disputes escalating into political violence.

Independence and Effectiveness of the Legislature

344. From several of the CRM's consultative meetings it was evident that many institutions in Uganda are battling to adjust to the new multiparty system introduced since the 2005 referendum and implemented since the 2006 elections. The political culture of the no-party movement system lingers on, even under a multiparty dispensation. This trend tends to weaken a multiparty approach. Evidently, while the transition to a multiparty system poses a gigantic challenge to almost all democratic institutions, including the citizens themselves, the one institution that is directly affected by this political change is the legislature.

345. For the first time, Uganda's eighth Parliament is a multiparty legislature after decades of either the one-party parliaments of the 1960s to 1980s, or the no-party parliaments of the late 1980s up to 2006. This development is therefore bound to pose numerous challenges in terms of how Parliament operates and the future sustainability of democratic governance in the country.

346. The eighth Parliament comprises 330 members representing some political parties and special interest groups, as well as appointed MPs. Of the registered 35 political parties, however, only four are represented in Parliament. In effect, quite a number of parties still remain outside Parliament and their influence on its constitutional mandate is extremely limited.

347. Even those four political parties participating in Parliament face their own distinctive challenges, given the lack of prior experience with a multiparty parliament. This may require embarking on regular study tours and exchange programmes between the Ugandan Parliament and other long-established multiparty parliaments with a view to sharing lessons of experience around, for instance, parliamentary rules and the workings of portfolio committees.

348. One of the concerns political parties raised in regard to their participation in Parliament relates to role of party caucuses and how these caucuses seem to be whittling away at the independence of MPs. In essence, MPs represent constituencies as individuals and are therefore accountable to those constituencies and not necessarily to the party.

349. Furthermore, political tolerance is severely lacking in Parliament. The ruling party does not relate well to opposition parties, while opposition parties do not relate well to each other and the ruling party. This situation not only undermines political tolerance, but also poisons the environment for smooth interparty relations. This, in part, explains the apparent tense interparty relations in Uganda, which have the potential to undermine the country's embryonic multiparty system.

350. In two consultative meetings, one with political parties and another with non-state stakeholders, a proposal was made to the effect that, if separation of powers is to be institutionalised on a more sustainable basis, then thought needs to be given to sep-

arating Cabinet and Parliament by ensuring that Cabinet ministers do not double as MPs. Two proposals were made during the interactive sessions with political parties, non-state stakeholders and MPs. One proposal was that Uganda might have to consider establishing an Upper House of Parliament, while the second was that Cabinet ministers be separated from MPs. In this regard, if an MP is appointed as a minister, his or her seat will be declared vacant and a by-election held to fill the vacancy.

Best Practice 1: Prompt Handling of Election Petitions Following the Uganda 2006 General Election

Despite its resource constraints, the judiciary made an extraordinary effort to handle election petitions promptly following the first-ever multiparty elections of 2006. In past elections, it took the Supreme Court up to five years to dispose of election petitions due to lack of resources, especially the availability of judges. A very sensitive political process, an election has a huge potential to either set a country on a sustainable path of democratic governance or to ignite conflict that can derail both democracy and development. Whether an election sustains democracy or becomes a liability to good governance is highly dependent, among other things, on how election disputes are handled. Following the 2006 multiparty elections in Uganda, many petitions were filed with the Supreme Court through the Electoral Commission (EC). The Supreme Court gave these petitions top priority, summoning about 25 retired judges. Each judge was given 100 cases to deal with. In terms of the Constitution, election petitions relating to the Presidential elections have to be dealt with within a period of 30 days and those relating to parliamentary elections within a period of six months. The entire backlog of election petitions was completed by the Supreme Court within a period of two months. The prompt handling of election petitions by the EC and the courts of law is one important mechanism for constructive management of election-related disputes. Despite the fact that judges' impartiality and integrity were questioned on all sides, including allegations of bias from both the government and opposition (especially when a ruling was not in their favour), the CRM considers this one of the best practices that should not only be continued and sustained in Uganda, but also emulated elsewhere in Africa to pre-empt and redress post-election conflicts. Many African countries have been bedevilled with post-election disputes emanating largely from complaints by contestants that are not addressed timely by relevant tribunals or courts of law. Such disputes often ignite political instability that manifests itself in the form of political violence claiming people's lives, destroying property and adversely affecting both economic development and democratic governance. Expeditious handling of election petitions within two months is surely one of the ways out of the protracted post-election violence that has rocked several African countries.

Source: Compiled by the CRM, March 2008.

Mechanisms for Resolving Conflicts between Organs of the State

351. Through consultations with stakeholders it was confirmed that gaps exist in terms of institutional and legal frameworks when it comes to dealing with disputes involving the executive, the judiciary and the legislature. This constitutional and institutional gap needs to be addressed through appropriate reforms, such as the ones under way under the JLOS.

352. The CRM learnt that when problems arise between these three arms of government and threaten the principle of separation of powers, the institutions tend to depend on the sheer goodwill of their heads to resolve such problems through consensus. In some cases, the President, the Chief Justice and the Speaker would meet and try to iron out misunderstandings and manage conflicts. Such meetings, however, are ad hoc and lack an institutional framework. If consensus is not reached, a problem could trigger a constitutional crisis, with the potential to roll back the gains made thus far on the country's record of democratic governance.

iii. Recommendations

353. The APR Panel recommends that Uganda should:

- Promote a culture of respect for the Constitution, constitutionalism and the rule of law and ensure an effective balance of power and checks and balances between the executive, the judiciary and the legislature (MJCA; JLOS);
- Implore the leadership to demonstrate clear commitment to institutionalising the independence of the judiciary by eliminating undue political influence and providing the courts of judicature with requisite resources for the judiciary to carry out its mandate effectively (MJCA; MFPED; Parliament; judiciary; Cabinet);
- Reduce the overwhelming donor dependence of the judiciary as it has implications for judicial independence (MFPED; MJCA; judiciary);
- As a matter of urgency, provide adequate financial resources for building the Supreme Court, which is a national edifice (MJCA; MFPED; Parliament; judiciary; Cabinet); and
- Develop a constitutional and institutional framework and mechanism for managing disputes between the executive, judiciary and legislature (JLOS; Parliament).

Objective 5: To ensure accountable, efficient and effective public officeholders and civil servants

i. Summary of the CSAR

354. According to the CSAR, the public service in Uganda has been politicised over the years and this situation has adversely affected its performance. The institutional decay

of the 1970s and early 1980s resulted in a bloated public service that was poorly remunerated and lacking in terms of professionalism, competency, management tools and equipment. The public service, as an implementing arm of the government, was essential in the recovery programme and yet its performance was lackadaisical. These problems, coupled with the economic pressure worldwide calling for a changed role to ensure an efficient and effective public service, compelled the government to set up the Public Service Review and Reorganisation Commission (PSRRC) in 1989/90. The work of this Commission and its recommendations led to the introduction of the Public Service Reform Programme (PSRP).

355. The Ugandan public service is, as to be expected, governed by an array of rules, which include the Constitution, Public Service Act, Local Government Act (Cap. 243), Leadership Code of Conduct, Public Finance and Accountability Act, Code of Conduct and Ethics for the Ugandan Public Service, Local Government Financial and Accounting Regulations of 1998, Public Procurement and Disposal of Public Assets Act of 2003, Health Service Commission Act of 2001, Education Service Commission Act of 2002 and Pensions Act (Cap. 286).

356. More specifically:

- The PSC is responsible for recruitment, promotion, exercising disciplinary measures over individuals holding a public office, training, personnel management and development, and guidance and coordination of the District Service Commissions.
- The Health Service Commission ensures delivery of health services by addressing issues related to health workers in the public service.
- The Education Service Commission is mandated to ensure quality education delivery by an efficient, professional, accountable, transparent and motivated education service.
- The Judicial Service Commission exercises oversight functions in relation to services delivered to people by the judiciary. Its functions include advising the President on the appointment of the Chief Justice, Deputy Chief Justice, the Principal Judge, Justices of the Supreme Court, Justices of the Court of Appeal and a Judge of the High Court; reviewing and making recommendations on the terms and conditions of service of judges and other judicial officers; and disciplining or removing from office judicial officers other than those for whom the President is responsible.
- The District Service Commission is responsible for all matters related to the re cruitment, promotion, discipline and personnel management of local government staff, except the Chief Administrative Officer (CAO), Deputy CAO and town clerks of cities and municipalities whose appointment and disciplinary control are entrusted to the PSC.

357. Notwithstanding the regulatory and institutional framework for ensuring an effective, accountable and efficient public service, the CSAR notes that these statutory public in-

stitutions face numerous challenges that hinder their capacity to carry out their mandates. Challenges include insufficient financial allocations, limited human capacity and political interference. To address these problems and ensure improved public service delivery, the government formulated, and has been implementing, a wide range of administrative reforms in the context of the PSRP.

358. According to the CSAR, the first phase of the implementation of the PSRP (1992 to 1997) led to the reduction of the public workforce from 320 000 to about half the number. This was done through retrenchment schemes, streamlining of structures, reduction of the 38 ministries to 22, the decentralisation policy, and clean-up initiatives of the government payroll.

359. Following the first phase, the second phase of the PSRP was developed in 1997 and comprised six components: managing the reform programme; enhancing efficiency and effectiveness; managing information and control systems; developing human resources; applying time management and organisational discipline; and promoting good governance and private sector development.

360. These reform strategies led to the introduction of several modern practices and tools of public management, such as Results-Oriented Management (ROM), a modern tool for performance management that is being implemented in ministries and local governments, the Integrated Personnel and Payroll System (IPPS), the Integrated Financial Management System (IFMS) and a contributory pension scheme.

361. Despite remarkable efforts geared towards rationalisation of the public service and improvement of service delivery, the Ugandan public service still faces a number of impediments to effective implementation and better service delivery to the citizens. These include the inability to attract and retain technical and professional staff, especially in remote areas; bureaucracy and red tape; corruption; poorly developed information and communications technology systems; and the HIV/AIDS pandemic.

362. In the light of these challenges, the PSRP has been revised to run from 2005 to 2010. Emphasis has been placed on the establishment of a performance management system in the public service and the improvement of the human resource information system. The key objectives of the reform in this phase are enhanced performance and accountability by public service organisations; adequate numbers of skilled and able personnel attracted and retained in the public service; an efficient and affordable organisation of the public service; a more enabling and empowering work environment; motivated and adequately remunerated personnel in public service; and effective leadership and change management.

ii. Findings of the CRM

Measures for Accountable, Efficient and Effective Public Service Institutions

363. Since 1986 when the NRM assumed power, the government of Uganda has made significant efforts to put in place legislation, systems, processes, institutions and codes of conduct geared towards an effective, accountable and responsive public service. The early reforms began in 1989 following the recommendations of the PSRRC, which was mandated to study the problems of the public service and chart the way forward in the context of national rehabilitation. The first phase, from 1991 to 1997, focused on rationalising ministries and reducing the size of the public service.

364. A professional and highly motivated public service is considered instrumental in the successful implementation of government programmes, particularly under the PEAP. Hence, the second phase of public service reforms, which was implemented between 1997 and 2002, had various components. Chief among these were the enhancement of effectiveness and efficiency, implementation of management information and control systems, and development of human resources through various modern tools of public management, such as ROM, IFMS, training and rewards.

365. The CRM learnt that the two phases of the PSRP contributed to improving the restructuring of the public service by reducing the number of both public servants and ministries (the latter from 38 to 22). Some stakeholders have, however, noted the increase in recent years in the number of ministries and other statutory public bodies, which in turn has increased the number of public officers and associated public expenditure. According to the Ministry of Public Service (MoPS), the traditional public service was estimated at about 234 866 employees in January 2008. This figure does not include the employees of various public service organisations provided for in the Constitution and Acts of Parliament.

366. The rationale for downsizing was that a lean public service would enable the government to provide more competitive salaries and better working conditions, and attract more skilled personnel. However, the success of this strategy requires continued alignment across all supporting and interdependent initiatives. This has not happened due to a number of factors, including inadequate personnel and resources for implementing the programmes, lack of complementary incentives and management systems, and failure to cultivate broader constituency in support of the PSRP, in particular from the MFPED. To address these challenges, the PSRP strategy has been revised and refined, and is being implemented between 2005 and 2010. The key objectives of the reform under the third phase of the strategy include enhancing accountability for results and performance by ministries and local governments; increasing transparency and efficiency; increasing the motivation of employees; and improving quality of services.

367. Ensuring an accountable, efficient and effective public service is, indeed, a priority commitment of the government, as is demonstrated by the wide-ranging legislative and strategic administrative reform frameworks it has put in place. Nevertheless, the challenge remains to create a “professional and efficient public service” in line with the

provisions of the 1995 Constitution and the Local Government Act of 1997. During the CRM's extensive consultations with various stakeholders, it was reported that decentralisation has bloated the size of the public service. Currently, local governments account for more than 75 per cent of employees in the public service.

368. Uganda has 80 districts (compared with 45 districts in 2000), which are subdivided into lower local government structures. At each level of local government there is a public service in the various councils that have been established under the Local Government Act. It is important to note that, in this context of deepened decentralisation, each district has a District Service Commission (DSC) established under section 198 of the Constitution and Section 55 of the Local Government Act. The Commission has powers to appoint local government staff and confirm and promote them; to exercise disciplinary control over them; and to make regulations prescribing their management. The challenges in capacity and service delivery at community level are partly due to such constitutional and institutional arrangements.

369. Decentralisation in Uganda has responded to the imperatives of democratic governance through the transfer of the political, administrative, planning and financial authority from the centre to local government councils. At the same time, and especially in the context of the proliferation of districts, it has raised concerns about efficiency, effectiveness and service delivery due to the resultant overextended bureaucratic machinery with insufficient financial resources to run it. This has created a heavy financial and supervision burden to the central government in terms of paying administrative costs, setting up structures and supporting supervision. It may also compromise service delivery, as resources from central government (constituting over 70 per cent of the budgets of most districts) must be shared with the newly created councils.

370. Stakeholders in the Gulu, Mbale, Mbarara and Mukono districts repeatedly emphasised the issues of inefficiency, corruption and nepotism in local governments. The CRM learnt that, in practice, decentralisation has led to tribalism and nepotism, whereby only the sons and daughters from a particular district are considered during the DSC's recruitment process. This has a negative impact on accountability and effectiveness in service delivery, as local public officers are often not selected on the basis of merit. Exercising control and discipline becomes difficult in such an environment. Furthermore, decentralisation tends to exacerbate the shortage of skills and disparities across the districts by limiting the horizontal mobility of public servants.

371. It should be noted, however, that the issues of nepotism and patronage in the recruitment process were raised in the districts. They appear to be the consequence of the process of decentralisation and, in particular, of the capacity constraints and independence of DSCs. Members of a DSC are appointed by local councils, which makes them loyal to the councils and to the most influential councillors, in particular. The level of impartiality in recruitment is also questionable. Otherwise, the policy on recruitment in the public service is clear and rests on merit, without discrimination on the basis of

gender, religion, tribe, disability or HIV status.

372. The issue of shortage of skilled personnel in the "traditional public service" is also compounded by low remuneration and poor working conditions, including inadequate pension schemes. Conflict-prone areas and remote areas are the hardest hit by the scarcity of skilled public officers. There is an apparent brain drain of competent staff and professionals to the autonomous public institutions, the private sector and NGOs that offer better wages. A study commissioned in 2004 by the MoPS to analyse and develop recommendations on remuneration and pay policies found a wide gap in the payment structure of the public service, as illustrated by Tables 3.3 and 3.4.

373. During meetings with the representatives of the MoPS, the CRM learnt that the above-mentioned study offered recommendations for a rational approach to remuneration across the public service in Uganda. These include new grading and salary structures, as well as proposals for implementation. However, the proposed pay policy for public service institutions and government agencies faces daunting challenges, including the need to amend some Acts and statutes that set up various autonomous and semi-autonomous agencies. Furthermore, achieving the target pay levels will increase government expenditure on salaries, which calls for policy measures aimed at closing the financing gap. While improvements in the pay structure would contribute to building a motivated, professional and effective public service, the CRM is of the view that the new salaries structures proposed by the MoPS seem unrealistic, given the huge budgetary constraints facing the government and the substantial inflationary pressures that will inevitably result in a huge ejection of money unrelated to an increase in productivity. Despite the various constraints, however, the public service salary structure urgently calls for exhaustive review and an incentives scheme for boosting productivity.

Table 3.3: Salaries of Selected Jobs in Institutions and Agencies and the Traditional Public Service (per month and in USh)

Institution/Agency	Entry graduate level	Principal level	Commissioner level
Uganda Wildlife Authority	800 000	1 500 000	2 000 000
Uganda Coffee Development Authority	935 000	1 735 000	2 480 000
Uganda Human Rights Comm.	918 752	1 252 792	1 634 492
Uganda Revenue Authority	1 177 318	1 886 690	4 393 125
Civil Aviation Authority	1 225 587	2 896 570	3 629 850
Traditional public service	419 403	888 149	1 326 952

Source: Ministry of Public Service, 2006.

Table 3.4: A Comparison of Selected Project Staff Salaries with Traditional Public Service Salaries (per month and in USh)

Job title	Road Formation Unit	Plan for PMA	Traditional public service
Director/Project coordinator	9 625 000	6 221 600	1 549 894
Accountant	3 581 000	3 520 000	553 823
Personal secretary	1 091 200	2 640 000	419 403
Drivers	601 920	316 800	94 254

Source: Ministry of Public Service, 2006.

iii. Recommendations

374. The APR Panel recommends that Uganda should:

- Streamline the public service by eliminating redundant public service institutions in order to ensure better coordination and enhanced productivity, and create a pro fessional and proactive public service (Prime Minister's Office; MoPS; PSC);
- Adopt an integrated approach to the implementation of the third phase of the PSRP for the transformation of the public service and eradication of poverty (MoPS; PSC);
- Evaluate the effectiveness of local government structures and strengthen the ca pacity of sub-counties for better service delivery (MoLG; MoPS);
- Step up efforts to strengthen the capacity of the DSC to effectively implement its programmes (MoLG; PSC); and
- Review the salary structure and incentive schemes of the public sector in order to build a professional cadre of public servants (MoPS; MFPED).

Objective 6: To fight corruption in the political sphere

i. Summary of the CSAR

Causes, Scale and Impact of Corruption

375. The CSAR notes that the incidence of corruption is endemic and widespread in Uganda. Defining corruption as "the misuse of public power for private gain", the CSAR identifies the main causes as societal attitudes, political greed, weak institutions, weak and faulty accounting systems, low remuneration and poor employment benefits in the public sector.

376. While corruption is widespread in Uganda, the CSAR acknowledges that it is particularly rampant in the political sphere, manifesting itself in various ways including the abuse of office, bribery, extortion, nepotism, favouritism, falsification of academic qual-

ifications for election purposes, fraud, embezzlement, misappropriation of public funds and assets, and use of public resources or assets for political gains.

Effectiveness of Measures to Combat Corruption

377. As outlined earlier, a part of the Ten-Point Programme that the NRM government adopted as its manifesto upon assuming state power in 1986 included a firm commitment to fight and uproot corruption, which was perceived as one of the features of the previous authoritarian regimes that had ruled the country since the 1960s.

378. In pursuit of the constitutional principles above, the government has developed legislative measures aimed at eradicating corruption. These include the Penal Code Act (Cap. 120), Prevention of Corruption Act of 1970, Police Act (Cap. 303), Leadership Code Act, Inspectorate of Government Act of 2002, Public Procurement and Disposal of Public Assets Act of 2003, Local Government Act (Cap. 243), Local Government Act (Public Procurement and Disposal of Public Assets Regulations) of 2006, Local Government Financial and Accounting Regulations of 1998 and Public Finance and Accounting Act of 2003.

379. It is evident from the CSAR that the government recognises the negative impact of corruption on development and governance, hence the promulgation of the laws listed above. In addition, the government has signed and ratified the AU Convention on Prevention of Corruption and Related Offences in 2004, which is a commitment by the 53 AU member states to uproot corruption on the continent.

380. There are probably as many institutions as there are laws in place to eradicate corruption in Uganda, which signals a clear commitment to combining legal measures with institutional frameworks in order to achieve better results. The principal institution tasked with a clear and specific mandate to eradicate corruption is the Inspector-General of Government (IGG). This statutory body has been established by the Inspectorate of Government Act of 2002. Section 8 (1) of the Act stipulates the functions of the IGG as follows:

- To promote and foster strict adherence to the rule of law and principles of natural justice in administration;
- To foster the elimination of corruption and abuse of authority and public office;
- To enforce the Leadership Code of Conduct; and
- To investigate the conduct of any public officer who may be directly or indirectly involved in corruption or abuse of office.

381. A plethora of other state institutions exist with either a direct or indirect mandate to eradicate corruption. These include the Public Accounts Committee of Parliament, the Office of the Auditor-General, the Directorate of Ethics and Integrity, the Criminal Investigation Department of Police, the Public Procurement and Disposal Authority, the

Internal Audit Department in the MFPED and the UHRC. These institutions are supposed to complement the efforts of IGG in combating corruption.

382. In addition, civil society has also embarked on initiatives aimed at combating corruption in the public and private spheres. Two such initiatives are the Anticorruption Coalition of Uganda (ACCU) and the Centre for Corporate Governance (CCG), both of which have been established to foster ethical conduct and accountability in the public and private sectors. In this way, their efforts go a long way in complementing government efforts to combat corruption.

383. Both state and non-state institutions established to combat corruption are emboldened by the public and private media, which play an important role in exposing the incidences of corruption and its adverse effects on development, governance and the moral fibre of society.

384. Despite all these efforts, it is ironic that corruption is rampant in Uganda. The CSAR identifies two reasons for this paradox: on the one hand insufficient resources are allocated to fight corruption, and on the other hand interference by the executive organ of the state hampers the application of penalties against offenders in high positions.

ii. Findings of the CRM

Causes, Scale and Impact of Corruption

385. Through the various consultative meetings held in different parts of Uganda, the CRM confirmed that corruption is an issue of national concern in all strata of society. Although participants at the consultative workshops differed on the possible causes of this scourge, they recognised that corruption has a deleterious impact on both development and governance and its eradication therefore requires stern measures by the government, NGOs and the private sector.

386. While participants at the CRM consultative meetings did not know the scale and exact costs of corruption, they willingly gave figures based on personal estimates. In a meeting with non-state stakeholders, one participant estimated the cost of corruption at billions of Ugandan shillings per annum. One of the tabloid newspapers recently revealed that Uganda's annual financial loss due to corruption is a whopping USh500 billion.

387. No matter the magnitude, the monetary cost of corruption is slight compared with its enormous social cost. It is indeed difficult to quantify the social costs of corruption, including deteriorating value systems, the declining moral fibre of society and the displacement of ethical conduct by sheer greed. The "get-rich-quick" mania pervasive in the public service at both central and local government levels compromises efforts towards poverty eradication as spelled out in the PEAP. The impact of corruption is far-reaching, impacting not only political and economic development, but also

administrative effectiveness and efficiency. It undermines the legitimacy of political leaders and political institutions, and thus the government is less able to rely on the cooperation and support of the public.

Effectiveness of Measures to Combat Corruption

388. In all the stakeholder workshops that the CRM held in different parts of the country, participants' views of the main causes of corruption differed. However, they were aware of efforts at central and local government level to combat corruption through the state's extensive legislative and institutional framework. They felt that while the laws and institutions did exist, political commitment to, and effective leadership against, corruption were lacking. This retarded the effectiveness of the laws, policies and institutions meant to combat corruption.

389. The IGG has for a long time focused on corruption in the public service, but of late this effort has been broadened as the IGG has extended its fight against corruption to the leadership in government. Experience thus far suggests that this is an uphill task. While the IGG has exposed and brought to book some high-profile political figures, some of them are alleged to have been shielded from prosecution.

390. Although also present in the private sector, corruption manifests itself more in the public sector at both national and local government level. With specific reference to local government, the CRM learnt that corruption is evident in irregularities in the procurement and disposal of assets, despite legislation for the procurement and disposal of public assets, and in irregularities in tendering and awarding contracts despite the existence of tender boards. Examples such as these reinforce public perceptions that anticorruption measures are ineffective and merely cosmetic.

391. The CRM found that although a specific law, the Political Parties and Organisations Act (PPOA), exists, the code of conduct for political parties has not yet been enacted. Therefore, the Electoral Commission, a body charged with the task of registering and managing political parties, is constrained in enforcing ethical conduct within parties. Given this situation, the country's fledgling multiparty system is open to all sorts of political corruption for which the EC may not be empowered and technically competent to handle with the requisite effectiveness and efficiency. For instance, there is evidence from the 2006 elections that electoral corruption is widespread, which puts a lot of strain on the EC. Electoral corruption in the 2006 elections allegedly included vote buying and the use of public resources by parties and candidates with a view to tilting the political playing field in their favour and gaining political mileage.

392. During consultative meetings with political parties and MPs respectively, the CRM learnt that MPs are entitled to funding of about US$5000.00 per annum, which is earmarked for supporting development initiatives and projects in their constituencies. However, the Constituency Development Fund (CDF), from which these public funds are drawn, is

fraught with controversy. There is a lack of policy and/or guidelines on how exactly this money ought to be used, monitored and accounted for, including the matter of sanctions in the event of its misuse or abuse. Clearly, these loopholes open the CDF to possible political corruption.

iii. Recommendations

393. The APR Panel recommends that Uganda should:
- Harmonise all laws, policies and institutions established to fight corruption within and outside the state with a view to ensuring coordination, collaboration and consultation among them (MoIA; MJCA; IGG; judiciary);
- Enhance the institutional capacity of the IGG to carry out its mandate effectively (MJCA; MFPED; Parliament; judiciary);
- Enforce compliance with the Leadership Code of Conduct (IGG; ACCU; CCG); and
- Develop guidelines governing the disbursement and appropriate use of the CDF (Parliament; CSOs).

Objective 7: To promote of the rights of women and mainstream gender equality

i. Summary of the CSAR

394. The government has taken various measures to protect and promote women's rights. It is a signatory to several international, regional and sub-regional instruments for promoting women's rights and gender equality. These include CEDAW, the UN MDGs and the African Charter on People and Human Rights. The government has also signed, but not ratified, the Protocol to the African Charter on Human and Peoples' Rights on the Rights of Women in Africa.

395. The principles of gender equality are further enshrined in sections 32 and 33 of the Constitution, as well as embraced in the general freedoms from discrimination included in section 21. An affirmative clause is also provided, whereby affirmative action is intended to rectify historical imbalances that discriminated against women's effective participation in decision-making processes. At parliamentary level, it is intended to have one woman representative of each district on special seats, while other women are free to compete with men in the normal contest for a constituency. At local council level, the clause provides for a one-thirds representation of women councillors at all levels.

396. In addition to constitutional provisions, various policies and legal frameworks have been designed to promote and protect women's rights. These include the Gender Policy of 2007, which seeks to mainstream gender concerns in development processes

in order to improve the social, legal/civic, political, economic and cultural conditions of the people. The Local Government Act (Cap. 243) provides that women councillors must form at least one third of the total number of councillors at all levels from village to district. The aim is to enhance women's participation in decision-making processes. These policy interventions have led to an increased number of women in political spaces, as shown in Table 3.5.

Table 3.5: Female Representation in National Politics (percentage)

Position	1996	2003
Members of Parliament	19	25
Cabinet ministers	9	14
Ministers of state	10	27
Chairpersons of districts (local government)	0	2
Councillors of district local councils	42	38
Chairpersons of sub-counties	2	2
Councillors at sub-county level	49	45

Source: Country Self-Assessment Report, page 135.

397. In addition to political participation, there has been a relative increase in the number of women occupying high-profile positions in the public sector, Cabinet, the judiciary and the private sector. Despite this encouraging trend, the CSAR notes that women continue to suffer inequalities compared with their male counterparts. For example, in 2005, women constituted between 16 and 25 per cent of the civil service and diplomatic service. Women also continue to experience discriminatory practices by, and attitudes from, male-dominated political spaces.

398. In terms of social and economic empowerment, the focus has been on education and financial capacity (loans, property and land security). As regards education, the government has instituted affirmative action that grants female students seeking government funding for their studies an additional 1.5 points. This has contributed to an increase in female participation in tertiary education – their share in university education, for instance, went up from 25 per cent in 1989 to 31 per cent in 1995. Currently, female participation at Makerere University has increased from 38 to 41 per cent.

399. As regards the economic empowerment of women, the CSAR notes the entanikwa policy intervention in which 30 per cent of the seed money allocated to grassroots activities is earmarked for women. This policy initiative, which started in 1997, has not been successful because the allocated money never reached the intended beneficiaries. Since 1995, however, the greatest concern regarding women's economic empowerment has been in respect of land ownership. Although the 1998 Land Act affirms the rights of women with regard to ownership and disposal of land, the co-ownership clause in this legislation is cause for concern because, due to the patriarchal culture,

some husbands abuse their right to consent to the disposal of land.

400. In the area of gender issues, the CSAR notes that levels of awareness have increased, but that resources for implementing gender-related activities at both local and national level remain very low. The CSAR, however, welcomes government initiatives in collaboration with civil societies to sensitise various stakeholders on gender issues.

401. According to the CSAR, some of the factors limiting the realisation of women's rights include the following:

- The social construction and culture of gender roles partly influences women's participation in decision-making processes in the public sphere.
- Levels of poverty and their gendered nature act as obstacles to women's enjoyment of their rights.
- The government's under-resourcing of the social sector negatively impacts on initiatives for promoting and protecting women's rights.

402. The CSAR identifies methods that the government has used to monitor progress in achieving the protection and promotion of women's rights. These include annual sector reviews, household and demographic surveys, the local governments' three-year rolling plans, as well as the official assessment on the status of women by the MGLSD.

403. The CSAR identifies the following measures to be taken for the enhancement of women's rights. The government should:

- Operationalise the constitutional Equal Opportunity Commission;
- Enact and amend laws that protect and promote the rights of women; and
- Ratify and domesticate the optional protocol on CEDAW, and the Protocol to the African Charter on Human and Peoples' Rights on the Rights of Women in Africa.

ii. Findings of the CRM

404. The CRM confirmed that the government has made commendable efforts to enhance women's political participation from national through to local level by means of affirmative action, as reported in the CSAR. The current structure of the local government system in Uganda represents a hierarchy of local representation that offers women space to participate. The district is the basic unit of local government, and is governed by counties that are governed by parishes which, in turn, are governed by villages. Power originates from the village council, and all residents in a jurisdiction area constitute such a council. At all levels there is an executive committee, consisting of line officials, a chairperson, a general secretary and secretaries for these sectors: women,

young people, children, information, mass mobilisation, social services and education. The challenge here has been the lack of mechanisms for empowering women who have been elected to participate effectively and to articulate gender-related issues that will lead to the improvement of women's rights. Hence, the increased numbers of women are yet to lead to these institutions being transformed in order to be more responsive to women's issues. This will require, among other things, building the capacity of women representatives to be effective in articulating the needs and interests of women.

405. The affirmative action referred to above is implemented as a "maximum", not a minimum condition. The Uganda Women Council's submission to the CRM observes that the very presence of women in local authorities and Parliament has not been translated fully into the promotion and implementation of policies and initiatives that support equal opportunity for both men and women. Furthermore, elected as well as appointed officers in local authorities equate the promotion of women's participation to simply increasing their numbers. Affirmative action has not been achieved in all appointive positions such as Cabinet, commissions and diplomatic services.

406. The Uganda Gender Policy of 2007 further observes that women in Uganda face constraints in elective processes due to a number of factors, including limited resources for campaigns, spousal control, and the misconception that leadership is solely a male domain. Worse still, the affirmative action has been viewed by some as government patronage. Consequently, many beneficiaries end up paying allegiance to the government rather than protecting the principles of gender equality. This has militated against building a critical mass necessary for legislating gender-sensitive policies.

407. In the area of economic rights, little has been done to improve the condition of Ugandan women. Although they are accessing the labour market, most of them are found in the informal sector. This affects their rights to decent work, as the informal sector is not formally supported or protected by existing labour laws. Customary practices in Uganda also preclude women from controlling property such as land, making it difficult for them to access mainstream financial credit facilities. The Land Act of 1998 only addresses women's right of access to, and use and occupancy of, land but denies them the right to ownership. This perpetuates the "feminisation" of poverty.

408. Some practices and norms support the violation of women's rights:

- Early marriages, which are endorsed by customary practices, contribute to high dropout rates for the girl child from school.
- Female genital mutilation continues to be practised in the eastern parts of Uganda. This custom violates women's rights to reproductive health.
- Patriarchal values and attitudes are often repressive. For example, a submission in a stakeholder meeting in Mbarare maintained that Banyankole women are not allowed to answer back a man, be it a father, brother, husband or even

a son. Those who act on the contrary are called Ndeme. This socialisation affects women's rights to express and articulate issues of concern at household level in the public sphere.

- Some participants in the Mbarare meeting noted that violence against women, particularly at household level, was due to the cultural positioning of women as "second-class" citizens. For example, widows, and not widowers, face threats of eviction from matrimonial homes upon the death of their spouse.

409. High maternal mortality and morbidity remain a challenge impacting negatively on reproductive health. Evidence from the Uganda Demographic Health Survey (UDHS) of 2006 shows high child mortality rates of 76 deaths per 1 000 births and an under-five mortality of 137 per 1 000 births. The UDHS of 2000/1 puts the maternal mortality ratio at 505 per 100 000 live births. These trends not only affect the reproductive rights of women, but also violate their basic and fundamental right to life. Moreover, a high total fertility rate has led to the high population growth rates of 3.3 per cent per annum.

410. Gender-based violence, particularly violence against women, is widespread in various forms, including domestic violence, sexual harassment, trafficking, rape and defilement. The UDHS of 2006 indicates that 60 per cent of women and 53 per cent of men aged between 15 and 49 have suffered physical violence, 39 per cent of women have suffered sexual violence, while 16 per cent have experienced violence during pregnancy. The attitude of the police has been to dismiss domestic violence as a domestic affair. It is often categorised as an assault, which reduces domestic violence to its physical aspect and ignores other facets, such as emotional, psychological and verbal abuse. It also ignores the power relations that cause women to be victims of violence, particularly within the marital union, and which make such women hesitant to report cases to the police. Gender-based violence is intensified in conflict-ridden areas, which underscores the need to include women in the ongoing conflict resolution processes and peace-building initiatives.

411. In accessing justice institutions women, particularly poor women, are doubly disadvantaged in a number of ways. Due to low economic power they are less likely to afford court fees and their levels of ignorance make them vulnerable to sexual abuses.

412. The HIV/AIDS pandemic brings new challenges in promoting and protecting women's rights in a manner that has not been sufficiently explored by human rights activists. Within the patriarchal system, married women are rendered virtually powerless with regard to their sexual lives. As the issue of marital rape is non-existent in legislation, women have little choice in negotiating safe sex in a marriage where their spouse has multiple wives or sexual partners. This exposes women to risk of infection.

413. The national machinery responsible for gender issues is not only overburdened with other responsibilities, such as the youth, IDPs, the elderly and community development, but remains one of the least-resourced ministries. The Commissioner of Gender

informed the CRM that this ministry is allocated less than 0.034 per cent of the total government central budget to run its activities at central level. This is a pointer to the level of political commitment by central government in facilitating the sector ministry to support the mainstreaming function of policies and national programmes, including building the capacity of other stakeholders in gender mainstreaming.

iii. Recommendations

414. The APR Panel recommends that Uganda should:

- Reform laws that contain discriminatory clauses, such as the Land Act, Registration of Title Act, Micro Deposit-Taking Institutions Act and Mortgage Act (ULRC; Parliament);
- Embark on institutional reforms to ensure that increased participation of women in central and local government is balanced with qualitative changes in institutions, in order to guarantee that women are adequately empowered to promote and protect their rights (UHRC; MGLSD); and
- Step up the capacity of gender focal points in sectoral ministries with a view to mainstream gender in planning and the national budget (MGLSD; CSOs).

Objective 8: To promote and protect the rights of children and young people

i. Summary of the CSAR

415. Uganda signed and ratified the Convention on the Rights of the Child in 1990, the Optional Protocol to the Convention on the Rights of the Child, on the sale of children, child prostitution and child pornography (ratified in 2001) and the African Charter on the Rights and Welfare of the Child (ratified in 1994). The government has also formulated policies under the framework of the Constitution that guide the implementation of programmes for protecting the rights of children and young people. Institutional arrangements are in place for sensitising the public on children's rights. A National Plan of Action for Children has been incorporated into the PEAP.

416. Under the decentralised system of government in Uganda, the responsibility for the provision of a number of services has been devolved to local governments. The Local Government Act provides for the assignment of one councillor from village to district level to be responsible for children's affairs at all levels, and for youth representatives in the respective local government and administrative units' councils. In addition, young people are represented in Parliament by four members from four regions.

417. With regard to legislation, the CSAR notes gaps that require attention. There are no laws on child trafficking, pornography and early childhood educational development.

Yet cases of child trafficking seem to be on the increase, particularly from the poverty-stricken area of Karamoja and areas affected by conflict. Most of the trafficked children are engaged as domestic servants, and those who escape turn to the streets, where there is no protection. While the Children's Act is specific on children's entitlements, it does not spell out penalties to duty bearers who fail to comply. The CSAR singles out poverty as a major factor that threatens children's fundamental rights.

418. Progress made so far in promoting the rights of children, the CSAR notes the following:

- Enabling laws are in place;
- Awareness of children's rights has increased; and
- A strong partnership has been forged between the government and civil societies working with children's rights.

419. Some of the challenges limiting children's full enjoyment of their rights include:

- A weak institutional framework;
- Limited resources; and
- High dropout rates and poor quality services, for example in the area of education.

420. Policies and legislations that protect the rights of children do exist, but the CSAR notes that mechanisms for their operationalisation are either weak or non-existent. Cases of child-soldiers, child trafficking and defilement of the girl child are on the increase, especially in poverty-stricken areas.

421. Making reference to a 2007 ILO report on children trafficked into the worst forms of child labour, including child-soldiers in Uganda, the CSAR notes that the highest percentage of trafficked children in Uganda are from Buganda at 36 per cent, followed by the Acholi region at 18 per cent and Ankole at 9 per cent. The United Nations Children's Fund (UNICEF) indicates that the LRA has abducted approximately 38 000 children since 1986.

422. The CSAR attributes defilement of the girl child to inconsistencies in various pieces of legislation. For instance, the Customary Marriage (Registration) Act (Cap. 248) sets the age of marriage for girls at 16 years, as opposed to 18 years for boys, while the Marriage and Divorce of Mohammedans Act (Cap. 250) provides for the marriage of girls at puberty.

423. On child prostitution, the CSAR notes that an estimated number of 7 000 to 12 000 children are engaged in commercial sex. On child labour, the CSAR notes that approximately 2.7 million children are employed as labourers. The report attributes this situation to poverty, HIV/AIDS and unemployment.

424. On violence against children, particularly child sacrifice, the CSAR notes that between January and September 2007, four cases of murder were reported by the police, while the fates of 127 children were not yet known.

425. Finally, the CSAR suggests areas of action that include, among other things, revision of existing laws; enactment of new laws, particularly to tackle the problem of prostitution; and public awareness campaigns on the rights of the child.

ii. Findings of the CRM

426. The government of Uganda has put in place a comprehensive policy and legal framework to promote and protect the rights of the child. This includes ratified international and regional instruments, as well as formulated policies under the framework of the Constitution, which guide the implementation of programmes geared towards the protection of the rights of children and young persons. The main challenge has been allocation of adequate resources to implement the policies.

427. The CRM learnt that orphans and vulnerable children present an onerous challenge in Uganda. Children are orphaned due to HIV/AIDS and war-related causes. Most of these orphans flood the cities of Uganda and end up as street children. Apart from measures taken to repatriate street children to their home of origin or a rehabilitation centre, there is no specific government-funded programme targeting orphans and vulnerable children. A few programmes are run by civil societies. Orphans are not budgeted for in the core budget. Lack of care forces many of them to the street and into forced labour, including sexual slavery and human trafficking.

428. On juvenile justice, Uganda government has put in place several institutions for handling children who are in conflict with the law. These include the family and children's courts, the UPF, local council courts, the Probation Service Office, the prison service and the UHRC. Despite the resource constraints, the civil society submission to the APRM in 2007 commends efforts by these institutions to deliver justice to child offenders. Section 34(6) of the Constitution provides that a child offender who is in lawful custody shall not be kept along with adults.

429. However, the infrastructure that is necessary to implement the objectives of the reformatory process of the children is not enough and the few existing organisations are not sufficiently resourced. Hence, some of the children who come into conflict with the law are remanded in police stations along with adults, who may subject them to further abuse. There are no proper reformatory systems in remand homes, and such children do not come out of custody as responsible citizens. The country has only one juvenile centre, Kampiringisa Boys Approved School, which started with boys only but has recently become mixed. Additionally, the Local Government Act (Cap. 243) provides for the establishment of a Secretary for Children Affairs at every local council to help the council with matters concerning the problems of children within their jurisdiction. Some of the stakeholders were of the view that this is an ideal structure, which simply lacks resources to be functional.

430. The government has implemented some policies on the rights of children with disabil-

ities. In 1998, the Parliament enacted the Uganda National Institute of Special Education Act, which focuses on the enhancement of special needs education through training teachers who can address the special needs of children with disabilities. Additionally, the MoES set out guidelines for the construction of accessible classrooms for children with disabilities. The Tertiary Institutions and Other Institutions Act of 2001 instructs institutions of higher learning to take affirmative action in favour of marginalised groups. The government has also embarked on the rehabilitation of vocational training centres for disabled people and children to support them in acquiring skills for employment. These initiatives have led to an increased in enrolment of children with special learning needs, from 20 000 in 1997 to 250 000 in 2007.

431. The child-soldier issue remains a paradox and a challenge to the rights of children in Uganda. While the LRA and other rebel groups are blamed for recruiting child-soldiers, there are counter-accusations of the use of child-soldiers by the UPDF. The Ninth Uganda Human Rights Report of 2006 observed that child-soldiering continues to be a big problem in Uganda. Making reference to a report by the Uganda Parliamentary Forum for Children in Northern Uganda, it estimated that 5 000 children were serving as soldiers in the UPDF as of 2006. Although the report was rejected by the Minister of Defence on the grounds that the UPDF policy does not allow the recruitment of children under 18, UNICEF reported in 2005 that the UPDF had not taken action to release the 1128 children in its local defence units.

iii. Recommendations

432. The APR Panel recommends that Uganda should:

- Integrate the rights of children into existing post-conflict reconstruction and development programmes such as food, health, shelter and education programmes (MoH; MoES; local government; CSOs);
- Organise comprehensive public education programmes on the rights of children (child-related civil society actors; MGLSD); and
- Create awareness among the general public of the need to promote and protect children's rights as part of a civic education programme (UHRC; CSOs).

Objective 9: To promote and protect the rights of vulnerable groups, including displaced persons and refugees

i. Summary of the CSAR

433. The government of Uganda has put in place sufficient legislation to protect vulnerable groups in society. The rights of such groups are protected by the Constitution, particularly Chapter 4, sections 25, 29, 31-38 and 42. The rights of vulnerable groups are also guaranteed in Chapter 26, section 32(3). Affirmative action in favour of margin-

alised groups on the basis of gender, age, disability or any other reason created by history, tradition or custom is enshrined in section 32(1). Measures taken by the government to protect the rights of some of these groups are outlined below.

The Rights of People with Disabilities

434. It is estimated that Uganda has 2.46 million people with disabilities. In promotion of their rights, the government has put in place a National Policy on Disability with the aim of enhancing environments for their participation. The government has adopted two main approaches in this regard. First, it supports skill development for such people to be able to support themselves, as well as affirmative action to facilitate their participation in decision-making processes from village level up to special representation in Parliament. Furthermore, the government has a policy that all public buildings should be made accessible to people with disabilities. There is also a Special Needs Programme that caters for the needs of children with learning disabilities. The CSAR, however, notes that despite these positive efforts the government has not developed a monitoring framework with indicators for measuring progress.

The Rights of the Elderly

435. It is estimated that 6 per cent of Uganda's population is 60 years old and above. The Local Government Act (Cap. 243) provides for representation of two people (one female and one male) in each local council at both the low and higher levels. The Constitution commits the government to "make reasonable provision for the welfare and maintenance of the elderly". The National Policy for Older Persons targets mainly impoverished older persons, older persons who are caretakers of orphans, older widows and widowers, and incapacitated older persons. The specific needs of the elderly addressed in the policy include poverty and food insecurity, and the aim is to deliver services and basic needs to them.

The Rights of Internally Displaced Persons

436. The CSAR observes that the government of Uganda launched the National Policy for Internally Displaced Persons (IDPs) in 2004. Its purpose is to ensure that IDPs enjoy the same constitutional rights and freedoms as the rest of population without discrimination. Specifically, the policy aims, among other things, to minimise internal conflict and the effect of internal displacement through creating an environment conducive to upholding the rights and entitlements of IDPs. It also aims to promote integrated mechanisms for responding to the causes and effects of internal displacement, assisting the safe and voluntary return of IDPs, and guiding the development of sector programmes for recovery through rehabilitation and reconstruction.

The Rights of Refugees

437. The CSAR notes that, in 2003, Uganda had a population of about 200 000 refugees from the conflict-prone neighbouring countries of Burundi, the DRC, Eritrea, Ethiopia, Rwanda, Somalia and Southern Sudan. The majority of these were women, children and people with disabilities. The CSAR considers the Uganda Refugee Policy and the Refugee Act of 2006 as models and progressive pieces of legislation in the region. Government funding for refugees is limited, as the main source of funding is from the UNHRC's country programme.

The Rights of Ethnic Minorities

438. The CSAR observes that there exist deep-rooted feelings among ethnic minorities about institutionalised discrimination against them. These ethnic minorities include, among others, the Bwata in Western Uganda, the Basongola in South-Western Uganda and the Benet in Eastern Uganda. Such discrimination violates section 21(2) of the Constitution, which guarantees equality and freedom from discrimination. The major concerns of these ethnic minorities are relocation to their ancestral land without compensation; lack of, or limited access to, basic social and economic services; and lack of representation in decisions that affect them. The CSAR concludes that, while the government of Uganda has signed relevant international instruments for the protection and promotion of minority rights, no practical measures have been taken to integrate the concerns of minorities in its plans. For instance, there are no strategies in the PEAP for addressing the problems faced by minorities.

Institutional Arrangements for Promoting the Rights of Vulnerable Groups

439. There are a number of crosscutting support and institutional arrangements in place. The community and social services sector, for instance, is responsible for the promotion of social protection, equity, human rights, culture, decent work conditions, the empowerment of women, children, youth, IDPs, the elderly and people with disabilities. This sector is, however, extremely under-resourced. In the financial year 2004/5, for instance, it was allocated a paltry 0.46 per cent of the budget. With this type of funding it has not been possible for the MGLSD to do much. As a matter of fact, there are some subsectors at local level that have not been funded since as far back as 1992. The district level, which is responsible for the bulk of the activities, faces similar financial constraints. The directorate that handles community development, social rehabilitation, labour, culture, children, gender, people with disabilities, youth and refugees receive less than 1 per cent of the district budget.

440. The main challenges addressed by the CSAR with regard to the problem of vulnerability include the lack of resources, as well as a lack of policies and programmes for addressing issues and problems facing ethnic minority groups.

ii. Findings of the CRM

441. The government of Uganda has put in place sufficient legislation for protecting and promoting the rights of vulnerable groups, some of which is considered progressive. The Refugees Act, which the government passed in 2006, is seen as one of the most generous pieces of legislation in the region. It grants refugees a right to work and freedom of movement. It also recognises gender-related persecutions as a reason for claiming refugee status. The main challenge in the area of policy, however, is the lack of clear policy and programmes that address the plight of the ethnic minorities.

442. The grievances of the ethnic minorities are potential areas of conflict. While there is a need to disaggregate the demands of the various ethnic minorities, participatory methods that will enhance their sense of belonging without politicising ethnicity are needed. At the heart of the problem is the right to access, and benefit from, national resources.

443. The CRM shares the observations of the CSAR on the deleterious impact of these conflicts on the country's governance and development trajectory. This was confirmed during the CRM's consultative process in the country. For over 20 years, hundreds of people have died in the rebellion against the Ugandan government and millions have been internally displaced. The IDPs form part of vulnerable social groups that are often the hardest hit by armed conflict. In particular, women and children are the most vulnerable sub-strata of the IDPs. Available data indicates a total of 1 719 712 IDPs in affected districts of Northern Uganda. The largest concentration of these is in the districts of Kitgum (92 per cent of the population), Gulu and Amuru (88 per cent), Lira (65 per cent) and Katakwi (64 per cent). Equally important is that half of the total population of the ten districts are IDPs.[4]

444. The problem of IDPs needs a specific policy intervention. Displaced people face distinctive challenges in conditions of armed conflict. They often live in poor shelters, lack safe water, clothing and domestic utensils, and are exposed to poor environmental conditions. Many of the children have dropped out of school due to lack of educational necessities, displacement and limited school facilities. Orphans are the worst affected in these situations. To compound these problems, food production in and around the camps has been negatively affected by the lack of access to the fields. Among the displaced persons, women and girls are the most abused. In their written submission to the CRM, the National Women Councils (NAWOCO) of Uganda argued that many female IDPs fare worse than refugees, lacking basics such as sanitary towels, clean water, proper shelter and nutrition, all of which may lead to reproductive health complications. Moreover, female IDPs also have to contend with violation of their basic rights, such as rape from fellow IDPs, rebels and government forces.

Table 3.6: Internally Displaced Population in Selected Districts Affected by Conflict

No.	District	District population	IDP population	Percentage IDPs
1	Amuru	180 022	77 870	43
2	Apac and Oyam	676 244	128 244	19
3	Gulu and Amuru	528 800	458 528	88
4	Katakwi	118 928	75 582	64
5	Kitgum	324 435	296 812	92
7	Lira	530 342	343 737	65

Source: Adapted from UNDP (2007a: 23).

People with Disabilities

445. According to the Uganda Population and Census Report of 2002, four out of 25 persons in Uganda are people with disabilities. The report states that the prevalence rate is higher than the 11 per cent obtained with the 1991 census. The prevalence of disability has increased with age, from 2 per cent among children less than 18 years of age to 18 per cent among the elderly population. There are, however, regional disparities.

446. The Ugandan society continues with practices and attitudes that stigmatise people with disabilities right from household level to public institutions. At household level, families are less likely to invest in such a child's education. Even when they do secure an education, employers are less likely to hire them. Women with disabilities are doubly disadvantaged, as they are likely to suffer sexual abuse and neglect when they become pregnant.

447. The government of Uganda has extended the affirmative action of representation to tertiary education where a person with a disability gets 4 points more at admission level. In a consultative meeting with relevant stakeholders, the CRM was informed that very few people with disabilities were able to access public universities in the 1990s, but that this situation has improved due to affirmative action. The main challenge is the availability of learning resources to meet the learning needs of people with disabilities. Accessibility to buildings is also very poor. The Makerere University has recently established a separate library for the blind, but literature is not yet sufficient.

448. The MoH has a disability desk for supporting mainstreaming of the health needs of people with disabilities in the plans and budgets of this sector. The challenge is lack of resources.

Ethnic Minorities

449. In consultative meetings with ethnic minorities, deep feelings of exclusion and alienation were expressed. The UHRC reports have constantly raised issues of exclusion and deprivation that ethnic minority groups have reported to the Commission. The CRM ob-

served that the government has not taken measures to address the problems facing these groups.

450 At the heart of the problem experienced by ethnic minorities is land alienation. Land is a source of livelihood to the majority of Ugandans; hence land deprivation is tantamount to threatening the fundamental right to life of the victims thereof.

451. According to the Uganda Human Rights Report of 2005, the Batwa claimed to have failed to meet their basic needs because they lack land. Batwa land was alienated to give way to the creation of the Bwindi-Mgahinda Impenetrable Forest National Park. The Batwa have been left to make a living on the margins of this forest, which has been a source of medicine, food and other materials for this community. A study conducted by the African International Christian Ministry (AICM) in 2005 on the human rights of the Batwa of Uganda reported various aspects of denial of the basic human rights of this ethnic minority group. These include the following:

- A right to education: A large number of the Batwa are illiterate and unable to read and write. The Batwa cannot effectively utilise the UPE programme for want of essentials, including uniforms and books;
- Women's rights: There are rampant reported cases of rape of Batwa women by Batwa men and also men from other communities;
- The right to expression: Although the Batwa enjoy the right of expression, they feel that their views are not taken seriously; and
- Cultural rights: Eviction from the forest is undermining the Batwa community's tradition of transferring knowledge about the forest to the younger generation.

452. Similarly, the Karamojong have lost their fertile grazing land to game reserves. The Banyabindi are reported to have been internally displaced the longest because they lost their land during the Rwenzuru uprisings of 1962 and 1980. There were no specific programmes or legal safeguards in place to protect the rights of these people whose land was alienated.

453. The ethnic minorities claim to be marginalised or excluded in the provision of social services such as health, food, shelter, education and employment. Services to pastoralists are not tailored to meet their semi-nomadic life. According to the United Organisation for Batwa Development in Uganda, the health programmes seem to leave out the Batwa, whose child mortality is higher than that of the general population.

454. The Alternative Basic Education for Karamojong (ABEK) has registered some success. Enrolment of pupils has increased over time and retention of pupils is higher than in normal formal systems due to flexible study hours.

The Elderly

455. According to the 1991 Uganda Population and Housing Census, the population of older persons was 686 260 (4.1 per cent) of the total population of 16 672 705. This increased to 1 101 039 (4.6 per cent) in 2002. The Uganda National Housing Survey (UNHS) report of 2005/6 estimated the population of older persons at 1 200 000, of which 53 per cent were women and 47 per cent men. This population increase has an impact both on individuals and on the national plans and resources needed to support them.

456. Due to the multidimensional nature of the elderly's issues, various institutions are involved. The MGLSD is the lead agency that coordinates policy and works with the Uganda Reach the Aged Association (URAA) and the Association of Older Persons. The Minister of the MGLSD is assisted by the Minister of State for Disability and Elderly Affairs, who is the political head of the Department for Disability and Elderly Affairs. Priority areas of focus for the elderly include their economic empowerment, enhan ced access to social services, care and support, as well as psychological support.

457. There is an Association of Older Persons from village level to district level. Among other things the Association mobilises older persons to participate in development; promotes interaction and intergenerational linkages; enables the government to extend services to the elderly; and helps them to elect their representatives to the local government councils. There are also ongoing efforts to register the Association at national level.

458. The MGLSD, with funding from the UK Department for International Development (DFID) and Help Age International, is intending to pilot a cash transfer scheme targeting chronically poor households in six districts, including those headed by older people. DFID has supported the ministry in developing a proposal to design a pilot project for cash transfer. The ministry is yet to develop a project proposal for the cash transfer fund reported in the CSAR; what is in place is the design proposal.

iii. Recommendations

459. The APR Panel recommends that Uganda should, as a matter of urgency:

- Enhance the capacity of institutions that have the mandate to promote and protect the rights of vulnerable social groups (MFPED; MJCA; Parliament; CSOs);
- Develop and design tailor-made service delivery programmes that target the spe cific rights of vulnerable groups (MGLSD);
- Engage with the Batwa and other ethnic minorities with a view to addressing their specific needs (government); and
- Mainstream the rights of vulnerable groups in peace-building initiatives and post-conflict reconstruction and development programmes (MGLSD, UN agencies in volved; CSOs).

[1] United Nations Development Programme (UNDP). 2007a. Uganda Human Development Report: Rediscovering Agriculture for Human Development. Kampala: UNDP. [2] United Nations Development Programme (UNDP). 2007b. Millennium Development Goals: Uganda's Progress Report. Kampala: UNDP, page 12. [3] Uganda Human Rights Commission (UHRC). 2006. Annual Report. Kampala: UHRC, page 19. [4] UNDP. 2007a (ibid.), page 23.

CHAPTER FOUR

4. ECONOMIC GOVERNANCE AND MANAGEMENT

4.1 Overview

460. The significance of the economic governance and management pillar derives from the recognition by African heads of state and governance that good economic governance, including transparency in financial management, is an essential prerequisite for promoting socioeconomic development and reducing poverty. Against this backdrop, the present Ugandan government has pursued a market-based, private sector-led economic growth strategy geared towards poverty eradication and improved living conditions for all Ugandans.

461. When the National Resistance Movement (NRM) government came to power in 1986, it was confronted with daunting economic challenges. Macroeconomic disequilibria and disruptions characterised the economy, as attempts by previous regimes to restore the economy to growth and stability were unsuccessful. The government consequently sought to create a stable, predictable and integrated economy through a macroeconomic and structural adjustment programme entailing far-reaching economic reforms. It launched the Minimum Economic Recovery Programme (MERP) in the same year, focusing on the rehabilitation of productive sectors and the socioeconomic infrastructure.

462. A number of macroeconomic and sectoral policies were introduced to provide stability and an enabling environment for private sector-led development and simultaneously to redefine the role of the government in the economy. The reforms included the liberalisation of the economy; removal of controls and state intervention in the business sector; restructuring and privatisation of public enterprises; and market determination of the exchange rate. The state marketing board monopolies for coffee, lint and other produce were liquidated with the removal of price controls.

463. In addition, fundamental and far-reaching reforms were implemented in the areas of tax policy and administration, public expenditure management, fiscal and monetary policy and foreign trade. Interest rate control, commercial banks' credit ceilings and administrative credit allocations were abolished. Thus, a number of macroeconomic and sectoral policies were introduced to provide stability and an enabling environment for private sector-led development while simultaneously redefining the role of the government in the economy.

464. Because of its concern for poverty eradication, the government adopted the Poverty Eradication Action Plan (PEAP) as its planning framework and foremost instrument for accelerating growth, reducing poverty and promoting sustainable development. The first PEAP was introduced in 1997. The current PEAP spanning the period 2004/5 to 2007/8 is the third. Following the multi party elections of February 2006, the NRM gov-

ernment came up with a pledge to implement a programme called “Prosperity For All” (Bona Bagaggawale). This programme, which was formulated to reprioritise the PEAP, is anchored on the government’s vision that every adult should access gainful employment, while every household is able to earn the minimum income it needs to access basic human necessities. The ultimate vision of the NRM government is to tackle poverty and transform Uganda into a middle-economy country in line with the targets of the PEAP.

465. In support of the PEAP, the International Monetary Fund (IMF), in collaboration with other multilateral organisations, provided a three-year Poverty Reduction and Growth Facility (PRGF) programme that ended in December 2005 following its successful completion. Since January 2006, the IMF and the government have embarked on a new multi-year Policy Support Instrument (PSI) that continues with the implementation of policies to achieve further improvements in economic growth and poverty reduction. Under the PSI the country does not borrow from the IMF. Rather, the PSI offers a means for the country to continue a policy dialogue with the international financial institutions while maintaining a greater degree of autonomy and ownership of macroeconomic policy and programmes.

466. The economic policies of the government have largely succeeded in reversing the macroeconomic disequilibria that the economy suffered for most of the period between the early 1970s and the early 1980s. Sustained sound macroeconomic policies have ensured remarkable economic growth rates averaging 6 per cent per annum since the 1990s. Data from the Ministry of Finance, Planning and Economic Development (MFPED) indicates that, in 2004/5, gross domestic product (GDP) growth stood at 6.8 per cent but slowed to 5.1 per cent in 2005/6 and then grew by 6.7 per cent in 2006/7. Uganda’s medium-term objective is to achieve an average of real GDP growth rate of 7 per cent per annum by 2017 in order to reduce poverty levels to less than 10 per cent. Meanwhile, the incidence of poverty was reduced to 31 per cent in 2006.

467. Uganda’s target inflation rate has been programmed at 5 per cent per annum or less in order to achieve high economic growth rates and create a stable business climate. For a long time, since 1993/4, the country has successfully attained macroeconomic stability with inflation controlled at single digits and close to the target. However, in the last few years, the inflation rate, which had averaged 4.8 per cent in the late 1990s increased to 8 per cent in 2004/5, but declined to 6.6 per cent in 2005/6. It then tended upwards because of several exogenous shocks arising from prolonged drought and energy problems. These pose risks to real growth prospects and render the price environment less benign. The shocks have also posed the main challenge to monetary policy. Against the background of macroeconomic stability and a fairly conducive investment environment, the country has experienced significant increases in investment flows, both foreign and domestic. As a percentage of GDP, private investment rose from 12.2 per cent in 2000/1 to 19.2 per cent in 2006/7. Public investments by the government averaged 5.1 per cent over the same period.

468. Two defining features of Uganda's fiscal management have been budget deficits and donor dependency. The expansion of government expenditure, which is not matched by increased domestic revenues, has resulted in huge fiscal deficits (excluding grants) that peaked at 12.4 per cent of the GDP in 2001/2 but were reduced to 7.3 per cent in 2006/7. The deficits have mainly been financed by net external fund inflows in the form of grants and highly concessional loans. Although the increase in the donor-funded fiscal deficit has enabled the government to increase its expenditure more rapidly than the growth in domestic revenues alone would allow, it has led to an increase in the net issuance of government securities (for the purpose of sterilisation) and sales of foreign exchange by the Bank of Uganda (BoU) in order to control inflation. The increased sale of government securities as a result of recurring deficits has tended to drive up interest rates and increase the cost of private sector borrowing; reduce commercial banks' extension of credit to the private sector as they increase their holdings of treasury bills; and increase the interest costs in the national budget, among other things.

469. Although the government has begun to implement a strategy for scaling back the fiscal deficits, the challenge to reduce donor dependence remains, which increases the vulnerability of the national budget to a sudden cutback in donor aid. The donor-funded component of the national budget stood at about one half of the budget in the 2007/8 financial year and thus the need to step up the mobilisation of domestic revenue is compelling. This will entail broadening the tax base, capturing the informal sector into the tax net and effectively implementing the new National Industrial Policy to achieve industrial development.

470. In the last five years, the budget preparation process has been increasingly participatory, involving key stakeholders such as government ministries, local government, Parliament, donors, private sector and civil society actors. The participation of various stakeholders has helped to increase the focus of the government on issues of concern to the citizens and has also enhanced the transparency of the exercise. However, there is the challenge to improve the predictability of the budget through regular flow of funds, including donor grants. Significant progress seems to have been made in strengthening and updating the legal framework and regulatory environment for public finance management. Also, authorities and programmes tasked with ensuring good public financial management are in place. However, performance levels appear to be affected by capacity issues.

471. Without any doubt, significant achievements have been made by Uganda over the past two decades in the sphere of macroeconomic stabilisation and growth. One of the notable challenges remaining, however, is that of reducing the donor-financed fiscal deficits noted above. Another is the poverty incidence which, though it has been reduced to a level of 31 per cent, is still very high.

472. The private sector-led economic growth strategy is being constrained by limited and unaffordable credit, as well as other factors. Studies reported in the World Economic

Forum's Global Competitiveness Report of 2004/5 and 2005/6 indicate that the most problematic negative factors to doing business in Uganda are limited access to finance, corruption, underdeveloped infrastructure, high tax rates and poor work ethics, in that order. Also, the 2006 World Bank's Diagnostic Trade Integrity Study and Country Economic Memorandum identified the electricity supply to be the most severe impediment to industrial development, followed by infrastructure and finance. This has been confirmed by stakeholders during interactions with the Country Review Mission (CRM).

473. The government's Budget Speech for 2005/6 underscored the negative impact of the energy crisis, in that industry growth had declined from 10.8 per cent in the 2004/5 financial year to a disappointing 4.5 per cent in 2005/6. The hardest hit was the formal manufacturing sector, where growth had dropped from 13.5 to –3.5 per cent. According to the Budget Speech, most manufacturers have been forced to reduce production, revert to 24-hour shift work patterns or use diesel generators, which have increased their production costs.

474. The rate of domestic savings at about 10 per cent is still very low. In addition, a large share of the domestic and external savings is being channelled into commercial and residential construction. The challenge is to boost and direct savings into more productive investment.

475. The rather excessive aid dependency impinges on the sovereignty of the country and constrains its economic budgetary choices. Key sectors such as agriculture, health and education still lag behind and there is a strong need for increased resources in these sectors as core pillars in the poverty reduction strategy. Also posing significant challenges to economic management are corruption, insecurity in some parts of the country and exogenous shocks, both internal and external.

476. Corrupt and fraudulent practices are prevalent in a wide range of sectors and areas in Uganda, and the cost of corruption to the economy remains a cause for serious concern for all stakeholders. The government has made notable progress in putting in place institutional and legal frameworks to fight corruption and money laundering and to raise public awareness. However, there are significant capacity constraints on the ability of the anticorruption agencies to carry out their functions both in public education and in investigating, detecting and prosecuting offenders. The most difficult challenge that the government faces is that of lack of public interest and support.

477. The need for the country to accelerate participation in regional integration arrangements is acknowledged by the enlightened stakeholders. The establishment of the East African Customs Union is seen as a major milestone on the road to full integration of the East African economies. The critical factors for successful integration exist in the sizable market of 90 million people with a total GDP of US$30 billion.

4.2 Standards and Codes

i. Summary of the CSAR

478. The APRM questionnaire on economic governance and management lists 15 standards and codes on the basis of which a country should be assessed. The Country Self-Assessment Report (CSAR) states that Uganda has, to a large extent, complied with the relevant international standards and codes. The report states that the following standards or codes were adopted or entered into effect as indicated:

- New Partnership for Africa's Development (NEPAD) Framework Document in 2001;
- Constitutive Act of the African Union in 2001;
- Code of Good Practices on Fiscal Transparency in 1998;
- International Standards on Auditing in 1997;
- International Accounting Standards in 1999;
- Code of Good Practices on Transparency in Monetary and Fiscal Policies in 1993;
- Core Principles for Systemically Important Payment Systems in 2005;
- Core Principles for Security and Insurance Supervision and Regulations in 1996;
- Core Principles for Effective Banking Supervision in 2001;
- OAU Convention on Preventing and Combating Corruption in 2004;
- Protocol to the Treaty establishing the African Economic Community relating to the Pan-African Parliament in 2001; and
- Protocol on the Establishment of the East African Community Customs Union in 2004/5.

479. Particularly noteworthy are the standards and codes for Uganda's financial sector. The Financial Institutions Act conforms to the best practices, standards and principles in the supervision of financial institutions. It also paved the way for the BoU to be in full compliance with the Basle Committee's principles of effective banking supervision. However, bank failures and the rapid growth of microfinance institutions in the 1990s presented significant challenges to the financial sector. As a consequence, the government enacted the Microfinance Deposit Taking Institutions Act in 2003.

480. Other measures taken to enhance economic governance and soundness in the financial sector include the drafting of the Anticorruption and Money Laundering Bill, which proposes the establishment of a financial intelligence authority for coordinating policies and efforts to fight against money laundering.

ii. Findings of the CRM

481. No information was made available to validate the current status or implantation performance of the other standards and codes stated in the CSAR. It was noted, however,

that there was general observance of most standards and codes because most of the practices specified thereby have been mainstreamed through the Financial Institutions Act, the Budget Act and the Public Finance and Accountability Act. In addition, most of the commitments in the NEPAD Framework Document of 2001 have been successfully mainstreamed through the Poverty Eradication Action Plan.

482. Although the country is in full compliance with the Basel Committee's principles, current bank ratings by the BoU show that seven of the 14 banks are classified as satisfactory, while the other seven are classified as fair. In addition, the BoU indicated that a Credit Reference Bureau was expected to be established by the middle of 2008. Furthermore, the majority of microfinance institutions still fall in the realm of the informal sector and only four major ones are currently being regulated.

483. There was no official confirmation of the status of the Guidelines of Public Debt Management. However, the country has developed a debt strategy dated December 2007.

484. The Anticorruption and Money Laundering Bill has not been enacted by Parliament and no evidence was available as to the effectiveness of any measures taken to deal with the issue of money laundering.

iii. Recommendations

485. The APR Panel recommends that the government should direct each ministry and agency to keep proper records of the standards, codes and practices that have been adopted and are implemented, or being implemented, as a basis for adequate monitoring of their status. Periodically, reports should be submitted to the Ministry of Foreign Affairs for centralised documentation.

4.3 Assessment of the Performance of APRM Objectives

Objective 1: To promote macroeconomic policies that support sustainable development

i. Summary of the CSAR

486. The CSAR observes that Uganda has pursued macroeconomic policies that have stimulated economic growth and contributed to high levels of macroeconomic stability. Key policies in this regard are a competitive exchange rate for exporters; consistent and predictable monetary and fiscal policies; and promotion of a steady growth in domestic savings and private sector-led investment. Against the background of serious

macroeconomic disequilibria for most of the 1970s and 1980s, Uganda began to implement a comprehensive programme of macroeconomic stabilisation and structural adjustment as from the late 1980s. This helped to restore macroeconomic stability and achieve impressive economic growth rates.

487. In the context of the Economic Recovery Programme, the government's primary macroeconomic objective has been to promote rapid, broad-based and sustainable private sector-led economic growth that is adequate to reduce poverty. The target economic growth rate is 7 per cent per annum. Upon the successful completion of an IMF Poverty Reduction and Growth Facility Programme, the Ugandan government, in 2006, agreed to a three-year PSI programme that entails IMF surveillance and technical assistance. The PSI seeks to monitor progress towards achieving the goals set forth in the PEAP. This plan is the foremost framework for accelerating growth, reducing poverty and promoting sustainable development in the country. The Prosperity For All programme has also been formulated to reprioritise the PEAP and raise the incomes of households.

488. The CSAR stresses that the performance of macroeconomic variables in the past has been remarkable despite the prevalence of internal and external shocks to the economy. Significant achievements have been made in the areas of economic growth, inflation control, poverty reduction, and decline in fiscal deficits, domestic savings mobilisation and investment, among other things. The macroeconomic projections have, however, been characterised by substantial deviations relative to out-turns. The report acknowledges that this was probably attributable to insufficient capacity and tools for conducting the projections. Over the previous five years, the economy suffered serious internal and external shocks. However, the government has adopted several measures for reducing donor dependency, rationalising the existing public expenditure and promoting investment in petroleum exploration and production. The CSAR acknowledges the need to focus on improving tax revenue collection at all levels of government.

489. The focus of the government's sectoral policies and programmes has been on fostering sustainable development by enhancing production, improving the incomes of the poor and ensuring sustainable sectoral development. To this end, key policy initiatives and strategies have been implemented in agriculture, among which are the Plan for Modernisation of Agriculture (PMA) and the National Agricultural Advisory Services (NAADS) programme. Also of note are the Rural Sector Strategy and the Sub-county Development Strategy (SCDS); the latter facilitates access to basic production inputs. The CSAR admits that, in spite of the initiatives, the performance of agriculture in terms of contribution to the GDP has declined from 40.8 per cent in 2000/1 to 36.3 per cent in 2004/5. This is due to a number of subsisting challenges, one of which is low budgetary allocation. With respect to industrialisation, Uganda has prepared the policy framework for industrial development for the period 2004 to 2009. However, the observed steady increase in the contribution of industrial output is due to the emergence of non-traditional crops.

490. In the social sector, the government is committed to the sustained improvement of social service delivery to all Ugandans. It is also committed to achieving the Millennium Development Goals (MDGs) on Universal Primary Education (UPE) by 2015. A number of policy initiatives have been formulated and implemented in both the health and the education sectors and some achievements have been made, although many challenges still remain. These include the high drug stock-out rate in the health sector, as well as high enrolment, dropout and unemployment rates in the education sector.

491. In the energy sector, Uganda's policy is geared towards addressing the energy needs of the population. The sector is experiencing accelerating investment by both public and private sectors. In addition, the government has instituted measures aimed at addressing the current energy crisis. Also, the government has formulated a draft National Oil and Gas Policy to ensure sustainable utilisation of the oil and gas resources when production commences.

492. The government is committed to structural reforms aimed at improving the investment climate and increasing productivity, in particular the reform and privatisation of parastatals. By the end of 2006, a total of 128 divestures had been made using various methods of privatisation. However, the privatisation exercise has elicited debates on various aspects of the programme implementation. Specifically, there have been criticisms relating to transparency and the use of proceeds. Stakeholders' criticism of the privatisation exercise as lacking transparency is acknowledged in the CSAR, although indications of the measures taken to ensure transparency and accountability of the privatisation process are not provided.

493. The CSAR acknowledges the substantial role of donor support in the government's effort to achieve its ambitious poverty reduction targets under the PEAP. The government, however, desires to develop internal capacity for resource mobilisation. To this end, key reforms have been undertaken in tax policy and administration, two of which are the restructuring of the Uganda Revenue Authority (URA) and the liberalisation of tariffs. This has yielded positive results in terms of enhancing revenue performance. However, a number of challenges to revenue mobilisation remain. These include the large size of the informal sector; lack of reliable data; uneven distribution of income; formation of the East African Community (EAC); a narrow tax base; corruption; and limited human capacity for supervision.

494. In conclusion, the CSAR observes that considerable achievements have been made by the government on the objective of pursuing macroeconomic policies that are supportive of sustainable economic development. The liberalisation of the financial sector and related policies are resulting in the financial sector deepening and enhancing domestic resources needed for investment. However, the report acknowledges that, despite the positive trends, macroeconomic management and poverty reduction still face significant challenges, among which are the high cost of borrowing (reflected in high interest rates), poor transport infrastructure and inadequate electric power supply.

Other challenges are related to youth unemployment, donor dependency, and vulnerability to internal and external shocks. In the light of the above, the government acknowledges the need to boost economic growth further; give extra emphasis to agriculture; provide support to private sector investment; carry out further educational and financial sector reforms; scale up affordable access to credit in rural and hard-to-reach areas; increase revenue mobilisation; and maintain a cap on external borrowings.

ii. Findings of the CRM

495. The findings below relate to macroeconomic policy effectiveness in relation to stabilisation and economic growth; effectiveness of the private sector-led growth strategy; resource mobilisation; public expenditure policy and priorities; monetary policy effectiveness; macroeconomic policy and industrialisation, as well as investment promotion.

Macro-Economic Policy, Stabilisation and Growth

496. The primary macroeconomic objective of the government of Uganda is to promote rapid, broad-based and sustainable private sector-led economic growth that is adequate for reducing poverty. The targeted rate of real economic growth is 7 per cent per annum. The following factors are critical to supporting this growth:

- Maintain annual consumer price inflation to a maximum of 5 per cent;
- Maintain a stable and competitive exchange rate that can support export growth;
- Provide a buffer against external shocks by maintaining foreign exchange reserves, equivalent to a minimum level of five months of imports; and
- Increase private sector credit and private investment to boost private sector-led economic growth by reducing the government's fiscal deficit.

497. In order to achieve these objectives, several monetary, fiscal, exchange rate, trade and debt management policy measures have been implemented to various degrees. The effectiveness of these policies can easily be inferred from the macroeconomic achievements. Available data indicates that Uganda has done very well in the areas of macroeconomic stabilisation and growth and its policies have generally helped to achieve high growth rates, poverty reduction and low inflation, among other things. For example, Uganda's economic growth has turned out to be very impressive and commendable. The GDP growth averaged 6.5 per cent per annum between 1990/1 and 2002/3 and 6.03 per cent between 2003/4 and 2006/7.

498. However, the rate of per capita GDP growth has been much slower on account of the country's high rate of population growth (3.4 per cent per annum compared with a per capita GDP growth of 2.7 per cent per annum over the 1990 to 2003 period). The determinants of growth in the 1990s included the restoration of macroeconomic stability, improved security, the removal of economic distortions, and improvement in the terms of trade due to the coffee boom of the mid-1990s. In recent years, the growth

of the economy was driven by the services and industrial sectors. As at 2005/6, the structural shift away from agriculture to services, which had slowly begun to manifest from the early 1990s onwards, had become very prominent. The services sector remained the dominant sector in the 2000s, culminating in a share of 45.4 per cent of GDP in 2005/6. Partly as a result of the prolonged drought, the share of agriculture in GDP declined to 33.8 per cent in 2005/6 from 51.1 per cent in 1990/1.

499. Against the background of strong growth performance, the national poverty incidence declined markedly during the 1990s but began to rise around 2000 from 34 to 38 per cent in 2003, before falling to 31 per cent in 2006. Yet inequality, as measured by the Gini coefficient index, increased from 0.35 in 1997/8 to 0.43 in 2003, which implies that the growth has not been broad based.

500. Inflation control has generally been successful. The hyperinflation of the late 1980s was brought under control in 1992/3, and for a decade thereafter the annual headline inflation rate averaged 4.8 per cent per annum. Because of exogenous shocks, including drought, electric power shortages and the rise in international oil prices, the annual headline inflation rose to 8 per cent in 2004/5 but declined to 6.6 per cent in 2005/6.

501. With inflation having been brought under control and the foreign exchange and financial markets liberalised in the 1990s, savings and investment began to record noticeable growths. In real terms, as a percentage of GDP, private investment rose from 9.1 per cent in 1990/1 to 15.6 per cent in 2002/3. Gross domestic savings grew rapidly from 2 per cent of GDP in 1990/1 to 8.8 per cent in 1994/5. Savings are projected to rise to 13.6 per cent of GDP by 2013/4.

502. Significant progress has been made in reducing fiscal deficit, which is a central objective of the government's macroeconomic strategy. Between the mid-1990s and 2001/2, fiscal deficits widened sharply, rising from 6.5 per cent of GDP in 1995/6 to a peak of 12.4 per cent in 2001/2. The increase was due to an expansion of government expenditure that was not matched by increased domestic revenues. The said expenditure was mainly covered by an increase in donor aid inflows to fund key government priorities in social services provision. In recognising the problems of huge budget deficits, the government began to implement a strategy to scale back the fiscal deficits. This has achieved some success, as the overall fiscal deficit excluding grants dropped to 8.5 and 7.5 per cent of GDP in 2004/5 and 2005/6, respectively. The aim of the government is to reduce the fiscal deficit to 6.5 per cent of GDP by 2010, by restraining the growth of expenditures to less than that of domestic revenues. The box below summarises the results of consistent and prudent macroeconomic management.

503. Some stakeholders have, however, expressed scepticism about the high growth rates, arguing that they seem not to be broad based enough, as they are associated with rising inequality and are inconsistent with the magnitude of poverty seen on the ground.

Best Practice 2: Results in Uganda's Macroeconomic Management

Macroeconomic policy making is generally sound as reflected in the following:

- **Strong economic growth rates averaging 6.3 per cent between 1990 and 2007;**
- **Reduction in the incidence of poverty to 31 per cent in 2006;**
- **Successful control of inflation – the inflation rate averaged 4.8 per cent per annum for over a decade from the 1990s;**
- **Significant growth in savings and investment – private investment as a percentage of GDP rose from 4.1 per cent in 1990/1 to 19.2 per cent in 2006/7. Similarly, gross domestic savings has risen significantly from 2 per cent in 1990/1 to 10 per cent in 2005/6 and a projected level of 13.4 per cent of GDP by 2013/4;**
- **Notable growth in foreign exchange reserves held by the BoU, equivalent to about 6 months' imports cover in 2006; and**
- **Reduction in fiscal deficits from 12.4 per cent of GDP in 2001/2 to 7.5 per cent in 2005/6.**

Source: Compiled by the CRM, March 2008.

Indeed, some stakeholders described the growth rates as being visible only in statistics. Other stakeholders described the growth rates as good, but cautioned that this performance is being dampened by high population growth rates, which may stall the country's efforts to achieve a significant reduction in the incidence of poverty. The CRM agrees with this stance.

504. Another concern about the macroeconomic strategies relates to the implications of financing fiscal deficits. In order to control inflation at the target of 5 per cent or less, the government has had to neutralise the inflationary effect of financing the fiscal deficits through the inflow of foreign funds by engaging in sterilisation. The effect of this has been to increase the domestic interest costs in the budget and drive up interest rates, as well as increase the cost of private sector borrowing. To contain the inflationary impact of the fiscal deficits, the BoU rightly has had to increase net issues of securities and sales of foreign exchange. The net issuance of securities has increased by hundreds of percentage points. In 2003/4, government domestic interest costs accounted for more than 8 per cent of Uganda's annual expenditure.

505. A significant reduction in the fiscal deficit will lead to a gradual decline in the burden of interest payments on the government's budget. Also, the phenomenon of the government competing with the private sector in the securities market and hence driving up interest rates, could also diminish.

iii. Recommendations

506. The APR Panel recommends that Uganda should:

- Continue to pursue its fiscal deficit reduction strategy;
- In collaboration with other stakeholders, seriously consider population control and planning as an element of the country's poverty reduction strategy; and
- Step up efforts at targeting broad-based economic growth that reduces inequality through the adequate empowerment of people to participate in the growth process in terms of employment and possession of skills and productive assets.

Private Sector-Led Growth Strategy

507. The key development strategy of Uganda has been private sector-led economic growth and it is considered to be the "engine" for economic growth and employment. In the PEAP of 2004/5 to 2007/8, it is clearly stated that, in view of the private sector's role in providing the majority of productive investment, the government would collaborate with producer organisations to promote private sector-led development. To this end, incentives are to be provided to encourage the kinds of investment that will generate growth among the poor.

508. Most stakeholders (including civil society organisations and private sector operators) considered the private sector-led strategy desirable and good. They did, however, add that private enterprise requires the proper guidance of the state. Moreover, the private sector needs to be well organised and provided with an enabling environment to yield the desired impact on growth, employment and poverty reduction.

509. So far, the private sector is still in its infancy and too weak to serve as an engine of growth. It covers a broad range of areas, with the operators being predominantly small, medium and microenterprises (SMMEs). Most of what can be described as large enterprises are either multinationals, or subsidiaries of multinationals, with a few indigenously owned companies. Thus, the sector's impact has been rather limited. As the government acknowledges in the National Budget Framework Paper for Financial Years 2007/8 – 2009/10, even though private investment has been growing rapidly, the total level of investment remains low when compared with many other countries, especially those with high economic growth rates. If Uganda is to achieve the GDP growth target of 7 per cent or more, it needs to create a more conducive environment.

510. A consideration of the sectoral composition of the GDP shows that the manufacturing sector contributes an average of 10 per cent. The private sector engagement in industrial production is low. Besides, most of the private sector operators outside agriculture can at best be described as importers who sell imported items, a practice that tends to undermine the role of the private sector in the industrialisation effort. Therefore, there is a need for the private sector to focus more on production and link its activities to the country's resource base. There is also the challenge of weak indigenous enterprises in relation to foreign enterprises – the former tend to collapse easily. This perhaps explains the poor performance of some privatised and indigenously owned enterprises. While stakeholders acknowledged that the government has designed strate-

gies, policies, measures and incentives to nurture the private sector there are, however, gaps in their implementation, which have negatively impacted on private sector operators. These were confirmed by the CRM. Box 4.1 provides insights into the challenges faced by manufacturers in Uganda.

Box 4.1: Challenges of the Ugandan Manufacturing Sector

According to the Uganda Manufacturers' Association, poor infrastructure has tormented industrialists to unimaginable levels. The manufacturers suffer greatly to reach the final consumers and this situation is affecting their growth. Roads are tortuous all over the country and the electricity problems of 2007 brought the industrial sector to its knees, causing industrialists to lose millions of dollars. The power crisis happened when water levels in Lake Victoria were reduced, making power generation at the Kira and Owen Falls power plants fall from 270 MW to about 150 MW. The current power supply is only good for lighting. Manufacturers also lose money when power fluctuates Another problem facing the manufacturing sector is the low purchasing power caused by the collapse of the cash crop economy. A fall in coffee prices affects the incomes of farmers, leaving them with little or no purchasing power. Manufacturers now rely on salary workers who have only about 10 per cent of their income to spend on manufactured products. The country is full of cheap, counterfeit products that compete unfairly with locally produced goods. Some manufacturers have closed shop because of this unfair competition, while others have made the unfortunate shift from exporting to importing.

Source: The Chamber Newsletter, Issue 5, September–December 2007, page 3.

511. Generally, private sector operators complain of the following, among other things: frustrations from technocrats even where the government's intentions are good; high production costs attributable to high transport and power costs and interest rates; land constraints to industrialists due to the politicisation of land; constrained access to credit; infrastructural deficiencies; liberalisation of foreign trade; and endemic corruption.

512. There is no doubt that the government has striven hard to create a favourable investment climate through the achievement of macroeconomic stability, the constitution of the Presidential Round Table on Investment Climate, and the establishment of the Uganda Investment Authority, with the latter administering numerous investment incentives and promoting private investment. Nevertheless, there is a need for the government's actions to be felt more in the area of infrastructure provision in order to make private sector enterprises competitive both at home and abroad. The government is rising up to this challenge in the area of energy supply with several ongoing electricity projects.

iv. Recommendations

513. The APR Panel recommends that the government should enhance public-private partnership (PPP) initiatives in the development of specific infrastructure projects.

Monetary and Financial Sector Policies

514. The BoU's primary focus is on maintaining macroeconomic stability, in particular containing inflation at low and stable levels. To this end, the Bank has striven to maintain a judicious monetary policy stance supported by close coordination with the fiscal authorities, as well as a comprehensive liquidity management framework that helps to maintain stability in the financial markets. The CRM was informed by officials of the BoU that there has been strong political commitment to macroeconomic stability and that this has significantly aided prudent implementation of monetary policy.

515. A deputy chairperson and five non-executive directors are appointed by the President with the approval of Parliament, and hold office for a renewable five-year term. One of the Board's committees for the effective discharge of its duties is the Monetary and Credit Policy Committee (MCPC). Its functions include formulating and directing the conduct of monetary policy in order to deliver price stability and support government objectives for sustainable growth. The Permanent Secretary and Secretary to the Treasury, MFPED is a member of both the Board and the MCPC.

516. The centrality of the bank's independence in achieving the primary goal of price stability is widely acknowledged. Section 162(2) of the Constitution grants independence to the BoU in performing its functions and states that it shall not be subject to the direction or control of any person or authority. However, the CRM was informed that this independence has sometimes been constrained by fiscal dominance, as reflected in the management of external funds inflows to finance budget deficits.

517. The sterilisation of excess liquidity is effected through a combination of sales of treasury bonds, net issuance of treasury bills and daily sales of foreign exchange. Besides, the BoU also uses the repurchase agreements (REPOs) as a flexible fine-tuning instrument to manage the intra-auction liquidity and adjustments of the rediscount rate and bank rate. The sale of government securities for the purpose of sterilisation has tended to drive up interest rates and reduce the amount of funds available for private sector borrowing. It has also increased interest costs in the national budget substantially. Interest payments increased from USh237.7 billion in 2004/5 to an approved budget amount of USh260.2 billion in 2006/7 (National Budget Framework Paper for Financial Years 2007/8–2009/10).

518. Under section 34(3) of the BoU Statute of 1993, the Bank is allowed to make temporary advances to the government not exceeding 18 per cent of the government's recurrent revenue. However, financing of fiscal deficits by the Bank has declined

significantly in the last few years, although government deficits are still at unsustainable levels. Treasury bills and treasury bonds are issued only for the purpose of mopping up excess liquidity.

519. At present, the BoU uses monetary targeting as its framework for monetary policy. Introduced since 1993, monetary targeting relied on using base money as a target or an assessment criterion. However, there has been a shift to the Bank's net domestic assets to allow for flexibility in base money to address unanticipated foreign currency inflows and/or shifts in money demand. Because the demand for money in Uganda has become unstable and has hence created difficulties in predicting money, the Bank is planning to introduce inflation targeting as the monetary policy framework. Other reasons adduced for this planned switch are that inflation targeting creates a forward-looking approach to the conduct of monetary policy; it creates an institutional commitment to price stability as the main goal; and it promotes transparency and accountability in monetary policy making. It is, however, noted that the introduction of the inflation targeting framework requires adequate planning, sensitisation of stakeholders and capacity building as necessary preconditions.

520. Judicious monetary policy has contributed to the impressive growth rates and savings and investment rates noted earlier. The exchange rate has largely been stable and the viability of the external sector of the economy continues to improve with the import cover of external reserves being sustained at over six months. In addition, improvements in current transfers and exports have resulted in improvements in the current account deficit (excluding official grants) from 13.3 per cent of GDP in 1997/8 to 7 per cent in 2006/7.

521. The financial sector's soundness, robustness and strength indicators continue to improve through rigorous implementation of the Financial Institutions Act of 2004. However, stakeholders have expressed concern about aspects of the outturns of financial sector policy, particularly relating to high interest rates and the challenge of financial sector deepening. Also of concern is the lack of access by the majority of the rural population to formal and affordable credit. Lending interest rates currently range between 18 and 25 per cent. The phenomenon derives from factors such as the rather small size of the financial sector against the ever-increasing demands for credit in the economy, limited competition in the financial sector, high operating costs of banks, and high fiscal deficits which, through the cost of sterilisation, push up interest rates.

522. Another area of challenge is financial deepening. The PEAP document acknowledges that Uganda's financial markets are both shallow and poorly developed, being dominated by commercial banks. The non-bank financial institutions, which are alternatives to commercial banks, are also small relative to the latter. Even then, the government is a major competitor with the private sector for commercial bank resources.

523. Indicators of financial deepening, which refer to the increase in the holding of financial assets by economic agents relative to GDP, have shown steady growth since the 1990s. According to the 2005/6 Annual Report of the BoU, all measures of financial

depth suggested enhanced financial deepening of the economy in 2005/6 relative to 2004/5. Nevertheless, it is important for the Bank to devise effective ways of responding to the rather recent challenge to monetary policy implementation arising from exogenous shocks associated with prolonged drought, the continued increase in world oil prices and the reduction in hydroelectric power.

524. High interest rates have tended to deter private sector borrowing, particularly for production. This was confirmed at the CRM's interactive sessions with stakeholders, especially the private sector and non-state actors. The challenge therefore is how to bring the interest rates down to levels that will not act as a deterrent to productive private investment. Credit should not only be available but should also be affordable. However, in its 2007/8 Budget Speech, the government acknowledged awareness of the difficulties facing Ugandans in accessing capital and in the high interest cost of capital. It stressed that the government would not rest until the cost of capital came down to more internationally competitive levels, so that the prices of the country's exports could be more attractive in the world market.

525. The CRM sought to find out from commercial banks why the majority of the rural population has no access to formal and affordable credit. It was informed that commercial banks, by their nature, are not oriented towards rural financing and that microfinance institutions are more suited to the needs of the rural population. It was, however, acknowledged that microfinance loans are very costly because of their high operational costs and high risk factors, which make their cost-income ratios very high.

v. Recommendations

526. The APR Panel recommends that Uganda should:

- Build adequate human or analytical capacity both in the BoU and the Treasury before introducing the inflation targeting framework (BoU; Treasury);
- Reconsider the membership of the Treasury in the Monetary Policy Committee for avoidance of conflict of interest (government);
- Introduce further measures to broaden and deepen the financial markets and reduce lending interest rates. Such measures include:
- Continuing to strengthen the regulation and supervision of banks and credit institutions;
- Continuing to support the development of the capital market;
- Improving the payments and settlements system;
- Reducing deficits; and
- Increasing domestic savings.

Fiscal Policy

527. Issues relating to tax policy and the expenditure framework and priorities are the do-

main of the MFPED and its related agencies.

Tax Policy

528. Resource mobilisation is one area of macroeconomic management where the government has faced significant challenges. In the face of donor funding constituting about 50 per cent of the government's budget, there is a pressing need to enhance the country's capacity to mobilise domestic resources for funding economic and social development programmes. This makes a well-designed tax policy and system highly desirable, especially as gross domestic revenues depend on the tax collection. For example, in 2005/6 domestic taxes constituted 52 per cent of the total gross revenue, while taxes on international trade accounted for 48 per cent.

529. According to the PEAP of 2004/5 to 2007/8, the tax system is expected to accomplish the following:

- Raise enough domestic revenue to finance expenditure without recourse to excessive public sector borrowings, or excessive recourse to donor grants that might make the budget vulnerable to unexpected fiscal shocks;
- Raise revenue in ways that are efficient and equitable;
- Enable taxes to be collected cost-effectively in a manner that minimises op portunities for corruption; and
- Do so in ways that do not deviate substantially from international best practice.

530. So far, the tax policy has yet to meet the objectives adequately and the result is continued aid dependence of the country. It must be acknowledged, however, that the government's efforts to reduce aid dependence are definitely commendable. The donor-funded component of the national budget went from 60 per cent in 2004/5 to 48 per cent in 2007/8. This, however, is still very high. The government has tended to be constrained in raising tax rates in order to increase domestic revenue. Some stakeholders have expressed concern about what they described as high tax rates and being overtaxed.

531. The CRM noted that the country has a relatively narrow tax base, which poses a challenge in the government's efforts to meet its objectives for the mobilisation of domestic resources. The strategy has been to deepen the tax base by overtaxing entities and individuals who are already in the tax net. The current proposed Local Service Tax Bill is an example of the tax-deepening measures. If enacted, it will negatively affect individuals engaged in formal employment who are already taxed through Pay As You Earn (PAYE). Considering the huge size of the informal sector, the onus is on the government to find more innovative ways of broadening the tax base. It should encourage compliance through a review of the tax structure and its rates in order to increase domestic revenues and reduce dependency of the national budget on donor aid.

532. There are demands for tax rate reductions, and there is also the risk of continued pressure to give investment incentives that would undermine revenue mobilisation. An example is the tax holiday that was introduced in the current financial year to encourage exporters of value-added goods and related goods.

533. There seems to be some political influence on the administration of tax policy, as indicated by top private sector stakeholders at an interactive session with the CRM. They passionately expressed concerns about what they perceived as the lack of a level playing field whereby some individuals and companies are exempted from certain taxes, or get their taxes reduced, while others do not enjoy such privileges. The CRM could not confirm this with the appropriate government departments. Nevertheless, such exemptions or reductions of tax payments, if true, would undermine the effectiveness of the tax policy. Overall, the fiscal authorities will continue to confront the challenge of how to balance the need to raise revenue through higher tax rates with the needs of the private sector for low tax rates in order to improve competitiveness and exports.

534. In a discussion with the CRM, officials of the Tax Policy Department in the MFPED stressed that Uganda has a good tax system. For example, value-added tax (VAT) has limited exemptions and the rate is uniform at 18 per cent. One problem, however, is that since VAT was introduced in 1996 as part of the measures to modernise domestic indirect taxes and the income tax law was reformed in 1997, no major review of the tax system has been conducted to assess whether it still meets its objectives. There is also the challenge emanating from the structure of the Ugandan economy, in which about 80 per cent of the population operates in the informal sector. With this structure, it is difficult to obtain a good tax policy outturn. The economy is characterised by a large number and variety of informal sector activities and occupations, many small establishments, a low share of wages in total national income (with many workers paid in cash "off the books") and a large share of total consumer spending in large modern establishments that keep accurate records of sales and inventories.

535. These features of the economy reduce the possibility of efficiency gains from such taxes as personal income tax and value-added tax, and undermine the possibility of achieving high growth of domestic revenues. The other constraints to tax revenue generation include lack of reliable data and information, uneven distribution of income, limited latitude in tax handles, and corruption.

536. Some of the above constraining features of the economy make the case for rapid industrialisation of the country very compelling. They also suggest active promotional measures for absorbing many informal sector operators into the formal sector fold. More taxes can be collected if the industrial base is expanded, more employment is generated and the tax base is broadened.

Public Expenditure Framework and Priorities

537. In view of the role of public expenditure in economic growth, the issue of public expenditure policy and priorities has turned out to be of considerable economic interest to most stakeholders, particularly the enlightened. The government itself is very conscious of the significance of public expenditure and the need to be guided by clear policies and priorities. To this end, there is a declaration of the government's cardinal principle of economic management, namely that government expenditure in any fiscal year cannot exceed the budgetary resources available to it, and so overall expenditure must remain within the resource envelope. Also, in order to achieve its macroeconomic objectives, the government has to reduce budget deficits to a sustainable level by controlling its expenditure such that it does not cause high inflation and high interest rates that are detrimental to private sector growth.

538. The government has achieved notable success in expenditure control. The total expenditure-GDP ratio declined from 23.3 per cent in 2003/4 to 21.3 per cent in 2004/5, whereas the estimate for 2005/6 was 20.6 per cent. As the PEAP document acknowledges, the impact of donor funding has been to increase the national budget rapidly and, at the same time, diminish the need to scale back expenditure in non-priority areas such as public administration. This has led to wastage, corruption and poor value for money in some areas of the budget.

539. Generally, different categories of stakeholders expressed concern about the expenditure priorities even though these were determined in the context of the Medium-Term Expenditure Framework (MTEF). In particular, concerns have been expressed about "big government", as reflected in huge expenditure on public administration. At the interactive sessions that the CRM held with stakeholders, they argued that the structure of the government is unwieldy, with 80 districts, 13 municipalities and 90 county councils at the decentralised level, a large number of ministers, presidential advisers and members of Parliament (MPs) at the central level, as well as district councillors.

540. The government is aware of the challenges posed by the massive public administration expenditure. Officials of the Budget Policy and Evaluation Department of the MFPED acknowledged that huge public administration expenditure distorts expenditure priorities. They also expressed concern about the enormous expenditure on 80 district councils, which numbered only 18 at independence and then 35 when the NRM came to power. Even the government seems to acknowledge the problem, as it commissioned a study in 2002 and another in 2003 on the issue of more effective public administration budgeting. The 2002 report suggested possible areas in public administration for expenditure control (see Box 4.2), and provided explanations of the areas associated with cost escalation.

541. Two other issues need to be addressed, one of which relates to what stakeholders considered to be the relatively low budgetary allocation to agriculture (3.6 per cent in

Box 4.2: Possible Areas Identified for Savings in the Study Reports

- Expenditure by commissions and secretariats falling outside the civil service, including those set up under specific provisions of the Constitution, other commissions set up by the government and special secretariats, often initiated with donor support;
- Costs to the national budget of appointments at the district level (resident district commissioners, and deputy and assistant commissioners of district committees funded out of the Consolidated Fund);
- Costs of operating the political system;
- Costs of maintaining foreign missions;
- Costs resulting from the duplication of government programmes; and
- The process whereby the public administration sector benefits disproportionately from access to supplementary allocations during the fiscal year.

Source: Van Arkadie, B. 2003. A Report on Public Administration and the PEAP Revision. 10 December. Report submitted to the Uganda Office of the Prime Minister and the MFPED.

2006/7). As agriculture accounts for 32 per cent of the GDP, employs 73 per cent of the labour force and contributes 85 per cent of export earnings, it needs to attract a much larger share of public sector investment. The other issue is to bring new spending items on board during budget implementation through supplementary budgets. While the government has a good expenditure policy, it nevertheless needs to watch its expenditure priorities so that the budget favours priority infrastructure projects, social services and agriculture.

vi. Recommendations

542. The APR Panel recommends that the government of Uganda should:

- Expeditiously review its tax policy to encompass broadening of the tax base and make it more appropriate to meeting its fiscal objectives;
- Undertake reforms of its public expenditure with a view to rationalising the public administration expenditure and bringing it under strong budgetary control; and
- Raise spending on agriculture to at least 10 per cent of the national budget as recommended by the Common Agricultural Development Programme (CAADP), endorsed by the African Union Summit held in Maputo in July 2003.

Industrialisation

543. The role of industrialisation in enhancing the capacities of countries to participate meaningfully and profitably in modern globalisation is generally acknowledged. Indus-

trial development enables countries to raise growth rates, reduce poverty, generate employment, diversify the economies and foster linkages.

544. The President of Uganda deeply appreciates this role and desires that the Ugandan economy should be diversified through industrialisation. When the CRM paid him a courtesy call on 7 February 2008, he spoke about his faith in industrialisation as an instrument for structural transformation and employment generation in the Ugandan economy. According to him, African countries cannot continue to depend on the export of primary products. The President emphasised the need to link industrialisation initiatives to the country's resource base and value addition, while at the same time noting the need for industrial competitiveness and globalisation. Interactions of the CRM with other stakeholders revealed that they are also convinced of its desirability.

545. The country's industrial policy is export oriented and the strategy is to diversify the export base and ensure value addition of primary products in order to mitigate the effect of fluctuations in global commodity prices on export performance. The CSAR indicates that the government has prepared a policy framework for industrialisation in Uganda for the period 2004 to 2009. The framework proposes interventions targeted at improving the performance and contribution of the industrial sector in order to tap the gains from international trade. It emphasises developing and strengthening the link between industry and agriculture through the promotion of agricultural and resource-based investments, diversifying the export base, processing agricultural products and providing a new platform for economic growth.

546. The Ministry of Tourism, Trade and Industry (MTTI) released a copy of the National Industrial Policy that was approved by Cabinet on 28 January 2008. This document is considered the framework for Uganda's transformation, competitiveness and prosperity and is the product of wide consultations within the MTTI, as well as involving other ministries, institutions, academia, the media, NGOs and the private sector. It sets out the strategic direction for industrial development in Uganda for the next ten years and the principles therein are expected to be sufficiently robust to guide the country well beyond that period. The principal focus of the policy relates to exploiting and developing national domestic resource-based industries, such as the petroleum, cement and fertiliser industries; promoting competitive industries that use local raw materials; encouraging agro-processing industries; and engineering for capital goods, agricultural implements, construction materials, and so on.

547. The CRM thus confirms that a policy framework containing policies and specific strategies has been designed to promote industrialisation in Uganda. There are, however, a number of challenges relating to the macroeconomic policies of full trade liberalisation, which have tended to bother investors. The government's trade policy stance supports the export sector by minimising domestic and international barriers to trade. To this end, the current and capital accounts of the balance of payments are fully liberalised, such that there are no taxes on export procedures in the country. Although the

government does not give protection to domestic industries, it has pursued a policy that creates a level playing ground for all investors.

548. The complaint of private sector operators is that, while trade liberalisation and market determination of exchange rates could benefit agricultural exports, they tend to hurt the growth of manufacturing and manufactured exports. The depreciation of the Ugandan shilling increases the cost of production, owing to its pass-through effect. Full trade liberalisation puts Ugandan manufactured products at a competitive disadvantage as opposed to imported goods, particularly cheap counterfeit goods from the industrialised world, and against the background of poor infrastructure and high energy costs. At interactive sessions with the CRM, some civil society stakeholders and private sector operators stressed the phenomenon of unfair competition from imported goods, notably fake products. Thus, with the opening of markets, small-scale industrialists and producers or farmers have been subjected to unfair competition. Stakeholders have therefore urged the government to revise the policy. Full trade liberalisation would be more beneficial if the enabling environment were more conducive.

549. The issue of liberalised capital accounts has also attracted some concerns, particularly in relation to portfolio investment flows. So far, Uganda has not had problems with portfolio inflows in terms of precipitating a financial crisis. The size of such inflows, made up mainly of money market instruments, is relatively low. The Annual Report of the BoU puts the size of portfolio investment inflow at US$16.7 million in 2005/6, compared with US$1 828.4 million for foreign direct investments. It may be necessary to put in place cautionary measures in terms of prudential regulations to ensure that portfolio inflows other than equity flows stay in the country for some reasonable length of time.

vii. Recommendations

550. The APR Panel recommends that the government of Uganda should:

- Create an incentive structure directed at linking the industrialisation process with the country's resource base;
- Introduce prudent regulation to support the full liberalisation of portfolio investment inflows (BoU; MFPED);
- Implement the recommendations of the African Union Heads of State Summit of February 2007 for governments to make a budgetary allocation of at least 1 percent of total GDP to the industrial sector; and
- Resuscitate the Uganda Development Bank through adequate recapitalisation and capacity building in order to provide credit to investors in industry at affordable interest rates.

Investment Promotion

551. The government has pursued the policy of promoting both foreign and domestic private

investment. To this end, it has put in place appropriate institutional frameworks and incentives for encouraging private investment. The institutional frameworks include the Uganda Investment Authority (UIA), whose mandate is to promote and attract investment (domestic and foreign), engage in policy advocacy and facilitate investment; the Presidential Investors Round Table (PIRT), which advises the government on measures for improving the investment climate; and the Privatisation and Utility Reform Programme, which facilitates investment through the privatisation of public enterprises.

552. Against the background of the various incentives and promotional measures, Uganda has done remarkably well in investment performance, particularly foreign direct investment. Data from the UIA shows a steady growth in investment in the economy. For example, investment as a percentage of GDP increased from 17.4 per cent in 2003/4 to 22.5 per cent in 2006/7. Inflows of foreign direct investment have recorded steady growth from the 1990s, increasing from an average of US$82 million in 1990/2000 to US$258 million in 2005.

553. Some stakeholders have expressed concern about the application of the investment incentives, alleging discrimination in favour of foreign investors. The private sector, non-state actors and civil society organisations (CSOs) claimed that some foreign investors were given free land, whereas domestic investors faced serious constraints with respect to acquiring land for industrial activities. The captains of industry tended to confirm the above claims, stating that the government's initial focus was on foreign direct investment. Consequently, foreign investors have been treated more warmly by government officials and also easily obtain parcels of land.

554. Stakeholders gave another example in the area of edible oil production, where Ugandans already in the business, like the Mukwano Group of companies, were treated differently from a foreign investor, BIDCO, which was given a tax holiday of about 20 years. They further stated that advantages in favour of investment have tended to be negotiated. The CRM could not confirm the claims. The top officials of the UIA described the issue of favouritism and better incentives to foreign investors as a perception, stating that there was no discriminatory treatment of investors.

555. What is clear, though, is that investors in Uganda desire a level playing field. They also want the government to be mindful of the need to support young industries against the onslaught of "unfair" competition from counterfeit or fake foreign products. They want help in dealing with the problematic factors of doing business in Uganda, such as poor access to, and the high cost of, finance and land, corruption, poor infrastructure and high tax rates.

viii. Recommendations

556. The APR Panel recommends enhanced and programmed sensitisation of Ugandans on available investment incentives – to be done by the Uganda Investment Authority.

Best Practice 3: Uganda Desk at the Universal Investment Authority

The Uganda Investment Authority (UIA) set up a unit within the institution – the Uganda Desk – to promote and facilitate local investment. The unit particularly focuses on strengthening small and medium-sized enterprises (SMEs). About 300 SME project ideas have been identified and compiled to assist those entrepreneurs who wish to start a business. The UIA is also implementing a three-year entrepreneurship training programme for local SMEs. A total of 383 SMEs from nine districts have been trained in business start-up and business development skills.

Source: Compiled by the CRM, March 2008.

Objective 2: To implement transparent, predictable and credible government economic policies

i. Summary of the CSAR

557. Economic policy making and implementation in Uganda are guided by an enabling legal and institutional framework through the Constitution, as well as several other legal instruments enacted by Parliament to ensure the implementation of sound and credible economic policies in a transparent manner. Formulation of policies in Uganda have largely been guided by the MTEF and the PEAP, which form the basis for planning over a period of three years and are then implemented through the yearly national budget. The CSAR cites the key legislations passed to date in this regard. The first is the Budget Act of 2001, which provides for a systematic process in budget formulation and implementation. The Act also makes two critical provisions worth noting here: the involvement of a broad spectrum of stakeholders at all levels in the budgeting process, and the direct engagement of Parliament in the same.

558. The second piece of legislation is the Public Finance and Accountability Act of 2003, which provides for the development of an economic and fiscal policy framework for the country, in order to regulate and prescribe responsibilities for the financial management of the government; to regulate government borrowing; and to provide for the auditing of government transactions. The third is the Public Procurement and Disposal of Assets Act of 2003, the main objective of which is to regulate the system of procuring and disposing of public assets and services in Uganda. Consequently, the Public Procurement and Disposal of Public Assets Authority was established to advise government agencies on all matters regarding the disposal of public assets at all levels of government. Finally, the CSAR notes the establishment of the National Planning Authority (NPA) through an Act of Parliament in 2002. The report further discusses the

challenges that the NPA faces in the discharge of its duties, as well as constant overlaps in responsibilities with the MFPED.

559. Other legal frameworks ensuring the implementation of transparent, credible and sound economic policies include the Public Enterprises Reform and Divesture Act of 2000, which guides the privatisation process, Budget Appropriation Act, Financial Institutions Act of 2004, Bank of Uganda Act of 1993, Local Government Act of 1997 and the Local Governments Financial and Accounting Regulations of 1998. The CSAR also notes the adequacy of existing legal provisions to enable Uganda to observe fully the codes and standards of good practice in this area.

ii. Findings of the CRM

560. The CRM looked at the adequacy of the institutional and legal frameworks available for implementing sound and credible economic policies, as well as the level of transparency in the formulation and implementation of such policies. The issues were examined in the following context:

- Institutional arrangements for effective policy formulation and implementation;
- Formulation and implementation of fiscal and monetary policy; and
- Implementation of other key sectoral policies that have a significant impact on the Ugandan economy, such as privatisation policy and investment policy.

561. In general, the CRM observed that Uganda has comprehensive legislative frameworks that allow for the implementation of sound and credible economic policies in a transparent manner. Although this has been a major achievement, the CRM has also noted some shortfalls in some areas. These gaps, which are described below, are critical and need to be addressed to accelerate the move forward.

- Institutional arrangements for national planning: Medium to long-term planning is guided by section 125 of the Constitution, which stipulates that "there shall be a National Planning Authority whose composition and functions shall be prescribed by Parliament". The National Planning Authority Act of 2002 describes the primary objective of the NPA more specifically as the obligation "to produce comprehensive and integrated development plans for the country elaborated in terms of the perspective vision and the long-term and medium-term plans".

  The CRM noted the evolution of the planning function within the government from two separate ministries in the late 1990s – Planning and Finance – which later merged to form the existing Ministry of Finance, Planning and Economic Development (MFPED). The thinking at the time was to ensure that the budgeting process through the MTEF was linked to national plans. However, and with time, a number of key stakeholders raised concerns, for example that the MTEF as a planning framework hardly considered long-term development strategies.

Hence, the NPA has been an establishment whose primary function is to produce comprehensive and integrated development plans for the country, elaborated in terms of the perspective vision and long and medium-term plans. In pursuance of this function, the NPA is required, among other duties, to coordinate and harmonise development planning in the country; to monitor and evaluate the effectiveness and impact of development programmes and the performance of the Ugandan economy; to support local capacity development for national planning; and to advise the President on policies and strategies for the development of Uganda. The CRM also noted that the legislative framework for the establishment of the NPA was adequate, giving it the requisite powers to carry out its core functions. The CRM appreciates the importance of the planning function and applauds the strides that the government has made in creating the NPA. However, as noted in the CSAR and through interactions with the NPA itself and other concerned stakeholders, major challenges exist for the institution to meet its objectives fully and objectively. These include:

- *Capacity constraints:* The NPA is severely understaffed in relation to its core functions. Of the 29 established positions for professional and technical staff, only eight have been filled. This includes the posts of managerial staff, in particular, the executive director and his or her deputy. None of the other key positions, such as heads of departments or strategic supporting staff, have been filled. At the time of the CRM therefore, the NPA with its total of 69 established positions had only 33 of these filled (25 of which are support staff) and one executive board member as against the required five.

  The NPA is also significantly underfunded. Its budget and allocated funding showed that funding of programme activities represented only 13 per cent of the total approved budget. These levels have serious implications for the functional efficiency of the NPA.

- Reporting mechanism: The NPA, which is considered a unit or agency of the MFPED, reports to the Minister of Finance. Interactions with a number of stakeholders unveiled a significant challenge in the present reporting arrangements. First of all, given the critical role that the NPA has in formulating comprehensive development policies, it is imperative that it should have a more direct mechanism of reporting to the President, so as to get speedy feedback and policy direction from the head of state.

  Secondly, there is a subtle unhealthy working relationship between the MFPED and the NPA which, if left unchecked, has the potential to compromise the efficiency of development planning. Stakeholders felt that, although the functions of both institutions are clearly spelt out in their respective legal frameworks, the constant institutional power struggle is becoming increasingly costly to moving the development process forward. The CRM is of the view that given these facts, the government might wish to revisit the working arrangements as well as the autonomy of the NPA to ensure that the planning function is not compromised. Although this might seem like a "personality problem", and to a certain degree an institutional problem, the CRM wishes to caution against the potential dangers of not resolving these issues.

562. The above notwithstanding, the CRM noted with satisfaction the efforts that the government is making in developing its long-term development plans contained in the revised vision of the Country Vision 2035. It has plans to roll out ten and five-year strategic plans with specific targets for meeting this vision. However, the CRM also noted that all these processes are still being spearheaded by the planning unit of the MFPED, largely because of the constraints the NPA is experiencing as an institution. While noting that the ministry has the institutional memory and capacity to formulate policies, and acknowledging that the transfer of the planning function needs to be gradual while capacities are being built within the NPA, the CRM is nevertheless concerned about the pace at which these processes are taking place.

iii. Recommendations

563. The APR Panel recommends that Uganda should:

- Fully capacitate the NPA with human and financial resources to improve its service delivery and efficiency (government; MFPED); and
- Revisit the reporting mechanisms of the NPA to make it more autonomous and efficient (Parliament; MFPED).

Government Economic Policy Planning and Implementation Frameworks

Planning Framework

564. Uganda has done relatively well in terms of short to medium-term policy implementation through the PEAP. The government has implemented the PEAP since 1997, which has largely informed the MTEF and the national budget in terms of development planning. Formulation of the PEAP has been highly consultative at all levels and based on real priority areas as identified by the nation, which makes it a very transparent policy formulation and implementation process. The current PEAP, which is expected to end in June or July 2008, will be replaced by a five-year National Development Plan. Again, as its predecessor, the formulation process of this five-year plan is expected to be highly consultative and broad based in order to increase transparency and accountability in its implementation. At the time of the CRM, the government had developed guidelines for the formulation of the National Development Plan, which was yet to be widely disseminated at local level. It is envisaged that Uganda will have a National Development Plan by 2009 at the earliest. In this regard, the CRM observed that there might be a gap between the expiration of the current PEAP and the National Development Plan, which is cause for concern.

Expenditure Framework

565. Implementation of fiscal policy in Uganda is largely guided by the resource envelope and selection of priority areas within the MTEF and the PEAP. This is what translates into the national budget for each financial year as a means of operationalising the MTEF. The CRM observed that the government has increasingly opened up space for the involvement of the citizenry and stakeholders at different levels in the budget process. The budget process is quite an elaborate one and starts in October to June of each financial year. A national budget consultative workshop is convened every October, followed by local government budget framework workshops in November. These consultative workshops have the primary objective of developing Budget Framework Papers at different levels, in order to form the National Budget Framework Papers and subsequently budget estimates and, finally, the national budget, which is then presented to Parliament for discussion.

566. In general, there is a good framework providing for budgetary transparency. The budget process adopts the MTEF framework, which is based on an interaction of a top-to-bottom and bottom-up approach. It starts with the issuance of a budget call circular indicating resource ceilings for the various spending entities. This is followed by the National Budget Conference for stakeholder consultations. Ultimately, the annual budget estimates are agreed upon based on the identified policies and priority programmes across sectors, institutions and government hierarchy. The projected resource envelope is also agreed upon.

Best Practice 4: The Budget Consultative Process in Uganda

A striking feature of the Ugandan budget consultative process is that it follows a well-stipulated "budget cycle" taking close to nine months to the formulation of the national budget. Uganda has a highly decentralised system and the budget cycle also takes cognisance of that fact. Based on the priorities set at the National Consultative Conference at the beginning of each budget cycle, local governments are required to consult their constituencies from the village, parish, sub-county and district levels to come up with Local Government Budget Framework Papers (LGBFPs). The LGBFPs are further disaggregated into Sector Budget Framework Reports, which are then submitted to sectoral ministries for consolidation into the National Macroeconomic Framework Paper.

Key to this broad-based consultative process of budget formulation is the real desire by the government of Uganda to bring the budget to the people. Along with the sensitisation campaigns that go with the budget cycle, the government has also endeavoured to produce a Citizen's Guide to the Uganda Budget Process, which is available in English and seven local languages. This is a very simplified booklet aimed primarily at explaining the budget cycle in very simple terms and giving the reasons

why all concerned citizens need to be involved. It also explains, among other things, sources of income for the government, its liabilities and how it intends to pay back, and therefore stresses the need to plan and budget carefully for priority areas, given all its needs. This is all done in very simple terms using examples, such as a household's budget, which the citizenry can easily understand. In addition, the government also produces a booklet called The Budget at a Glance, which is a simplified version of the Budget Speech every year. It is aimed at enhancing people's understanding of each year's budget and is available in local languages as well as English.

Source: Compiled by the CRM, February 2008.

567. The CRM notes the impressive framework for budget consultations that Uganda has, although questions remain on how effective and encompassing these consultations are at local levels.

Revenue Mobilisation Framework

568. The CRM notes that the government has an overarching goal of increasing domestic revenue collection in order to reduce fiscal deficits, and thereby to reduce its dependency on aid for budget support, which is relatively high. As noted earlier, domestic revenues from tax and non-tax sources account for about 50 to 60 per cent of the national budget. Tax revenues alone account for about 96.4 per cent of total revenues (2007/8 Budget Statement). In cognisance of the contribution of tax revenues to the national budget, the CRM examined the soundness and degree of openness of tax policy formulation and implementation. This was done largely through interactions with the taxpayers, as well as other stakeholders involved in the formulation and implementation of the same.

569. Again, it was noted that tax policy formulation and implementation are quite transparent and understood by many taxpayers at the central level, professional associations and the educated. This is mainly because the space for engagement is a lot wider at the centre than at local levels. The CRM examined written suggestions from the Societies of Accountants and Manufactures which, among others, form the basis for interactions and negotiations between the government and these organised groups. In addition, when the tax policies are set, they are clearly spelt out in the Budget Statement so that taxpayers know the direction of government in this regard.

570. This process, unfortunately, is not replicated at local levels. Interactions with stakeholders at the local level suggested that there is inadequate consultation on tax measures that the government introduces at the centre. A clear example is the Local Service Tax Bill that is yet to be passed. Many people felt that, although the Bill might help local governments to increase their revenues, it would overburden certain categories

of taxpayers who already pay other forms of taxes, such as PAYE. It was argued that the central government did not adequately consult local authorities and stakeholders on viable options for broadening the tax base at the local level. Stakeholders at the local level also felt that there was a lack of transparency and predictability regarding tax policies that are implemented due to policy reversals that have been effected in some instances, such as the abolition of the Graduated Tax due to political reasons.

iii. Recommendations

571. The APR Panel recommends that the Ministry of Local Government (MoLG), in consultation with the MFPED, should take appropriate steps to enhance the involvement of local authorities and stakeholders in the formulation of appropriate tax measures for local governments (MoLG; MFPED).

Debt Management Strategy

572. Consistent with the fiscal consolidation objective, the government has forged ahead to develop a comprehensive debt management and sustainability framework. Having benefited from the Highly Indebted Poor Countries (HIPC) Initiative and the Multilateral Debt Relief Initiative (MDRI), Uganda recognises that it can easily fall back into the pre-debt relief position if care is not taken. The total debt stock of Uganda at the end of 2006/7 was approximately 23 per cent of GDP, 12 per cent of which was external debt. This represents a significant change in the size and composition of the debt burden in the recent past. In stark contrast with the pre-relief situation, external debt amounted to 79 per cent of the total debt stock and was approximately 61 per cent of the GDP. The MFPED, in conjunction with the BoU, and other key stakeholders have therefore formulated a comprehensive Debt Management Strategy aimed at keeping debt at sustainable levels.

573. The main areas of focus for the strategy include a clear framework for eliminating domestic arrears for the short to medium term and a five-year cap on both domestic and external borrowing. All this is done to avoid rapid debt build-up, which would make fiscal sustainability a challenge in the medium term. Implementation of this strategy is expected to commence in the 2008/9 fiscal year.

574. Although the formulation of the strategy has largely been limited to selected key stakeholders, mainly because of its highly technical nature, it will be widely disseminated once it goes through Cabinet and Parliament for approval. Although the implementation of the strategy is yet to be seen, the CRM commends the efforts made in this area.

Other Economic Policies

Privatisation Policy

575. The privatisation policy in Uganda was formulated to remove structural weaknesses in the economy, increase productivity of parastatals and lessen the burden that state-owned enterprises were exerting on public finances. Consistent with this objective was the desire to spur private sector-led growth. According to the CSAR, by the end of 2006, a total of 128 divestures had been completed, using various forms of privatisation. Another 24 other public enterprises were at various stages of divesture.

576. During its interactions with stakeholders, the CRM endeavoured to establish the extent to which the privatisation process was transparent to the general public. Interactions with most stakeholders outside Kampala strongly suggested that there was a lack of transparency as far as the privatisation of state-owned enterprises was concerned. There was also a lack of transparency in the utilisation of privatisation proceeds. On the other hand, the government, as well as the Unit responsible for privatisation in the MFPED, insisted that the privatisation process has been transparent, although they were not able to provide evidence to that effect. The CRM was therefore not in a position to ascertain the extent to which the privatisation process was transparent, procedurally and otherwise. The CRM was also not able to get a clear picture on how the proceeds from the sale of government-owned enterprises had been utilised to date, except that the money is held in a special account within the government's consolidated account with the BoU.

Investment Promotion

577. The investment climate has improved significantly over the past years in Uganda, as evidenced by record-high foreign direct investment inflows, as well as a relatively correspondent increase in domestic private investment. The macroeconomic gains that the country has sustained over a period of time, such as stable inflation, the liberalisation of the capital and current accounts and selected tax incentives, have largely contributed to the increase in gross investment.

578. The CRM in its interactions with stakeholders verified that investment in the country has indeed increased despite high interest rates. Yet, as was alluded to earlier, there were concerns that investment incentives favoured foreign investors over domestic investors. The UIA, however, insisted that there was no discrimination between foreign and domestic investors, and that the matter of incentives was embedded in law. The government currently gives capital allowances on a refund basis when a person files a claim, as well as tax holidays for export processing zones only. A full list of available investment incentives is given in Box 4.3. These incentives have been streamlined to avoid the discretion that the Minister of Finance used to exercise on a case-by-case basis in previous years.

579. The discussions revealed the serious problem of lack of information on investment incentives beyond the borders of the capital, as well as for small investors within the city who do not have access to the Internet or are able to digest the relevant information given in the media. The CRM is of the view that more needs to be done in terms of information dissemination, especially since the majority of local investors seem to have misguided perceptions of the availability and accessibility of investment incentives.

Box 4.3: Investment Incentives in Uganda

a) Investment capital allowances:
Initial allowance on plant and machinery 50–75%
Start-up cost spread over four years 25%
Scientific research expenditure 100%
Training expenditure 100%
Mineral exploration expenditure 100%
Initial allowance on hotel, hospitals and industrial buildings 20%
Deductible annual allowances (depreciable assets):
Depreciation rates of assets range 20–40%
Depreciation rate for hotels, industrial buildings and hospitals 5%

b) Investors who register as investment traders are entitled to a VAT refund on building materials for industrial and commercial buildings.

c) Imported plant and machinery are duty and tax free.

d) First-arrival privileges in the form of duty exemptions for personal effects and motor vehicles (previously owned for at least 12 months) are available to all in vestors and ex-patriates coming to Uganda.

e) Export promotion incentives and facilities include:
Manufacturing under bond
Duty exemption on plant and machinery and other inputs
Stamp duty exemption
Duty drawback
Withholding tax exemptions on plant and machinery, scholastic materials, human and animal drugs and raw materials
Ten-year tax holiday – duty remission scheme for exporters involved in value addition

f) Planned incentives:
"One-stop shop" at UIA
Business linkages
Industrial parks
Promotion and facilitation of local investors

Source: Uganda Investment Authority (UIA). Uganda: A New Investment Destination. Kampala: UIA.

iii. Recommendations

580. The APR Panel recommends that Uganda should:

- Develop a more comprehensive communication strategy that would capture people outside of Kampala in the area of the privatisation process and utilisation of the proceeds thereof. There needs to be systematic information dissemination at all stages of the privatisation process in formats that can be understood by all (MFPED); and
- Formulate and implement a sound and comprehensive communication strategy for investment promotion, with a particular focus on investment incentives available to domestic and indigenous investors. A deliberate effort needs to be made in order to correct the skewed perception that domestic investors have of the country's investment policy (UIA; MTTI; MFPED).

Objective 3: To promote sound public finance management

i. Summary of the CSAR

Policy Framework

581. The Ugandan public finance management and concomitant legal and administrative policy is set in the context of the MTEF, which provides for an annual budget and two forward years. Annual policy statements are made during the Budget Speech presented to Parliament in June. It is noted that there is a clear medium-term public expenditure allocation framework, in addition to detailed accounting and auditing requirements. There is also an anticorruption policy.

582. The country has also adopted a deliberate policy for decentralising its budgetary process by developing a reasonable framework and administrative infrastructure for developing predictable medium-term fiscal management, as well as an effective system of fiscal decentralisation. In addition, the country has progressively moved towards greater openness in its budgeting process. The participatory budget preparation process was introduced in the 1998/9 fiscal year. The CSAR concludes that the legal and regulatory framework is adequate for the promotion of public finance management. There are well-established rules and procedures for collection, budgeting, transfers, accounting and auditing of public finance.

Institutional Development

583. The government has developed a legal framework aimed at enhancing openness, timeliness and ownership by all the stakeholders. The CSAR discusses the various legal provisions and measures that are in place to promote sound public finance manage-

ment. These include the 1996 Constitution, which requires the President to prepare an annual budget and table it before Parliament for debate and approval. Other key measures include the establishment of an autonomous URA responsible for revenue collection; the enactment of the Budget Act of 2001, which outlines the budgetary process and defines the key actors; the formulation of the Public Finance and Accountability Act of 2003, which stipulates guidelines for the framework for managing public finances and sets standards to be adhered to; as well as the Local Government Act of 1997 and the concomitant Local Government Finance and Accounting Regulations of 1998, which spell out general and specific modalities and requirements for the prudent management of local authority finances.

584. Further measures aimed at enhancing effectiveness and efficiency in the management of public finances include the Procurement and Disposal of Public Assets Act of 2003, which outlines legal procedures and requirements to protect plundering of public money through underhand deals in the procurement and disposal of public assets; the creation of an independent office of the Inspector-General of Government (IGG) to inspect public service performance and ensure value for money in government spending; the introduction of the Integrated Financial Management and Information System to ensure the centralisation of management information for planning and monitoring purposes; and the establishment of a Parliamentary Public Accounts Committee, as well as Public Accounts Committees at the local authorities charged with the responsibility of scrutinising public expenditures.

Fiscal Decentralisation

585. The country has adopted a strategy of fiscal decentralisation since 2002, initially on a pilot basis in an effort to increase the autonomy of local governments to respond to development needs of grassroots areas. The aim is to enhance revenue generation, planning and budgeting by the local authorities. The supportive legal provisions for this initiative are vested in the Local Government Act of 1997, the 1995 Constitution of Uganda, the Budget Act of 2001, and Local Government Budget Framework Papers.

586. The budgeting and spending guidelines used in the decentralisation effort are in conformity with the criteria for medium-term public expenditure allocation stated in the country's PEAP, namely:

- Spending proposals should have precise output targets and realistic outcome targets.
- All activities, including projects, must be fully costed and the unit costs for the activity should be realistic and based on standard costs within the government.
- The role of the public sector in an activity funded by public expenditure must be clear.
- Public expenditure should be restricted to the supply of goods and services that have the nature of "public goods", and cannot be supplied in an optimal man-

ner by the private sector through the market.

- Spending should make use of existing administrative structures rather than create additional structures.
- The allocation of responsibilities for the activity should reflect well-defined mandates, avoiding duplication and addressing inter-sectoral issues.
- Expenditures should have a clear link to the strategic priorities of the PEAP.

Implementation Challenges

587. The following general types of challenges are identified:

- Inadequate harmonisation of the institutional framework, for example the existence of the 1991 regulations on the economic and fiscal policy framework, the 2003 Public Finance and Accountability Act and the 2003 Treasury Accounting Instructions, as well as the non-synchronised roles of the NPA and the MFPED;
- Institutional underperformance, for example that of the URA, the less-than-satisfactory performance of the Public Procurement and Disposal of Public Assets Authority, and inadequate adherence to existing legal provisions;
- Capacity inadequacies, for example institutional technical capacities, especially at the Public Accounts Committees, thereby making them less capable of providing respectable oversight of fiscal operations; and
- Not enough sensitisation of some key stakeholders (especially grassroots beneficiaries) for them to participate effectively in planning and monitoring.

588. The following specific challenges are encountered in implementing an effective system of decentralisation:

- Low capacity of local governments to generate own resources and to implement decentralised programmes;
- Conditional grants that limit flexibility in the use of financial resources released from the central government;
- Central government controls on local government;
- Inadequate legal provisions;
- Heavy reliance of local governments on central government for funding local government budgets;
- Heavy dependence on donors for funding the national development budget; and
- Political accountability at the presidential level (implementation of the Presidential Manifesto).

ii. Findings of the CRM

Institutional Arrangements

589. The country has developed a reasonable legal and administrative infrastructure to enhance effectiveness in the management of public finance. The fiscal linkage between the central government and local authorities is well developed and articulated. The fiscal mandates of the key agencies are well defined in the various Acts. There are also well-developed guidelines for facilitating the effective mobilisation of resources, budgeting, disbursements and accounting. The Departments of Tax Policy, Budget and the Accountant-General in the MFPED, the URA and the Office of the Accountant-General are sufficiently coordinated in the management of public finances. The auditing (both by internal auditors and by the Office of the Auditor-General) and the oversight function of the Public Accounts Committees are also well developed.

Best Practice 5: Uganda Parliamentary Budget Office

Uganda is one of the first countries in Africa to have legally established an independent Parliamentary Budget Office manned with budget and economic experts to advise Parliament on the budget and the economy. The Office has a staff of 20 economists, statisticians and information technology personnel, and is sufficiently computerised. In addition to analysing economic developments, the Office interrogates annual budget proposals and makes its comments to MPs through the Office of the Speaker.

Source: Compiled by the CRM, February 2008.

590. The intended development of a 30-year development plan, broken down into three ten-year plans and operationalised through five-year medium-term plans and annual plans, is a favourable move that is likely to strengthen the utilisation of public funds. In addition, there is a sound framework providing for budgetary transparency.

591. Despite the excellent institutional arrangement, the following challenges have rendered the performance of these institutions less effective than they would otherwise have been:

- The existence of discretionary revenue laws and unsatisfactory enforcement of existing legal provisions;
- The lack or inadequacy of a medium to long-term planning horizon that is sufficiently synchronised with medium to long-term budget projections;
- The inability of Parliamentary Public Accounts Committees to be current in scrutinising annual accounts. At present, the backlog experienced by all the Committees is for the period 2001/2 to 2006/7. The District Public Accounts Committees have also not been able to discharge their duties effectively and on

time due to constraints in terms of both financial and human capacity;

- Oversight function is impaired due to inadequacies in institutional capacity both in the Parliamentary and District Public Accounts Committees; and
- There is uneasiness and functional friction between the Office of the Prime Minister, the MFPED, the MoLG and the NPA in the planning, budgeting, implementation, monitoring, evaluation and reporting of activities of the decentralisation initiative.

Revenue Administration

592. Uganda has developed and implemented a sound tax framework, of which the legal aspect is well developed. The main pieces of legislation are the Income Tax Act, Value-Added Tax Act, East African Customs Management Act, Excise Tariff Act, East African Excise Management Act, Stamps Act and the non-revenue or administrative charges being collected by government departments. Modern information management systems are also in place. For example, the government uses the Government Finance Statistics (GFS) framework, which derives data from the budgetary and financial operations of the general government sector to ensure that sound public finances are available for the delivery of public services. The official GFS uses audited government accounts only in order to ensure the accuracy of statistical information.

593. Notwithstanding this elaborate legal infrastructure, the country has been unable to mobilise sufficient domestic resources to finance its development programmes as mentioned earlier. The main constraints to revenue generation have been identified as the large size of the informal sector, lack of reliable data, uneven distribution of income and less-than-optimal compliance with tax laws. Given that donor support amounts to 50 per cent of the revenue requirements, a “yellow card” could already be raised.

594. In order to enhance revenue collection and compliance, the URA has been implementing tax administration reforms. It has prepared a comprehensive modernisation plan that “lays down strategies to transform the URA into an efficient client-focused tax and customs administration – based on a three-year funding and implementation cycle”. The five-year Modernisation Programme started in the 2005/6 fiscal year and involves deployment of an Integrated Tax Administration System (ITAS); re-engineering of tax, customs and support services; development of an integrated strategy for minimising corruption, and deployment of an Integrated Communications System (URANet).

595. These measures are aimed at enhancing the integrity of the tax system by reducing corruption (leakages, in particular), enhancing tax compliance, creating reliable tax databases, improving computerisation, offering tax education and making tax collection client friendly. Positive outcomes arising from these measures include the following:

- Revenue performance (the proportion of tax to GDP) has increased from 6 per cent in 1995 to 13.7 per cent in 2005/6.

- Contribution to the national budget increased from 50 to 60 per cent in the last 18 months.
- The compliance rate has increased. For example, the filing ratios of PAYE went from 74 per cent in 2005/6 to 81 per cent in 2006/7; VAT from 70 per cent in 2005/6 to 77 per cent in 2006/7; and Corporate Tax and Excise Duty stand at 71.9 and 76.4 per cent, respectively, for 2006/7.
- Gross revenue has significantly increased since 2002/3, when it was USh1 697 billion to USh2 814 billion in 2006/7, while actual collections have exceeded targets for the same period, except in 2003/4 when collections were below target by 12 per cent.
- Collection cost has stabilised at below 3 per cent.

596. In addition, in the National Budget Framework Paper for Financial Years 2007/8 to 2009/10, the government outlines programmes that will be implemented for social and economic development in line with its macroeconomic plan and fiscal strategy. Domestic revenues are projected to rise during the period to 15.9 per cent of GDP by the year 2009/10. Assuming stability in the tax system, the tax revenue to GDP ratio is projected to reach 15.48 per cent during the same period. These projections are not too ambitious, given that annual revenue collections as a proportion of GDP for 2001/2 to 2005/6 were 11.82, 11.36, 12.44, 12.47, 12.84 and 13.05 per cent respectively. There is also a plan to revise the annual tax collection targets upwards for the URA. It is also noted that, in order to control revenue collection abuses, the government has since 1996 removed all ministerial discretions, except where Parliament has approved such discretions.

Expenditure Management

597. The government has consistently striven to increase the allocations for poverty eradication, increased financial flows to well-defined and coherent sectoral and inter-sectoral programmes, as well as ensuring improved efficiency in public expenditure. Also, since 2001, the government has progressively introduced better accounting and monitoring systems, such as the computerised accounting systems that have been introduced on a pilot basis in government ministries and seven districts. Plans are on hand to extend the same facilities to other central government agencies in Kampala and other districts with fairly good infrastructure; so too are intents to strengthen manual operations in districts not having the necessary infrastructure. Other expenditure management initiatives that are in place include matching budgetary allocations with national development priorities; the existence of legal and regulatory systems; and constant improvements in the budgeting, disbursements, accounting and auditing systems.

598. Several institutions are involved in the expenditure oversight function. The key ones are the:

- Parliamentary Budget Committee, which focuses on the preliminary estimates and macroeconomic plan and programmes, considers the national budget and compiles amendments thereto;
- Parliamentary Budget Office, which provides technical inputs to budget proposals; and
- Deployment of accountants and internal auditors in all ministries and government agencies.

Ultimately, the Office of the Auditor-General audits all public expenditures and submits annual reports to Parliament for scrutiny. Parliament has three active portfolio committees providing an oversight function. These are the:

- Accounts Committee for central government ministries;
- Local Government Accounts Committee for local authorities; and
- Statutory Authorities Committee for parastatal organisations.

In addition, there are 12 Sessional Committees that analyse the financial operations of various ministries. It is also important to note that all the parliamentary portfolio committees are chaired by opposition members. The committees obtain technical support from staff from the Office of the Auditor-General, as well as contracted consultants.

599. At the same time, the government has recognised that the following serious challenges still exist with regard to the efficiency and effectiveness of public expenditures:

- The rapid growth in public spending since the late 1990s has outstripped the implementation capacity in the public sector and the wider economy, resulting in escalating costs and poor quality projects.
- Budget implementation has been hampered by a lack of budget discipline in some government departments, especially public administration and the security sector.
- There has been persistent accumulation of expenditure arrears (especially in the areas of public administration, security and justice, and law and order), despite the introduction of the Commitment Control System. Verified arrears stood at USh540 billion as at June 2006, according to the National Budget Framework Paper.
- There are accounting and reporting capacity constraints, especially in the local authorities.
- The Parliamentary Committee on Government Assurance is still non-operational.

600. The management of the wage bill, which currently comprises about 20 per cent of the total public budget, continues to be a major challenge in Uganda's public expenditure planning. A number of measures have been taken towards the prudent control of a potentially unacceptable escalation of the wage bill. For example, an effort has been made to clean "ghost workers" from the public service; Cabinet has approved a pay policy for public service institutions and government agencies that sets out principles

for setting and approving salary structures; and efforts are under way to cost the structure of the public service.

601. While these are positive developments in the management of the public sector wage bill, the following three emerging challenges require serious attention, as they can have long-term adverse consequences for financial resources:

- Persistent ad hoc restructuring and expansion of government ministries and departments can place public resources under serious stress.
- The un-rationalised, politically motivated and tribally targeted creation of administrative districts, as well as the concomitant requirement of additional administration staff and physical infrastructure, could overstretch government expenditure to an undesirable and unsustainable extent.
- Many stakeholders have expressed serious concern about the prudence and rationale of having a bloated legislature (currently with 333 members), and also about the financial consequences of the MPs' arbitrary decision to enhance their salaries and other allowances without restraint.

602. Expenditure reporting and monitoring remain a major challenge, however. While the Accountant-General transfers money directly to the accounts of line ministries and local authorities via electronic means and according to approved budgets, the expenditure reporting and verification mechanism faces three major problems:

- Different ministries have different reporting formats and supervision levels, and expenditures by local authorities are channelled through the MoLG.
- While the Auditor-General is current in delivering expenditure annual reports to the Parliamentary Accounts Committee, the Committee has been experiencing a backlog since 2003/4. This creates a serious lapse in expenditure oversight and brings to the fore the issue of capacity.
- There is no clear and deliberate effort to verify value for money, particularly among local authorities, in the face of weak expenditure-tracking capacity and effort.
- There is a serious and widespread concern that, despite the introduction of the Integrated Financial Management System, significant amounts of public money are being fraudulently used through unchecked payments involving civil servants and fictitious suppliers.

603. The inability of the Public Accounts Committee of Parliament to conclude deliberation on audited accounts for the period 2001/2 to 2006/7 is worrisome to many stakeholders. The reasons given for the state of affairs are that committees have limited capacity and, because they are chaired by members of the opposition, there is lack of goodwill in addition to the absence of legal pressure to enforce timely conclusion. This implies that the opposition is not doing its work with due diligence.

604. National budget estimates are prepared by the MFPED with inputs from all other government ministries, and are submitted to Parliament for approval as stipulated in the Budget Act. Yet there is no evidence of parliamentary effectiveness in budgetary allocations to some key institutions, such as the Electoral Commission (EC) and the judiciary.

Budget Deficit Management

605. It is acknowledged that inadequate revenue has caused persistent budget deficits over the last 20 years. For example, the actual overall fiscal balance (excluding grants) for the years 2002/3 to 2006/7 in USh billion was –1 336, –1 466.9, –1 362.8, –1 498.4 and –1 618 respectively. The deficit as a proportion of GDP at current prices has progressively reduced from 11.3 per cent in 2002/3 to 8.3 per cent in 2006/7. The government's National Budget Framework Paper shows resource projections up to 2010, and its medium-term budgetary projections set out provisional sector ceilings for up to 2013/4. The revenue and expenditure figures indicate a persistent budget deficit over the projected period.

606. The sources of funds are domestic tax revenue, non-tax revenue and external donor grants and loans. The domestic revenue component constitutes an estimated 65 per cent of the financial resources, which are projected as USh2 961 billion, 3 330 billion and 3 749 billion for 2007/8, 2008/9 and 2009/10 respectively. Associated with this revenue base are provisional allocations to various sectors amounting to USh4 486 billion, 4 807 billion and 5 008 billion respectively for the same period. The balance of the resources (deficit) is expected to be raised from donor support, which indicates continued reliance on donor support in the medium term. It is, however, acknowledged that the option to increase revenue from external resources is also limited. Furthermore, the government has stated its determination to reduce aid dependency, appreciating that high dependency increases the vulnerability of the budget to a sudden cutback in donor aid, thereby constraining economic and budgetary choices. The government further acknowledges that while a temporary loss in donor aid could be absorbed through a limited rundown of the BoU's foreign exchange reserves, a cutback in aid that lasts for more than one year, given Uganda's current level of dependence on donor aid, would force the government to make severe budget cuts.

607. It is important to emphasise that such a development on the fiscal side could set in motion undesirable consequences in the monetary sector and produce a further negative, systemic multiplier effect to economic growth and poverty reduction. This possibility brings to the fore the key issue of how to manage the exit strategy from donor dependency, especially when it has been such a strong pillar in Uganda's admirable economic performance over the last 20 years.

Fiscal Decentralisation

608. Uganda has chosen the development path of the devolution of decision making and

fiscal decentralisation. In 2006, there were 81 districts, about 100 town councils, 9 municipal councils and about 1000 sub-counties. The government seems to be under pressure to continue deepening the devolution and decentralisation effort by creating even more local authorities. The main objective of the fiscal decentralisation policy is to ensure that local governments become centres of good economic governance. This is to be achieved through a strategy that aims at strengthening "the process of decentralisation in Uganda through increasing local governments' autonomy, widening local participation in decision making and streamlining of fiscal transfer modalities to local governments in order to increase the efficiency and effectiveness of local governments to achieve PEAP goals within a transparent and accountable framework".

609. Within this framework, decision making concerning development projects (planning, implementation and monitoring) is devolved to the local authorities. An elaborate system of financial transfers was designed to augment the comprehensive annual planning and budgeting cycle for these authorities. The development projects selected for implementation must contribute to the country's overall and long-term development objectives, and be consistent with the desire to achieve long-term macroeconomic policy objectives and indicators.

610. It is noted that there are well-developed planning guidelines for local authorities. The District/Urban Councils Development Planning Guidelines of 2006 specify the objectives of decentralised planning, features of local government development plans, specific steps to be taken in the planning process, and the roles of political and technical organs of the councils in development planning. There are also elaborate guidelines for financial management in local governments specifying areas of revenue generation, budgeting processes (including the integration of planning with budgeting), financial control mechanisms, and key players in the local government financial management system.

611. In the current fiscal year, the government allocated funds amounting to 33 per cent of the annual national budget directly to local authorities. In addition, MPs are allocated USh10 million per constituency per annum. Three types of transfer to local authorities are as follows:

- Unconditional grants to finance decentralised services;
- Conditional grants to finance the delivery of priority projects for the government and whose disbursement is conditional on the fulfilment of specified requirements; and
- Equalisation grants, which are targeted at reducing regional inequalities.

612. The funding from central government to local authorities constitutes about 90 per cent of their annual budgets and they are expected to raise the balance of 10 per cent from local sources. As mentioned, local authorities were collecting a graduated tax from residents but this tax has since been abolished for political considerations. This has substantially affected the level of financial resources available to implement district projects.

613. Disbursements to local authorities are made monthly through electronic transfers to local authority accounts held in commercial banks. This mode of transfer reduces the potential risk of pilferage. In an effort to increase transparency in the transactions, transfers are published monthly in local newspapers and beneficiaries are required to display the information on public notice boards. Further, according to the Office of the Accountant-General, this mode of funds transfer to the local authorities has significantly reduced the diversion of funds and enhanced the amounts reaching beneficiaries from 20 per cent in 1994, to 90 per cent in 2007.

614. During the CRM consultations, several issues were raised concerning the management and utilisation of these decentralised funds. They include the following:

- Inadequate local capacities to plan, manage and account for the funds;
- Inadequate and non-transparent procurement systems; that is, procurement weaknesses;
- Lack of effective oversight mechanisms;
- Lack of flexibility in the utilisation of the conditional grants;
- Limited scope for most local authorities to raise the 10 per cent component; and
- Underspending by some local authorities due to late disbursements from the central government and lack of absorptive capacities by the authorities.

615. These challenges, as well as those identified in the CSAR, are progressively being addressed by the government. As a result, specific measures are being taken, or are being planned, to improve the situation. These include the issuance of development planning guidelines to local authorities; stakeholder training and sensitisation efforts; enhanced oversight efforts; the enforcement of relevant legal provisions; the use of Poverty Action Fund Monitoring in the monitoring of decentralised expenditures; and Treasury's use of the Local Government Finance and Accountability Act and Regulations of 2007 to track decentralised expenditures.

616. In addition, the government has developed a comprehensive programme for strengthening the fiscal capacities of local authorities. It is expected that with the full implementation of these programmes, the fiscal decentralisation strategy will sufficiently enhance the transparency and efficiency of public resources utilisation to eradicate poverty. The first programme is the Fiscal Decentralisation Strategy approved by Cabinet in 2002. Its objective is to strengthen the process of decentralisation in Uganda by increasing the autonomy of local government and widening local participation in decision making. It also seeks to streamline fiscal transfer modalities to local governments in order to increase their effectiveness in achieving PEAP goals within a transparent and consultative framework. The Strategy focuses on:

- Improving the budget formulation and execution process both at the centre and local governments;

- Improving financial management, budget reporting and accountability;
- Consolidating national sector policies that require local government implementation; and
- Streamlining the grant system, including designing appropriate allocation formula.

617. The second programme is the District Development Programme II (DDP II) being piloted in ten districts, the success of which could be up-scaled countrywide. It has two components that are directly focused on the fiscal capacities of local authorities, namely enhancement of local revenue and support of harmonised participatory planning. So far, the Programme has developed the following:

- An inventory of best practices to improve the management and administration of local revenues;
- A cost-benefit analysis guide to support local authorities in the prioritisation of investments in local revenue generation;
- An incentive framework for facilitating local authorities in improving local revenue management;
- A public-private partnership guide on the management of tendered sources of local revenues;
- Seed capital to facilitate some investments in local revenue; and
- Coordination of support to national initiatives through the local Revenue Enhancement Coordination Committee.

618. The third programme is the Local Government Development Programme II (LGDP II) aimed at up-scaling DDP II and complementing other interventions such as capacity building through training critical personnel in local authorities; provision of additional funding for capital investments; and facilitation of national assessment of local authorities' performance in all aspects of their mandates.

619. In addition to these capacity-strengthening programmes, the proposed Local Government (Amendment) Act Bill of 2007 which, if passed by Parliament, will provide for additional taxes to be levied, collected and charged by local governments. This would provide new sources of income for local governments in the light of falling revenues as a result of the abolition of graduated tax, which was seen to be administratively cumbersome and regressive. Three taxes are proposed: a local services tax to be levied on persons in gainful employment; a local government hotels tax to be charged on hotel visitors and to be collected and paid by hotel owners; and a local tax on motor vehicles to be paid by motor vehicle owners.

620. It is noted that there is no general agreement by stakeholders on the possible introduction of any specific taxes at the local level. Many stakeholders are of the opinion that the central government should be responsible for all taxation and make 100 per cent transfers to the local authorities. This political hiatus may be the reason why consideration of the Bill by Parliament has stalled.

Budgetary Consultations

621. The Budget Act prescribes detailed mechanisms to be followed in preparing the national budget. So, for example, participation of all stakeholders is stipulated in the law. Even before the budgeting exercise begins, communities are required to be involved in the planning process so that the budgets they come up with will be consistent with development priorities. Although this requirement is provided for in the Local Government Act, it is generally perceived that community participation is limited, for the following reasons:

- There is no formal mechanism for community involvement.
- There is serious local capacity limitation and there are no planning units at the sub-county level.
- Very small budgets are allocated to support participatory planning at the community level.
- After communities have stated their priorities, there is hardly any feedback from the top to indicate which projects have been selected for implementation, thereby creating apathy for future attendance at planning meetings.

622. Consequently, most stakeholders have indicated that the process does not solicit sufficient consultation, especially from communities in the districts. Inadequate sensitisation has been carried out to get communities involved in the various stages of the budgeting process. It is also noted that most stakeholders do not have the capacity to either scrutinise budget allocations or monitor budget utilisation.

623. Overall, and despite various implementation challenges, fiscal decentralisation seems to be a feasible strategy for Uganda's development. It is, however, important to emphasise the imperative for enhanced sensitisation of the citizenry regarding their role as key stakeholders in national budgeting, as well as in the management of decentralised financial resources. In addition, a legal framework must be established to facilitate better and more sustainable ways to raise revenues at local levels with a view to creating a firmer sense of ownership by the local populations. Concomitant actions are needed to further strengthen the linkage between the planning and the budgeting process, the expenditure monitoring and reporting process and the fiscal decentralisation process.

iii. Recommendations

624. The APR Panel recommends the following actions aimed at institutional improvement, enhancement of oversight, operational strengthening and flexibility in expenditure:

- Institutionalise planning and budgeting linkages between the central government and local authorities through migration from an inclusive medium to long-term planning framework (NPA);
- Develop a fully integrated and costed long-term development plan for the coun-

try, from which short and medium-term national and local-level plans and associated costs are derived (NPA);

- Enact the Local Government (Amendment) Bill of 2007 (Parliament);
- Strengthen expenditure reporting and monitoring to enhance accountability and value for money (MFPED; MoLG);
- Hold the Parliamentary Accounts Committee accountable and require it to be current with its oversight function by making a legal provision ensuring that the Committee conducts its business on a timely basis (Parliament);
- Enhance both onsite and offsite technologically supported supervision and monitoring (an oversight system) to curb possible pilferage and misallocation (MFPED; MoLG);
- Enhance and time-scale planned programmes for strengthening fiscal systems in local authorities (MoLG);
- Ensure strict enforcement of existing laws on expenditure control (MoLG);
- Progressively liberalise the utilisation of grants to local authorities (MFPED; MoLG); and
- Develop a proactive capacity-enhancement programme allowing authorities to spend their resources in areas of real priorities within broad MoLG guidelines (MoLG).

Objective 4: To fight corruption in public administration, and money laundering

i. Summary of the CSAR

625. The CSAR acknowledges that corruption is a cause for serious concern in Uganda, as evidenced by its poor ratings by Transparency International (TI) and the Corruption Perception Index (CPI). Irrespective of the indicator used, the country is rated among the 15 per cent of countries worst affected by corruption. Recent (2005) estimates by the World Bank indicated that the country loses about US$300 million per year through corruption and procurement malpractices.

626. Some of the root causes of corruption in Uganda include the following:

- Breakdown in the rule of law, especially in Northern Uganda;
- Lack of clear understanding of existing codes of conduct;
- Poor procurement systems;
- Inadequate legal machinery;
- Lack of or unclear inter-institutional linkages;
- Inadequate systems, logistics and capacities in public offices; and
- Greed.

627. Since 2002, the government has put in place various laws and regulatory frameworks aimed at reducing corruption. The following are some of the key measures:

- Institutionalisation of the IGG, established in 1986, through the Inspectorate of Government Act of 2002, which is aimed at the elimination of corruption and abuse of public office. The IGG also conducts periodic public awareness education programmes, as well as regular national integrity surveys;
- The Leadership Code Act of 2002, which provides for a minimum standard of behaviour and conduct for leaders, as well as the declaration of their assets and liabilities; The Public Procurement and Disposal of Public Assets Act of 2003;
- The Whistle Blower Act of 2006, which stipulates the protection of persons who report acts of corruption;
- Participation in the process of drawing up the Draft African Convention on Preventing and Combating Corruption; and
- Intended enactment of the Prevention of Corruption Law, which aims at recovering embezzled public funds.

628. These legal provisions have been used to deal with numerous cases of corruption. For example, the IGG has dealt with several corruption cases and has made significant strides in enforcing the Leadership Code. However, although these frameworks have been in place, the CSAR concludes that the public perception is that corruption has not decreased in the public sector. The report further highlights the main challenges that are encountered with regard to corruption in public office, including the following:

- Lack of commitment on the part of the government to implement recommendations of various anticorruption agencies and commissions of enquiries;
- Inadequate financial, human, technological and logistical capacities in various agencies charged with the responsibility of fighting corruption;
- Inherent weaknesses in the public procurement system;
- Weak information management systems without a coordinated tracking and information-sharing mechanism; and
- Public attitudes that tolerate and elevate corruption.

629. The CSAR points out that Uganda has adopted measures in terms of legislation, policies, programmes, institutional development and resource allocation to combat the phenomenon of money laundering. Guidelines have been developed, such as the one entitled “Know Your Customer” and a manual on “Money Laundering Policy” for Ugandan commercial banks. However, numerous challenges have been encountered in the fight against money laundering, including institutional weaknesses, weak monitoring mechanisms, cash-based transactions and limited powers to freeze or seize finance-related assets.

630. The CSAR notes some credible actions and practices that the country has undertaken to fight corruption and money laundering. Such initiatives include the constitution of a

functional committee of financial sector players; the issuance of anti-money laundering guidelines to financial institutions; the preparation of the draft Anti-money Laundering Bill, which proposes the establishment of the Financial Intelligence Authority; and the setting up of a committee by the Ugandan Bankers' Association to monitor incidences of fraud and forgeries.

631. The report concludes that combating corruption in Uganda will only be successful if the procurement systems are made to be transparent and all stakeholders are vigilant in ensuring compliance with the systems that are in place. In addition, the private sector should equally reject corruption and demand openness, fair competition and clean business. It further gives specific recommendations on the actions, instruments and actors that are necessary for the success of the war against corruption and money laundering.

ii. Findings of the CRM

632. In addressing the issue of corruption and money laundering in Uganda, the CRM interacted with many state and non-state stakeholders, including civil society, the anticorruption coalition, trade unions, parliamentarians, the BoU, the NRA and district councils. The main focus of the interactions was on the state of development, implementation and effectiveness of the institutional and legal framework for fighting corruption and money laundering. However, the CRM's attempts to secure a meeting with the IGG to validate some of the information reported in the CSAR were not successful.

633. The following are key findings:

- Conclusions of the CSAR: The CRM concurs with the conclusions and recommendations of the CSAR, most of which were validated through interactions with stakeholders.

- Nature and extent of corruption: As stated in the CSAR, it was established that the public procurement system is the most infested with corruption. According to the Anticorruption Coalition's Anticorruption Week Report of 2005, and based on estimates of the PPDA, public procurement consumes over 70 per cent of Uganda's national budget. Despite the PPDA's efforts, corruption in public procurement has continued to rise and 70 to 90 per cent of the complaints received annually by the IGG relate to corruption in this area. According to the Auditor-General, 20 per cent of the value of public procurement is lost through corrupt practices. Furthermore, the Anticorruption Coalition has pointed out that corruption is also rising in drug distribution in the health sector, where up to 75 per cent of not-for-sale medicine distributed to health centres is leaked to the market through corrupt practices.

  Corruption is reported to be a serious problem at district level and some stakeholders pointed out that decentralisation of procurement to local authorities simply extended corruption to all levels of local government. For example, the New Vision newspaper of Thursday, 14 February 2008, page 7, reported that the commission of inquiry into the Mbale Municipal Council attributed the loss of USh955 million to mismanagement, "including poor bidding process, poor evaluation of tender bids and failure to adhere to regulations. The management of utility contracts by the Council has been blamed for the performance of the tendered revenue sources, all of which registered negative balances at the end of the financial year. The tendering process was heavily compromised and interfered with by the Mayor, some members of the Executive Committee and officials of the Council". This problem is compounded by the absence of monitoring mechanisms at the local level. It is also pertinent to note that the IGG has no presence at the district level where corruption takes place.

In addition to acknowledging that there is systemic corruption in the procurement system, stakeholders questioned Parliament's oversight duties and its failure to fast-track some of the anticorruption legislation. Such inertia is not adequately supportive of initiatives aimed at combating the scourge.

- Institutional and Legal Framework: Uganda has put in place an excellent institutional and legal framework for fighting corruption. The IGG, Uganda Police Force (UPF), PPDA, Auditor-General, and the Parliamentary PAC are the government institutions spearheading efforts in this regard. During a visit to the High Court, the CRM was informed of the High Court's decision to establish an Anticorruption Court in July 2008. This, without doubt, would strengthen the country's institutional framework for fighting corruption. The CRM noted that, notwithstanding the existing institutional framework, there were widespread challenges (as also mentioned in the CSAR) that hinder the effectiveness of the various anticorruption initiatives.

  The existing framework has dealt with some cases of corruption. For instance, in 2006, the IGG recommended the cancellation of the US$150 million National Identity Card contract, citing bidding process irregularities. It was to be executed by Face Technologies from South Africa, at a cost of US$150 million, although their bid figure was US$94 million. Contec Global of the UK was ranked third with a US$145 million bid and Supercom of Israel was rated lowest at US$51 million. The probe report recommended that the officials who interfered with the procurement process should be held accountable. However, the CRM was not able to establish whether or not the recommendations had been approved. Another case was the suspension in 2005 of the US$200 million Global Fund grant to Uganda. The Commission was appointed by the President of Uganda after an audit report by the GF local agent, PricewaterhouseCoopers, revealed that there had been gross mismanagement of the funds. The Commission ordered the institutions and individuals who failed to account for the money to refund it. By April 2006, USh100 million had been recovered and deposited in the government's suspense account in the BoU. This action does not, however, reflect adequately the serious and punitive measures needed for dealing with corruption.

Appreciation of the government's efforts to fight corruption was expressed during some of the CRM's consultations with stakeholders, but lack of political will was often cited as a contributing factor to the scourge. In particular, political will in delivering on commitments and in enforcing and upholding the law featured widely as a serious weakness in the legal framework.

In addition, the CRM established that there is a serious lack of appropriate resources for anticorruption agencies and inadequate capacities to fulfil their mandates; lack of commitment to implement the recommendations of the various anticorruption agencies and commissions; and lack of a strategic thrust for fighting corruption in terms of a clear zero-tolerance strategy applicable to all levels of government. According to some stakeholders, there is a perception that without pertinent support from the top of the political structure the fight against corruption will not be successful.

The CRM was informed that there is a high degree of compliance among high-level public officials with regard to periodic returns of the Leadership Code of Conduct forms. It was, however, pointed out that, in practice, implementation of the Leadership Code Act faces the challenge that assets are sometimes concealed under the names of other people, which hampers verification efforts. Also, because of capacity limitations of the IGG, especially at the district level, the institution is perceived to be doing much less than expected.

- Role of Civil Society and the Public: Civil society has been engaged in efforts to fight corruption in Uganda through the formation of the Anticorruption Coalition. The Coalition organises a number of activities, including Anticorruption Weeks, in order to create greater awareness among policy makers and the public on corruption issues. Despite these efforts, civil society's role in fighting corruption is still limited. From interactions with stakeholders, the CRM detected a general impression from the part of civil society that district councils do not appreciate their role and efforts in fighting corruption and treat them as "enemies". By the same token, there is lack of public interest and vigilance, as the public has not been playing any noticeable role in overseeing the activities of the government anticorruption agencies. There is no specific statutory provision for guiding direct involvement of civil society in the fight against corruption.

- Money Laundering: The CRM noted that Uganda has exerted some efforts to combat money laundering. The BoU, for instance, issued Anti-Money Laundering Guidelines for commercial banks in 2002. However, the key Anti-Money

Laundering Bill passed by Cabinet in January 2005 is still being stalled in Parliament as it undergoes scrutiny. This delay has an undesired effect on the co-ordination of policy and efforts to fight money laundering.

iii. Recommendations

634. The APR Panel recommends the following measures and initiatives for enhancing the fight against corruption and money laundering:

- Political leadership in Uganda should continue to address corruption head-on, as this is a major issue in the country (Presidency);
- There is a need for sustained efforts to strengthen public awareness of corruption; to encourage interest in the fight against corruption; and to educate the public on the impact of corruption on the economy, such as that the money stolen through corruption affects the government's ability to provide social services (central government; MoLG; local authorities; civil society; the public);
- The IGG should be allocated adequate resources to carry out its mandate effectively at all levels (MFPED);
- The IGG's regional offices should be strengthened and adequately resourced to cover the district level (government);
- An institutionalised and integrated partnership approach to fighting corruption should be developed, which involves the public, civil society, the private sector and the institutional framework (government; local authorities; private sector; civil society);
- Tighter scrutiny and checks of the public tender system should be developed and implemented in order to minimise incidences of corruption (government, local authorities);
- The recommendations of the anticorruption commissions should be implemented and existing rules and regulations also enforced (government); and
- The enactment of the Anti-Money Laundering Bill should be fast-tracked (Parliament).

Objective 5: To accelerate regional integration by participating in the harmonisation of monetary, trade and investment policies among the participating states

i. Summary of the CSAR

635. The CSAR states unequivocally that, overall, Uganda is doing well in implementing accelerated arrangements for regional economic integration. It has acceded to the regional economic communities, namely the EAC in 1997; the Common Market for Eastern and Southern Africa (COMESA) in 1982; and the Intergovernmental Authority on Development

(IGAD) in 1986. The report identifies the most important benefits of regional integration and, more particularly, EAC membership, to include increased volume of trade, improved security, the availability of a larger variety of goods, increased job opportunities and reduced commodity prices. It notes that there has been a greater thrust in the EAC integration initiative compared with the other regional economic councils.

636. The CSAR further identifies the various supportive policies, strategies and key incentives put in place to ensure that national policies are consistent with, and supportive of, regional integration. These concern areas such as predictable economic environment; full liberalisation of the economy; market access; commitment to private sector development; security investment; formulation of investment incentives; regional trade facilitation; and the support for NEPAD's goal of integrating Africa's energy systems.

637. With Uganda's comparatively smaller population of 28 million people, the benefits of regional integration offer an added impetus to the country's development strategy. The report demonstrates that various policies and strategies geared towards enhancing regional integration continue to be largely successful. The most significant achievements have been made in the areas of macroeconomic convergences, progress towards the creation of the Customs Union, continuing discussions on the establishment of a Common Market protocol as a precondition for the proposed Monetary Union and the political federation, and commitment to the development of regional infrastructure. Other initiatives have not been so successful, however. For example, growth in intra-regional trade and intra-African investment flows has not been impressive.

638. The lower-than-expected performance of the regional integration initiative is ascribed to inadequate coordination between regional and national policies; inadequate infrastructure linking member countries; limited trade among member states due to the production of similar goods; limited information about economic and trade opportunities in member countries; limited direct incentives for attracting investors within the region; restrictions on the movement of labour in some member states; and lack of harmonised tax regimes in member states.

639. The CSAR discusses details of measures aimed at ensuring the effective implementation of decisions and agreements made within regional economic arrangements. These centre on the harmonisation of fiscal and monetary policies. It also notes that Uganda is steadfastly implementing measures aimed at ensuring attainment of fiscal and monetary harmonisation in the EAC. Some of the macroeconomic convergence targets being pursued are reducing the current account deficit-to-GDP ratio, reducing the budget deficit-to-GDP ratio to less than 5 per cent, and maintaining stable market-determined exchange rates.

640. Progress has been made in the areas of enhancing financial sector soundness; investing in regional infrastructure; mobilising investment finance; and complying with regional arrangements and protocols on monetary harmonisation, cooperation and co-

ordination. The report further identifies the key challenges inhibiting progress towards regional integration. These include the presence of different economic endowments and policies; variance in presidential term limits and centralised power structures; inadequate involvement of stakeholders; existence of non-tariff barriers; fear of potential loss of revenue arising from a common external tariff regime; and multiple memberships to regional economic councils.

ii. Findings of the CRM

641. The CRM confirmed the existence of a strong belief in regional integration in Uganda, and that the country stands to benefit from the regional integration process, particularly within the EAC. Uganda's market is small and therefore the prospect of an enlarged market has been one of the driving forces behind the country's efforts towards regional integration. Many stakeholders pointed out that recent events in Kenya have reinforced the importance and centrality of regional integration to Uganda. The crisis across the border had negatively impacted Uganda where products destined for exports and for Kenyan markets suffered a serious setback.

642. Several other key findings are noteworthy. First, although Uganda's efforts at regional integration are commendable, stakeholder involvement in the process is inadequate. It must be pointed out that such efforts have largely been driven by the political class, bureaucrats and urbanites. It was noted that sensitisation attempts did not permeate to the majority of ordinary Ugandans. In addition, not much awareness of regional integration is created at the local level, and public consultations on the EAC only take place during the election of representatives to the East African Legislative Assembly.

643. Second, according to the EAC Treaty, political federation is the final stage of integration, which is to be negotiated only after economic integration, has reached an advanced stage. During the Summit Meeting held in Nairobi in 2004, the heads of state of three partner countries in the EAC felt that the rate of progress with East African integration was too slow. They agreed to fast-track the political union and subsequently appointed a technical committee to find ways to expedite the regional integration process. The committee's recommendations, which were later adopted by the heads of state, centred around the following three key issues:

- The institutional framework and financial inputs required to move to the next stage;
- Implementing the Customs Union, Common Market and Monetary Union (2006 to 2009); and
- Establishing an electoral system for the election of the federal government (2010 to 2013).

644. It was expected that the recommendations would be ratified by the national Parliaments and widely discussed by the citizens. No evidence was cited to confirm that

these requirements had been met. However, one recommendation that Uganda has successfully implemented is that of creating a full government ministry responsible for East African regional integration.

645. One other critical factor that has impeded the pace of regional integration is Uganda's excessive decentralisation process, which has tended to polarise the country into smaller local government "islands". This situation is further compounded by internal conflicts and tensions in some parts of the country. The impact of these factors has been to reduce the political and economic momentum and the resources available for regional integration initiatives.

646. A challenging issue brought to the CRM's attention by the East African Development Bank is the relatively uneven pace of progress in achieving political and economic integration within the EAC. The current perception is that efforts for political integration are edging those for economic integration. In this respect, it was noted that the pace of economic integration should not be slower than that of political integration. The entire integration process would be at risk of derailment if people did not experience the economic benefits of integration.

647. Third, it was noted that, over the last few years, there have been endeavours to harmonise member states' fiscal and monetary policies in order to achieve convergence on both monetary and fiscal regimes. The underlying parameters forming the convergence criteria in the EAC are low annual inflation of less than 5 per cent; a sustainable growth rate of at least 7 per cent; a sustainable current account deficit-to-GDP ratio; a reducing budget deficit-to-GDP ratio (excluding grants) of less than 5 per cent; a savings-to-GDP ratio of less than 20 per cent; and foreign exchange reserves at a level equivalent to at least six months. Uganda's economy has remained on course towards attainment of these convergence criteria.

648. Fourth, the late accession of both Rwanda and Burundi to the EAC has continued to have a negative impact on the pace of regional integration.

649. Fifth, the EAC concluded and signed its Customs Union Protocol in 2004, which then became operational on 1 January 2005. The principal components of the EAC Customs Union are the common external tariff on imports from third countries, duty-free trade between member states, and common customs procedures. It was established that progress in this area has been slow for the following reasons:

- While internal tariffs have been largely eliminated in line with the Protocol, non-tariff barriers such as customs, immigration, administrative procedures and regulations and licences have not been fully eliminated. They therefore continue to increase the cost of doing business in the region and have negatively impacted on trade and cooperation.
- The Customs Union Protocol does not encompass the private sector in the

process of implementation.

- The issue of dynamic gains or losses from trade has not been clear since the inception of the Customs Union.
- The exemption regime under the EAC Customs Management Act of 2004 seems to have created controversy relating to the Common External Tariff (CET) structure on grains such as wheat and barley, NGOs, as well as agricultural and horticultural inputs.
- The CET's structure is not consistent with tax structures in the member states.
- The issue of membership in multiple regional economic communities has yet to be resolved.

650. Sixth, although prior to 2004 Uganda anticipated a shortfall of USh4 billion in revenue as a result of the EAC Customs Union, the CRM was informed by the BoU and the URA that such shortfall has been offset by increases in revenue generated through higher preferential tariffs on trade, as well as the slight increase in the volume of intra-regional trade with Kenya and informal trade that is also taking place with Sudan and the DRC.

651. Seventh, the EAC Treaty provides for the establishment of a Common Market. In this respect, it regards as prerequisites the easing of border crossing by citizens of member states and the harmonisation and maintenance of uniform employment and labour policies, programmes and legislation. So far, progress has been made towards achieving the Common Market on two fronts, namely easing movement of people through the introduction of the East African passport and the adoption of a single immigration entry; as well as harmonising economic policies through liberalisation of the exchange rate and interest rates, similar investments incentives, endeavours to harmonise fiscal policy and development policy for joint capital markets. However, it is noted that progress towards achieving the Common Market is being hampered by delays in the implementation of some of the protocols, as well as differences in the legal and administrative structures of the member states.

652. Eighth, it must be noted that it is virtually impossible for Uganda to belong to two monetary unions and therefore the country has to rationalise its membership of multiple regional economic councils.

653. Finally, Uganda has embanked on a road maintenance programme. The 2007/8 Ministerial Budget Policy Statement of the Ministry of Works and Transport, presented to Parliament in June 2007, provides information on the country's efforts in developing the infrastructure sector, including road transport. However, the CRM noted that Uganda has been rather slow in responding to the development of the regional infrastructure sector, in particular the road and railway networks. The railway line that has been concessioned to Rift Valley Railways for 25 years is facing a number of challenges, including a lack of funds to upgrade and rehabilitate the network.

iii. Recommendations

654. The APR Panel recommends that the government of Uganda should:

- Expedite the implementation of the agreed-upon protocols through greater resolve and effectiveness in translating intentions into concrete, results-oriented actions on the ground;
- Undertake public sensitisation workshops and seminars on regional integration across the country;
- Allocate adequate resources to the Ministry of East African Community Affairs to facilitate effective discharge of its regional integration mandate; and
- Step up efforts at developing regional transport infrastructure, especially the road and the railway networks.

CHAPTER FIVE

5. CORPORATE GOVERNANCE

5.1 Overview

655. The APRM Base Document defines corporate governance as a system whereby corporations are directed, controlled and held to account, and which embraces all forms of enterprises in the private and public sector. Good corporate governance has seven distinguishing characteristics: discipline, transparency, independence, accountability, fairness, responsibility to stakeholders, and corporate social responsibility.

656. Awareness of corporate governance is still in its infancy in Uganda. This is understandable, given that it remains a fairly new concept, as most of the other international standards and codes in this regard were adopted only in the late 1990s and early 2000s.

657. As regards standards and codes, Uganda has ratified the 1987 African Charter on Human and Peoples' Rights, whose principles are enshrined in the national Constitution, and most of the codes of the International Labour Organisation (ILO) codes were adopted as early as 1963.

658. In addition to international treaties and conventions relating to human rights, financial sector supervision, labour and the environment, the Organisation for Economic Cooperation and Development (OECD), Commonwealth corporate governance principles and the King Report II have largely informed Uganda's legal and regulatory framework. The country has adopted the International Accounting Standards (IAS) and subsequent International Financial Reporting Standards (IFRS), as well as the International Standards on Auditing (ISA). In the financial sector, the main applicable sets of standards are the Basel Committee's 25 Core Principles for Effective Banking Supervision, the Objectives and Principles of Securities Regulation, and the Core Principles for Security and Insurance Supervision and Regulations. Lastly, the Codes on Industrial and Environmental Safety and Hygiene of the World Health Organisation (WHO) were adopted in 1994.

659. The adoption of the above standards and codes has been a positive development for Ugandan enterprises and the country's sustained growth over the past years is also attributable to its vibrant private sector. According to the 2006/7 Business Register issued by the Uganda Bureau of Statistics (UBOS), the total number of registered businesses employing more than five persons was 25 467, mainly located in the Kampala area.

660. Private sector organisations in Uganda have been very active in promoting enhanced business practices among their members. Institutions such as the Private Sector Foundation Uganda (PSFU), the Uganda National Chamber of Commerce and Industry

(UNCCI) and the Uganda Manufacturers Association (UMA) have been assisting their members in the governance area. Public-private dialogue has been improved with the establishment of the Presidential Investors Round Table (PIRT), which is actively promoting reforms aimed at enhancing the investment climate in the country.

661. The government of Uganda has established a wide range of supervisory and regulatory bodies to oversee the application of established laws and regulations. However, apart from the Bank of Uganda (BoU) and the Capital Markets Authority (CMA), the critical shortage of human, technical and financial resources within these institutions and weak enforcement capacity have hindered the effectiveness of these bodies.

662. Moreover, current laws do not fully incorporate the requirements contained in most standards and codes. This has been identified as a major weakness, given that continued non-compliance with international standards could have negative implications for investment and international trade. Similarly, political interference in the administration of justice, compounded by pervasive corruption, has gradually undermined the Ugandan investment climate.

663. Other impediments to business activities in the country include difficulties in accessing finance, the high cost of credit, the inadequate supply of infrastructure (energy, transport, water, sanitation and telecommunication), high tax rates applied to a very narrow base, and an inefficient government bureaucracy.

664. To create an enabling business environment and promote private sector-led investment, the Uganda Law Reform Commission (ULRC) is revising more than 64 commercial laws. However, their enactment has been very slow and the process has been lagging behind for the past four years, either in Cabinet or in Parliament. Following consultations with the private sector, PIRT has prioritised 27 laws to be passed by Parliament. Progress is being monitored by the Competitiveness and Investment Climate Strategy (CICS) Secretariat.

665. In spite of considerable progress, the Ugandan economy still faces many challenges, especially in the corporate governance arena. The Companies Act, Partnership Act, Business Names Registration Act and Cooperative Societies Act set a variety of corporate structures for both private and public firms, as well as non-governmental organisations (NGOs). All corporations must be registered with the Registrar of Companies, although this institution needs to be strengthened and modernised. Concurrently, the business sector is mainly composed of micro-, small and medium-sized enterprises (MSMEs) and informal sector businesses, most of them family owned. Informal sector activities are, however, not captured in national statistics. These enterprises are said to employ more than 80 per cent of the workforce, especially in the agricultural sector, and contribute around 45 per cent to the gross domestic product (GDP). But their governance is still weak and very little is being done to improve their performance. Overall, it appears that a concerted policy for small and medium-sized enterprises (SMEs) needs to be de-

signed in cooperation with private sector organisations.

666. Corporate financial transparency is still largely not complied with, the only exceptions being banks, insurance and listed companies. Implementation of accounting and auditing standards should be promoted in all sectors, and the Institute of Certified Public Accountants of Uganda (ICPAU) is waiting for the revised Accountants' Act to strengthen enforcement. Poor financial disclosure practices on the part of Ugandan businesses, coupled with attractive rates on the Treasury Bills market, largely explain the banks' reluctance to finance business activities at affordable costs. As a substitute, a profusion of microfinance institutions, only four of which fall under the BoU's supervision, are operating in the country, offering SMMEs very short-term credit at high interest rates. The government-funded Prosperity For All (PFA) programme has not lived up to expectations, as it is not demand-driven and has mainly been used for domestic consumption rather than productive activities. The programme needs to be reassessed and implemented with the support of local communities for it to achieve its poverty reduction objectives in a sustainable way.

667. Under these conditions, domestic investment is constrained. The privatisation process, which led to the government divesting from 129 parastatals under fierce criticism of lack of transparency, has mainly benefited foreign companies. Capital markets are still novel, although a comprehensive regulatory framework has been put in place. The Uganda CMA is working closely with its Kenyan and Tanzanian counterparts to bring about an East African Community (EAC) regional capital market. In this regard, the CMA will sign the International Organisation of Securities Commissions (IOSCO) Convention in 2008, and is actively working at increasing the number of companies listed on the Uganda Securities Exchange (USE) and stimulating the securities market. To reach this objective, however, special attention needs to be paid to capacity building at corporate level, and widespread awareness-raising campaigns should be launched to promote a savings and investment culture among the general public.

668. Another area for improvement is the effective implementation of the Plan for the Modernisation of Agriculture (PMA), in order to support farmers in rural areas and gradually upgrade them from subsistence farming to commercial agriculture. These measures, coupled with infrastructure building, will support the development of a domestic market for local industries, most of which are agro-based.

669. Also, with regard to the new industrial perspectives arising from the recent discovery of oil in the western part of the country, Uganda should consider acceding to the Extractive Industries Transparency Initiative (EITI) to enhance transparency and the development of local communities.

670. Improving the taxation policy could also stimulate industrial competitiveness, provided a level playing field is created. It is recommended that rather than deepening the tax system, and thus hampering the competitiveness of existing companies, the govern-

ment should seek to broaden the tax base by assisting informal sector businesses in their transition to the formal sector.

671. Given the high rate of population growth, youth employment should be a priority for the government. Education curricula should be revised to develop more technical and industrial training in order to align employers' needs with the skills profile of young people.

672. The existence of effective mechanisms for resolving commercial disputes is an important aspect of good corporate governance and an attractive investment climate. Uganda has a Commercial Court, which operates with limited capacity and is supplemented by an alternative dispute resolution system run by the Centre for Arbitration and Dispute Resolution (CADER). Despite commendable progress made in strengthening systems for commercial and labour dispute resolution, the judiciary is plagued with huge backlogs. The newly created Industrial Court needs to be staffed and operationalised to provide for timely and affordable justice for all corporate stakeholders.

673. Labour issues in the country are acute, with frequent workers' rights abuses being reported. Divergences of trade unions need to be resolved to allow for the effective protection of workers. The government should also enforce the proposed minimum wage of USh53 000 to improve living conditions in the country and boost people's purchasing power. Child labour must be fought vigorously in order to protect this vulnerable group in a country with close to two million orphans. Unscrupulous employers should be prosecuted to protect the local workforce from unfair practices. Employers in the public and informal sectors should be sensitised to adopt the ILO codes on HIV/AIDS policies in the workplace in order to stop the propagation of the pandemic and provide for adequate treatment for workers living with HIV/AIDS.

674. Environmental protection is an area of concern to most Ugandans. During the country consultations, the government was accused of being slack in dealing with the issue. Insufficient awareness raising and contradictory actions that undermine the enforcement powers of the National Environment Management Authority (NEMA) were equally condemned. The country should build on its large rural base to empower farmers, and develop participatory and inclusive environmental protection programmes.

675. Companies need to strengthen their business practices and adopt codes of good business ethics. The government also needs to enhance the governance of state-owned enterprises to improve performance and public service delivery. Institutions such as the Institute of Corporate Governance of Uganda (ICGU) and private sector organisations will be instrumental in building capacity at director and managerial levels. They will also be instrumental in disseminating best practices among SMEs and training small entrepreneurs.

676. As far as the protection of consumers is concerned, the CRM noted that Uganda's institutional framework for curtailing counterfeit goods is still very weak. The Uganda Na-

tional Bureau of Standards (UNBS) needs to be strengthened to fulfil its mandate.

677. Lastly, to improve accountability of corporations, directors and management, a number of institutions have been created, among which are the Institute of Directors and a Shareholders' Association. These structures, however, need facilitation to train their members and increase public awareness on good governance issues.

5.2 Standards and Codes

i. Summary of the CSAR

678. The Country Self-Assessment Report (CSAR) contains an exhaustive assessment of measures taken by the government to sign, ratify, comply with and domesticate the following international standards and codes in the corporate governance thematic area of the African Peer Review Mechanism (APRM) process:

- New Partnership for Africa's Development (NEPAD) Framework Document adopted in 2001;
- Principles of Corporate Governance of the OECD and the Commonwealth adopted by the IGCU in 2001 and the CMA in 2003;
- International Accounting Standards (IAS), now the International Financial Reporting Standards (IFRS) adopted in 1998;
- International Standards on Auditing (ISA) adopted in 1998;
- 25 Core Principles for Effective Banking Supervision adopted in 1999 and revised in 2003;
- Core Principles for Securities Regulations adopted in 2003; and
- Core Principles for Security and Insurance Supervision and Regulations adopted in 2003.

679. According to the CSAR, Uganda adopted the African Charter on Human and Peoples' Rights in 1981, as well as the labour codes of the ILO in 1963 and the Codes on Industrial and Environmental Safety and Hygiene of the WHO in 1994.

680. The CSAR underlines the fact that the OECD principles of corporate governance, the Commonwealth Association on Corporate Governance (CACG), the Cadbury Report of the United Kingdom and the King II Report of South Africa have significantly informed the development of corporate governance guidelines by different domestic bodies.

681. The CSAR stipulates that certification of public accountants is done by the ICPAU, which is a member of the International Federation of Accountants (IFAC) and the Eastern, Central and Southern African Federation of Accountants (ECSAFA). It also serves both as an examining body for certifying public accountants and as the licensing authority for members engaged in public auditing practice. Its members and associate members are recognised under the Companies Act as sole auditors of company accounts.

682. The adoption of the IAS, now the IFRS, and the ISA in 1998 was a positive development. However, the CSAR admits that compliance with the IFRS (IAS) has not been fully achieved and adherence to auditing standards and professional ethics is inadequate.

683. The Basel I Core Principles for Effective Banking Supervision, developed by the Basel Committee on Banking Supervision in 1997, define 25 principles that are needed for a central bank supervisory system to be effective. Their major importance lies in identifying regulatory and supervisory weaknesses and providing guidelines for addressing them. The BoU is currently in the process of consolidating the International Financial Accounting Standards (IFAS) reporting standards in line with the banking position, and is left with Principle 23 on corrective and remedial action and Principle 24 on consolidated supervision, to comply effectively with core principles of effective banking supervision. The CSAR identifies the major challenges as embedded in the Financial Institution Act (FIA) of 2004 and the application of IFRS-related provisions stated therein, as well as the monitoring and supervision of microfinance institutions (MFIs).

684. Other main financial standards applicable in Uganda include the following:

- Core Principles for Securities Regulations: The CSAR indicates that alongside other East African securities regulators, the Ugandan CMA will be signing the IOSCO Multilateral Memorandum of Understanding (MOU) in 2008, which will entail some amendments to the current regulatory framework; and
- Insurance Core Principles: Under the supervision of the Uganda Insurance Commission (UIC) which administers, supervises, regulates and controls the insurance market in Uganda. UIC licenses insurance companies, insurance brokers, loss assessors and insurance agents. The Insurance Act of 1996 and the Insurance Regulation of 2002 encompass certain challenges, as they impose neither IFRS compliance requirements nor effective legislative sanctions.

685. The African Charter on Human and Peoples' Rights is unique in that it incorporates provisions that are exceptional to the African context, and most of these rights have been enshrined in Uganda's 1995 Constitution. The CSAR recognises that large sections of the public know neither their rights nor the mechanisms for seeking redress, and enforcement is inadequate. However, some proactive sectors have worked with the ULRC to revise existing laws.

686. Some of the eight fundamental ILO conventions on the rights of human beings at work have been incorporated in the four domestic labour laws. The National Organisation of Trade Unions (NOTU), however, has given many examples showing the disparity between the ratification of the labour conventions and actual implementation of the standards contained in the Codes.

687. NEMA is the regulatory authority for land use for economic purposes, as well as industrial, environmental and health standards, in cooperation with an inter-ministerial

policy committee. The agency faces several challenges in complying with international standards, including domestication in line with national context and public sensitisation. For its part, the UNBS is mandated to develop and promote standardisation, quality assurance and metrology testing. It has adopted and conformed to international standards in this regard, but also faces many challenges in applying them.

688. Overall, Uganda has adopted most of NEPAD's relevant standards and codes for corporate governance. However, the enactment of laws has been slow. The legal framework needs strengthening and Uganda has yet to sign the Rotterdam Environmental Convention on Hazardous Chemicals and Pesticides in International Trade. The CSAR contains pertinent recommendations on how to enforce compliance with the standards and codes.

ii. Findings of the CRM

Setting up the Credit Reference Bureau

689. In order to allow commercial banks to assess their customers' risk profile and develop an appropriate risk management scheme, the BoU is establishing a Credit Reference Bureau. The CRM obtained confirmation from the Governor of the Bank that the Bureau will be operational in May 2008, instead of December 2007 as stated in the CSAR. The establishment of the Credit Reference Bureau is, however, only a preliminary step. For the Bureau to be effective, the government will have to take adequate measures to encourage Ugandan firms, including private companies, to file accounts with the Company Registrar. This institution is very weak, and the legal instruments required to modernise its functioning are yet to be enacted, which is an impediment to the efficiency of the Ugandan corporate governance framework. This situation stresses the interdependence of all legal mechanisms to be set in place to enhance the country's governance profile.

Banking Supervision

690. The BoU adopted a risk-based approach in the supervision of financial institutions, and has consequently issued risk management guidelines to all financial institutions under its supervision. These guidelines require them to develop an internal framework for risk management that will foster the identification, measurement, monitoring and control of all risks inherent in their business operations. It is up to the banks to implement these guidelines, and the BoU should ensure that they have adequate capacity to do so. As needed, the Bank should offer specific support for strengthening their internal risk management systems.

691. Given the CSAR's affirmations, the CRM investigated the actions of the BoU in addressing a number of challenges resulting from Basel I requirements. These relate to the following:

- **Principle 12** (requiring that banks have systems in place to measure, monitor and control market risks adequately): The CSAR indicates that market risks, aside from foreign exchange risk, are not explicitly addressed in the current legislative and regulatory framework. This appears to be true, and in June 2007, the BoU conducted a review of this requirement and a draft amendment to the existing Capital Adequacy Regulation is under way.

- **Principle 18** (regarding the collection and analysis of reports on both a solo and consolidated basis): The BoU has issued a regulation ("Reporting Requirements for Banks") that specifies regular returns that must be completed. This involves all deals with solo reporting. There is currently no requirement for consolidated financial statements or reporting on the parents, affiliates and subsidiaries (domestic and foreign) of banks that are part of the corporate group. It was confirmed to the CRM that the regulation on consolidated supervision is due to be gazetted. It is, however, important to note that most of the foreign banks in Uganda are subsidiaries and consolidated supervision is done by the home regulators.

- **Principle 21** (requiring that banks maintain adequate records prepared in accordance with consistent accounting policies that enable supervisors to obtain a fair and true view of the financial condition, and that banks regularly publish financial statements): The FIA requires audited annual financial statements and the publication of audited balance sheets. The CSAR states that some banks do not always comply with these transparency requirements. The BoU confirmed that the quality of audited annual financial statements is regulated under section 46 of the FIA of 2004, which requires all financial records to comply with company law, the IAS and such other requirements that the central bank may, in writing, prescribe. External auditors are vetted by the BoU and must be of international standards, such as PricewaterhouseCoopers, KPMG, and Ernst & Young. A regulation for external auditors is due to be gazetted. Timeliness in the submission of the same statements to the BoU is regulated under section 48(1) of the FIA of 2004. Audited accounts must be submitted to the Bank within three months after the end of its financial year (30 March). Thereafter, a trilateral meeting of the BoU, auditors and financial institutions is held to discuss the accounts and give quality assurance. Publication of the institutions" financial statements is regulated under section 50. They must be published by 30 April, and a penalty is also prescribed for any financial institution failing to comply with section 50(4) of the FIA.

692. The CSAR also identifies the application of the Financial Institutions Act of 2004 as a major challenge, as it states that annual accounts of financial institutions must comply with the IAS (now IFRS) and the provisions of the FIA. According to the CSAR, the set of guidelines the BoU issued to banks in the area of asset classification and loan loss is not consistent with the requirements of the IFRS (IAS). The Bank has, however, provided the CRM with the following clarification on this issue: Audited annual financial statements are in full compliance with the IFRS, in accordance with section 46(4) of the FIA. However, central banks' regulatory returns need not comply with the IFRS as they

are not for publishing, but are specifically for the prudential monitoring of the banks' performance. The above notwithstanding, the Bank issued a circular in February 2007 to all supervised institutions, in which it committed itself to reviewing the regulatory requirements to take into account developments in the IFRS.

693. In addition to the supervision of banks, the BoU regulates microfinance deposit-taking institutions (MDIs), which are requested to submit periodic statutory and statistical returns in prescribed format for monitoring compliance with the law and regulations in force and for ascertaining financial soundness. Overall, the level of supervision of Ugandan banks and MDIs by the BoU is satisfactory.

Insurance Supervision

694. Regarding the Core Principles for Security and Insurance Supervision and Regulation, the CRM was informed by the UIC that the Insurance Act (Cap. 213) of 2000, amended to provide for compliance with the IFRS and governance issues, has still not been enacted while it has been pending for more than four years. As a result, even before the revised Act is passed, it already needs to be amended in order to encompass new standards. Hence, the UIC is in the process of recruiting a consultant to harmonise the Revised Insurance Act, current legal requirements and applicable international standards. For the time being, the UIC advises insurance companies to deal with possible contradictions by using both insurance regulation clauses and IFRS principles. For example, when it comes to booking actuarial provisions, which the law requests insurance companies to record at net value, the IFRS prescribes that gross value be recorded. In this case, the UIC recommends that both gross and net values be disclosed. To avoid future reshuffling, the harmonisation work will seek to amend the revised law so as to specify that accounting should be done according to international standards, and cancel reference to any domestic standard.

Corporate Financial Transparency and Disclosure

695. There is inadequate adherence to auditing standards and professional ethics by companies. The CSAR does not differentiate between the financial reporting weaknesses of large companies and SMEs, whereas remedial actions to be taken in terms of monitoring and enforcement will differ for these two categories of businesses.

696. The CRM has investigated actions taken to persuade companies, especially very small, small and medium enterprises (VSMEs), to adopt good financial reporting practices adapted to their level of sophistication. It appears that, with the exception of companies operating in specifically regulated environments (banking, insurance, and capital markets), very few companies do disclose their financials. Private companies are not required by law to file their accounts, and as most of them appear to be family-owned businesses, there is no pressure by shareholders to demand transparent financial reporting in compliance with international accounting standards.

697. It was noted that companies do prepare financial statements when they try to raise financing, and in this regard bankers can play an important role in promoting financial transparency by requesting their corporate customers to provide them with annual audited accounts.

698. It is expected that by the end of 2008, the IFAC will issue new accounting standards for SMEs that could inform this process. The ICPAU will set forth the criteria for categorising large versus small and medium-sized enterprises to prepare for the application of upcoming SMEs' accounting standards. It is highly recommended that the government should come up with a simplified accounting framework for VSMEs, whose operations are mainly cash-based.

Accounting Profession

699. The CSAR states a number of malfunctions within the accounting profession, especially when it comes to professional discipline and sanctions. For example, it recognises that practising as an accountant without a practising certificate is prohibited but still not penalised, and that the 2004 Accounting Bill still presents some shortcomings in this regard. The CRM visited the ICPAU and learnt that the new Bill will nevertheless improve the current framework, as it will remove strict legal provisions from professional operational guidelines and grant sanctioning powers to the ICPAU.

700. The ICPAU will also have the legal authority to oversee the auditing profession and ensure that new auditors benefit from appropriate professional experience, both functionally and sectorally (for example when it comes to bank auditing).

Enactment of Relevant Commercial Laws to Comply with Prescribed Standards and Codes

701. As noted in the CSAR, in many aspects, the legal framework in Uganda needs to be enhanced to comply with the codes and standards recommended by the APRM Questionnaire. Several laws have been prepared to domesticate different international standards and codes adopted by Uganda, but they remain at various stages of enactment and progress has been very slow during the past four years. Overall, there are some 64 commercial laws that need to be amended or passed. After consulting the private sector, the PSFU and the government (through PIRT) have selected 27 priority laws, the status of which is presented in Table 5.1.

702. These new and amended laws are being prepared by the ULRC before they are submitted to Cabinet for approval and transmitted to Parliament for ratification. Among its many activities, the CICS Secretariat monitors, coordinates and evaluates progress made in the adoption of these laws and reports to the PIRT.

703. Given the importance of these laws in establishing a comprehensive and coherent

good corporate governance framework that is suitable for all stakeholders, the government should put a special emphasis on fast-tracking their enactment.

Challenges Faced by Regulatory and Enforcement Bodies

704. Most regulatory bodies lack appropriate institutional, financial and human capacity to fulfil their mandates effectively.

705. The BoU needs additional capacity to carry out adequate banking supervision, as it should also regulate the MFI sector. Given the current pace of growth in the financial sector, the Bank needs to recruit and adequately train more financial sector examiners and provide continuous on-the-job training for its staff.

706. Environmental protection remains a problem in Uganda despite the existence of NEMA. The institution is tasked with supervising economic activities and their impact on the environment. The CRM did not have the opportunity to interact with the institution during the country consultations, although stakeholders in the Mbale District in the eastern region confirmed that NEMA was active in the surrounding wetlands. They also insisted on the need for the institution to be more effective in protecting the environment.

707. In recent years, the government has increasingly committed itself to allocating land to investors in order to attract foreign investment. Sometimes this was done in breach of existing environmental rules, forcing the government to back off under stiff domestic and international pressure. The case of the Mabira Forest, which was almost allocated to a sugar company, and Bugala Island Central Forest Reserves pledged to the BIDCO oil palm project, are good examples.

708. While travelling to visit the rural areas of the country, the CRM noted the efforts made by the National Forestry Authority (NFA) to replant some pine trees on fallow land. Increasingly, however, the independence and authority of regulatory and enforcement bodies such as NEMA and the NFA have been undermined by the government. This has been either by decisions taken or by failure to allocate adequate resources to these institutions that would allow them to mobilise the much-needed human resources and logistical support to carry out their respective mandates.

709. The CRM also addressed the issue of Uganda's lack of compliance with the reporting obligations inherent in the signing of several treaties and conventions. So far, 24 ILO reports are overdue. This is a regrettable oversight. Some stakeholders are under the impression that such treaties and conventions are signed for diplomatic reasons rather than as a demonstrable commitment to the improvement of citizens' wellbeing.

710. The CRM was informed that there are ongoing initiatives by the United Nations Development Programme (UNDP) to launch a capacity-building programme for enforcement and regulatory agencies, and most notably to assist Ugandan institutions in reporting

on the observation of the various standards and codes for which the country has signed up by adopting related international treaties and conventions.

iii. Recommendations

711. The APR Panel recommends that Uganda should:

- Fast-track the adoption of pending commercial laws to provide for an enabling business environment (ULRC; PIRT);
- Issue regular progress reports on the enactment of the priority laws identified by the business community, clearly identifying obstacles to the expedient adoption of these laws (CICS Secretariat);
- Capacitate regulatory and enforcement bodies to allow them to carry out their respective mandates (Ministry of Finance);
- Fulfil reporting requirements and inform the international supervisory authorities and local stakeholders of progress made in domesticating international conventions, standards and codes (MGLSD; MoFA); and
- Provide demonstrable support to labour laws and workers' rights (Ministry of Labour).

5.3 Assessment of the Performance of APRM Objectives

Objective 1: To promote an enabling environment and effective regulatory framework for economic activities

712. This objective focuses on the legal and administrative measures that are in place to facilitate economic activities. The analysis under this objective aims to assess the effectiveness of government authorities (particularly in the banking, insurance and securities market), as well as self-regulatory authorities (including the USE and professional and trade associations) in regulating, monitoring and supervising economic activities.

i. Summary of the CSAR

713. The CSAR states that Uganda's legal framework allows for the registration of a variety of commercial enterprises. More than 160 000 enterprises, both private and public, have been registered and were employing a total of 440 000 persons in 2001/2. Most of these enterprises were operating in the informal sector.

714. The report recognises that businesses in Uganda are burdened with enormous and fragmented regulation. Capital market regulation is well designed, but the USE is still in its infancy and only nine companies, mainly foreign owned, are listed. The USE is the only stock exchange and operates under the supervision of Uganda's Capital Markets

Source: Private Sector Foundation Uganda.

Table 5.1: The 27 Priority Laws Undergoing Reforms

Bill	Principles Approved	Certificate of financial implications secured	Bill approved by Cabinet	GAZETTE	First reading	Second reading	Enacted
1. Copyright and Neighbouring Rights Bill							
2. Trade Secrets Protection, 2007							
3. Hire Purchase Bill, 2007							
4. Mortgage Bill							
5. Partnerships Bill, 2007							
6. Geographical Indications, 2007							
7. Contracts Bill, 2008							
8. Trademarks Bill, 2008							
9. Chattels Securities Bill							
10. Accountants Bill, 2007							
11. Companies Bill, 2008							
12. Insolvency Bill, 2008							
13. Industrial Property Bill							
14. Free Zones Bill							
15. Sale of Goods and Supply of Services Bill, 2008							
16. Registration Services Bureau (Amendment) Bill, 2007							
17. Capital Markets (Amendment) Bill							
18. E-Transactions Bill							
19. E-Signatures Bill							
20. Computer Misuse Bill							
21. Trade Licensing Bill							
22. Competition Bill							
23. Consumer Protection Bill							
24. Cooperatives							
25. Trade Remedies							
26. Counterfeits Goods Bill							
27. Traditional Medicine							

Authority (CMA). The CSAR provides an exhaustive list of key financial institutions that support businesses, comprising banks, microfinance institutions, insurance companies, fund managers, mortgage providers, pension schemes and their financial assets as of 30 June 2002.

715. Table 97 of the CSAR indicates that the sources of investment finance are predominantly internal (78.80 per cent), while banks finance only 10.13 per cent. The report stresses the robust growth of Uganda's foreign direct investment, which is attributed mainly to the promulgation of a new investment code, the return of properties confiscated from Asians during the 1970s, and the revocation of restrictive protectionist measures on majority ownership. The CSAR contains a list of 33 key professional and business organisations, including the PSFU, UMA, Association of Microfinance Institutions, Uganda Women Entrepreneurs Association (UWEAL), Uganda Bankers' Association (UBA), UNCCI and many other sectoral associations.

716. Several professional associations are in operation, some of which actively promote good corporate governance practices among their members. The CSAR provides detailed information on legal and regulatory frameworks governing businesses according to the type of business, but also according to the eligibility requirements for listing enterprises on the USE, financial institutions and microfinance supervisory authorities.

717. Business regulation is another issue raised in the CSAR. The report provides an assessment of laws on corporate governance, composed of the main laws governing, amongst other things, corporate behaviour, fiscal systems, the environment and labour. Laws related to corporate governance are generally respected by large companies, while SMEs, particularly in the informal sector, tend to ignore them. The judiciary system for administering commercial justice in Uganda is composed of the Commercial Court, CADER and the Tax Appeals Tribunal, which is responsible for resolving tax disputes. An assessment of the efficiency of selected regulatory organs shows that their main challenges relate to raising awareness and monitoring and enforcing compliance with laws, regulations and codes of practice. These challenges are attributable to the limited financial resources and human capacity in the regulatory organs.

718. Overall, Uganda has adequate laws in place to govern corporate behaviour, but limited efforts are made by responsible institutions to disseminate information on these laws. In addition, there is political interference by, and limited interest from, the private sector with regard to legal compliance. The business environment is also plagued by corruption and inefficient government bureaucracy.

719. The CSAR identifies external and internal factors that have an impact on business activity as being the poor and inadequate transport infrastructures and a severe energy shortage. The report, however, underlines the progress made in providing improved water supply services and the rapid expansion of telecommunication services. The government's dedication to promoting renewable energy, such as solar energy, and the new hopes arising from the discovery of viable oil reserves in the Lake Albert re-

gion of Western Uganda, are also highlighted.

720. The CSAR stresses commendable efforts made by the government to promote greater investment and encourage commercial enterprises, including the creation of appropriate institutions such as the Uganda Investment Authority (UIA), Uganda Export Promotion Board (UEPB) and Uganda Tourism Board (UTB). It notes that, in focus group meetings, stakeholders repeatedly complained about the apparent favouritism being shown to foreign investors at the expense of local investors. The CSAR cites national and international policies for supporting commercial enterprises, starting with Uganda's trade policy with the EAC, including the Economic Partnership Agreement with the European Union, and the country's eligibility to benefit from the African Growth Opportunity Act (AGOA).

721. However, the CSAR recognises that although Uganda has access to international markets, it is unable to utilise these opportunities effectively due to inefficiencies in production with respect to product quality, price and quantity. It is therefore critical that the Ugandan government should improve the investment climate and infrastructure expeditiously, and that companies simultaneously improve the quality of their products to ensure that Ugandan exports are competitive internationally.

722. The CSAR briefly analyses the status and effectiveness of the privatisation or commercialisation of public sector entities, based on the Privatisation and Utility Sector Reform Project (PUSRP), which was established in 2001. It notes that by the end of April 2006, 128 divestures had been completed using the various modes of privatisation: 24 enterprises were in various stages of divesture and two companies, Kinyara Sugar Works and Dairy Corporation, were in the final stages of divesture. Nevertheless, the CSAR recognises that privatisation has taken place amid criticism relating to the following factors:

- The expediency of divesting highly profitable public enterprises rather than going public;
- Privatisation of valuable assets at give-away prices;
- Political intrigues delaying conclusion of deals and discouraging interested buyers, which culminates in substantial loss of value due to failure to divest; and
- Influence peddling by politicians.

723. The CSAR lists several initiatives being implemented by the government to support micro- and small-scale enterprises through the Ministry of Tourism, Trade and Industry (MTTI), the Medium-Term Competitiveness Strategies (MTCSs) and Enterprise Uganda, as well as specific measures for ensuring that women participate actively in economic development. It also stresses major challenges affecting economic activities and efforts taken to address them. These are, in order of priority: access to finance, corruption, inadequate infrastructure, tax rates, and inefficient government bureaucracy. Other important challenges include the high cost of finance, electricity shortages, macro-economic instability and tax administration, including taxation complexity.

724. Save for a few sectors, such as banking and the capital market, where corporate governance standards are enshrined in the governing law, the CSAR recognises that most companies in Uganda do not observe corporate governance standards because there is no law compelling them to do so. In addition, most enterprises are found in the informal sector, where they are not regulated and are negative towards compliance. Other constraints include a general lack of awareness about corporate governance, outdated laws and poor enforcement of existing laws, for instance, provisions of the Companies Act.

725. The CSAR came up with 16 recommendations on how to enhance the promotion of an effective framework for economic activities. These include establishing an efficient Land Registry and Company Registry; officials taking a proactive service-oriented approach; encouraging informal enterprises to formalise; and liberalising the pensions sector in order to increase the availability of long-term savings. Other recommendations are the need for a consolidated regulatory framework combining capital markets, insurance and pension; more training for directors and senior management staff of companies; and strengthening the UBOS's capacity so that it can better inspect goods to minimise the importation of counterfeit products.

ii. Findings of the CRM

Statistics on Ugandan Enterprises

726. Given that the CSAR does not provide up-to-date quantitative data on the Ugandan private sector, the CRM obtained from the Uganda Bureau of Statistics (UBOS) the 2006/7 Business Register, which provides an in-depth analysis and breakdown of businesses employing more than five persons by sector, region, employment and gender. According to this report, the total number of such registered businesses was 25 467, employing about 320 000 persons, 68 per cent of whom were male and 32 per cent female. The average number of employees per business was 12. With a 45 per cent share of total registered businesses, Kampala remains the main economic centre, with the leading position in all sectors except for education, agriculture, forestry and fishing. In 2006/7, the agricultural sector was still dominant, with 56 per cent of the businesses operating in this sector.

727. With respect to the ownership of businesses, the UBOS analysis shows that 50 per cent were sole proprietorships, followed by private limited companies (24 per cent) and partnerships (11 per cent). Only 27.10 per cent of the 25 467 businesses studied were owned by Ugandans, which confirms the CSAR's presentation of Uganda as being open to foreign investment.

728. However, the CRM noted that statistics published by the UBOS for 2006/7 exclude public sector enterprises with fixed premises but employing less than five persons and, most importantly the informal sector. SMEs produce largely for the domestic market.

729. Although a number of professional organisations and federations of organisations do play a major role in promoting good corporate governance among registered companies, Uganda's private sector faces major governance challenges, as it is predominantly composed of small-scale private, family or informal businesses. In order to build a vibrant formal private sector, the country will have to assist small informal businesses in their transition to the formal sector.

Privatisation

730. Although Uganda has had a very active privatisation programme, the CSAR does not provide adequate documentation on the privatisation process in the country. Interaction with the Privatisation Unit, however, indicates that prior to the launch of the privatisation process in 1992, the state-owned enterprises (SOEs) sector comprised approximately 156 enterprises, 136 of which were commercially oriented, while 20 were dormant. Public enterprises operated in a diverse range of activities in trade and commerce, agro-production and processing, manufacturing and insurance, among others, and contributed only 5 per cent of the GDP. Most of the public enterprises suffered from chronic operational losses.

731. The Privatisation Unit further informed the CRM that, to date, a total of 129 divestures have been completed. Various methods were used in the privatisation process, ranging from asset sales, management and employee buyouts to public auctions, share sales, concessions and sale of shares to the public through the BSE (see Table 5.2). At the time of writing, 24 public enterprises were at various stages of privatisation. This means that 82 per cent of the SOEs have been privatised, which is a good record.

732. The first phase of the privatisation programme focused on the divesture of commercial public enterprises while the second stage, now being implemented, seeks to privatise the utilities and the large-scale enterprises.

733. The Privatisation Unit will undertake the following projects within the next two years:

- Divesture of 40 per cent of the government's shareholding in the National Insurance Corporation (NIC) through an Initial Public Offer (IPO);
- Divesture of the assets of Lake Katwe Salt Company Limited by way of lease or concession;
- The creation of a unit trust to mop up small shareholders, under the provisions of the Collective Investment Schemes Act of 2003;
- Divesture of 49 per cent of the government's shareholding in Kinyara Sugar Works through an IPO;
- Divesture of Kilembe Mines Limited;
- Divesture of Mandela National Stadium Limited;
- Divesture of Cable Corporation Limited;
- Divesture of 31 per cent of the government's shareholding in Uganda Telecom

through an IPO;
- A public-private partnership (PPP) in the development of Kampala Industrial Business Park (KIPB), in support of the UIA to implement the KIBP concessions;
- Coordination of the PPP framework study on behalf of the government; and
- The government's accommodation projects to develop a business case for implementation under the Private Finance Initiative (PFI) for the refurbishment contracts of these properties with a view to addressing the current acute need for government office accommodation.

734. Information on the revenues from privatisation was not readily available though, and this could aggravate the already widespread suspicion of lack of transparency. It is therefore imperative that the Divesture Reform and Implementation Committee (DRIC) and the Public Enterprise Reform and Divesture Secretariat (PERDS) ensure that the privatisation process is better prepared, with sufficient communication to the public, and that transparency prevails at all stages of implementation.

Box 5.1: Uganda Small-Scale Industries Association (USSIA)

The Uganda Small-Scale Industries Association (USSIA) is a registered voluntary, non-governmental business organisation opened only to registered small-scale industries, present in over 25 districts.

Since its launch in 1979, the Association has achieved tremendous impact on its members by providing them with technical assistance in the marketing of products, studies, sharing of experiences, and linkage with both government and non-government bodies. USSIA also provides management and technical training to its members.

USSIA is headed by a board of governors, elected by its members at the Annual General Meeting. The board is composed of a national chairperson, a vice-chairperson and a treasurer (all three being zonal chairpersons from the districts), a women's desk chairperson and industrial sector representatives. Besides the board, a fulltime national secretariat is handling operations from the Kampala office.

Members of USSIA operate in the following sectors: metal fabrication, foods and beverages, textiles and garments, woodcrafts, leather products, printing and graphics products, chemicals and pharmaceuticals, handcrafts, building materials and ceramics.

Source: Country Review Mission Findings, February 2008.

Table 5.2: Methods Used for the 129 Divestures Completed Through the PUSRP

Auction	6
Concession	11
Debt/Equity swap	2
Initial public offering through the USE	4
Joint venture	2
Management buyouts	4
Repossession	5
Sale of assets	22
Share sale	24
Shares/Pre-emptive rights	9
Liquidations	40
Total divestures	129

Source: Privatisation Unit, Uganda.

735. Privatisation Unit officials confirmed to the CRM that transparency has been a major issue with stakeholders since its inception. However, they have always responded to enquiries by providing them with the necessary data.

Investment climate

736. Uganda is generally considered to be among the most open economies in the world. According to the World Bank's Doing Business Report in 2008, tax on profit represents 15.7 per cent, while the total tax rate as a percentage of profit is 32.3 per cent, making the Ugandan business environment competitive compared with sub-Saharan Africa and even OECD countries. However, its global ranking has declined from 116 in 2007 to 118 in 2008 out of 178, mainly due to worsening scores on starting business, registering property, getting credit and protecting investors. The Doing Business Report on Uganda, although not always pertinent in the Ugandan context, seems to correspond with the CSAR's findings and the feelings of many stakeholders interviewed during the CRM plenary and workshop meetings.

737. The CICS Secretariat, which operates as a government observer of the Ugandan competitiveness and investment climate, is aware of the challenges faced by the country. It informed the CRM that, starting from 2008, the Doing Business indicators of the International Finance Corporation (IFC) will be domesticated and monitored based on more pertinent indicators.

738. The CICS's 2006–10 document was prepared after an assessment of the 2000–5 MTCS for the private sector.

739. The CICS's report takes stock of several achievements during 2000–5, both in terms of policy development and institutional or sectoral reforms, and access to and the cost of services. The following achievements are highlighted in the report:

- *Infrastructure:* Energy sector reforms have led to the establishment of a regulatory authority, the unbundling of the Uganda Electricity Board into three independent enterprises, and a 20-year generation concession to Eskom, which resulted in greater efficiency and new initiatives for facilitating rural electrification. Sectoral and institutional reforms were introduced to increase private sector participation in water production and distribution, and to promote cost reduction. Good progress has been witnessed in the development of national road policies and improved road maintenance rates. Ground-handling services in air transport were liberalised and infrastructures developed at Entebbe Airport. The Ugandan Railways Corporation was privatised through a concession to Kenya Railways Corporation. Finally, the Inland Water Transport Development Programme of 2001/2 to 2005/6 was implemented.

- *Financial sector:* The Ugandan Commercial Bank was sold to Stanbic and the financial regulatory framework was strengthened with the Microfinance Deposit-Taking Institutions Act, Financial Institution Act and the payments reform systems.

740. The report also analyses progress achieved in enhancing the support functions needed to encourage investment in the following ways:

- Commercial justice sector reforms (legal reforms, deregulation, access to land, and business registration);
- Anticorruption strategies (corruption, procurement, and tax administration); and
- Investment and trade reforms (regional trade arrangements, investment, and trade and export promotion).

741. Despite the achievements of the MTCS 2000–5, the CICS identifies a number of infrastructure challenges to be overcome in order to build an environment conducive to business, including the following

- *Energy sector:* Address the power deficit by implementing priority investments; improve distribution, including rural areas; reduce system costs and spillage.

- *Water and sanitation:* Promote increased private sector participation in water production and distribution; and facilitate clearance of outstanding bills of the public sector with the National Water and Sewerage Corporation.

- *Communication:* Speed up provision of fixed-line services and reduce the cost of services, especially through the development of cost-effective, global fibre-optic connection. (The CRM welcomed the centralisation of information and communication technology (ICT) issues under a single ministry instead of being fragmented under nine field ministries as was the case when the CSAR was in preparation.)

- *Road transport:* New infrastructure development is required, together with adequate maintenance of existing networks. This goes along with the establishment of a National Roads Fund and a Road Authority.

- *Air transport:* Some major investments are needed to secure transportation of fuel (Kenya-Uganda pipeline) and storage capacity. The government also needs to revise jet fuel taxation so as to increase Entebbe Airport's competitiveness.

- *Rail and water transport:* These remain largely underutilised due to insufficient investments. The concession of the railways to Uganda Railways Corporation has still not resulted in significant improvements.

742. The Kenyan political crisis and its resulting inconveniences have put the issue of alternative transport channels at the forefront of Ugandan business agendas (for example, rehabilitation of roadways to Tanzania and an attractive fiscal policy to boost Entebbe Airport's competitiveness).

743. The following areas were also identified by the CICS as needing continuous progress:

- Strengthening of the financial sector and improvement of access to finance;
- Commercial justice reforms;
- Reforms to curb corruption and streamline public procurements and tax administration;
- Improvement of the business environment for MSMEs;
- Implementation of arrangements; and
- Monitoring and evaluation arrangements.

744. The CRM noted that most of the challenges raised by the business community either directly (for example, by corporate chairpersons and chief executive officers), or through its professional associations (such as the PSFU, USSIA, UMA and UNCCI) were already stated in the 2000–5 MTCS document and are still outstanding in the government's CICS for 2006–10. Moderate progress seems to have been made in resolving them.

745. Also, the government should be mindful of sending the wrong signal to investors by interfering in the business sphere through actions that are meant to accelerate the rate

of private investments in the country. Indeed, the CSAR reports a widespread opinion among Ugandan employers and employees that foreign investors and business persons are given preferential treatment by public authorities to the detriment of local entrepreneurs. In addition, according to the CSAR, many foreign companies tend to ignore the labour laws.

746. During the CRM, many cases were reported showing how the allocation of long-term tax holidays or industrial land to newcomers has jeopardised the competitiveness of existing domestic industries in similar sectors (such as BIDCO vs MUKWANO in the edible oil sector), and how the inequitable enforcement of tax payments could hamper the levelling of the playing field. If not addressed by public authorities, such practices could enforce market distortions which, in the long run, could be counterproductive for Uganda's image as a potential investment target.

747. The UIA has put in place a structure to assist investors, both domestic and foreign, with their administrative formalities. It is not yet a "one-stop" facility. Although the UIA hosts representatives from several administrations in the same building (Ministry of Land, Company Registry, Immigration Department and investment licences), these officers still have to go out to their respective bodies to obtain clearance on the requested documents.

Industrial Development

748. The CRM was informed that proposals on industrial policy are submitted to Parliament without adequate private sector consultations and this was confirmed by the UMA and PSFU. Lack of effective consultations does indeed seriously constrain successful implementation.

749. The proposed exploitation of oil in the north-western region calls for reforms. Uganda will need to design an adequate policy regarding the utilisation of proceeds from oil and environmental protection after consulting local communities to reach consensus on an inclusive framework.

750. Given lessons learnt from other countries on the instability that can arise from oil exploitation, especially in a border area, it is highly recommended that Uganda accedes to the EITI. The goal of this Initiative is to ensure that the extraction of natural resources benefits a country as a whole and all its citizens. The EITI aims to strengthen governance through improving transparency and accountability in the extractive sectors, by setting a global standard for companies to publish what they pay and for governments to disclose what they receive from oil, gas and mining exploitation.

751. The northern region has also been deprived of private investments as a consequence of the 20 years of military instability. Given the ongoing peace negotiations, the government could design specific investment promotion programmes to allow private businesses to invest in the region. This will help create much-needed employment that will

Box 5.2: Private Sector Foundation Uganda (PSFU)

The Private Sector Foundation Uganda (PSFU) is Uganda's apex body for the private sector. Founded in 1995, it is currently made up of 115 business associations, corporate bodies and major public sector agencies that support private sector growth.

The mission of the PSFU is to promote private sector influence for business growth and competitiveness through policy advocacy, trade development and capacity building in a sustainable manner. Its mandate is also to maintain a dialogue with the government on behalf of the private sector.

Services to members include networking events and other activities organised by the PSFU, and mentorship programmes to enhance capacity building and training.

The organisation also manages a number of projects, which include the donor-funded Second Private Sector Competitiveness Project (PSCP II) and Business Uganda Development Services – Energy for Rural Transformation (BUDS-ERT).

Source: Country Review Mission Findings, February 2008.

further strengthen the peace process. During the northern region's stakeholder consultations organised in Gulu, the CRM noted that the local population is eager to participate in national development. The opportunities offered in the agricultural sector could be tapped, but this would require the design of innovative projects. For example, the traditional land ownership pattern could be utilised to set up collective farming schemes (starting with staple food and gradually upgrading to commercial crops) supported by the government's PFA microfinance programme. The traditional leadership could also be used to mobilise the local population, especially young people and women, to ensure successful implementation of investment programmes.

752. Finally, there is a clear need for the government to issue a coherent policy for supporting the small and medium-sized industries (SMIs) sector by centralising and harmonising actions launched by the various field ministries.

Access to Finance

753. Poor access to business finance is a major obstacle to the success of Uganda's private sector, particularly small businesses, and more specifically in terms of long-term investment financing. Most Ugandan firms lack the capacity and collateral to prepare bankable projects. Major innovative reforms have been proposed by the private sector, including the institution of credit guarantee schemes; the establishment of a fully fledged credit reference bureau (scheduled for May 2008); the improvement of collateral management and warehouse receipt systems; the acceleration of the recapitali-

Table 5.3: Commercial Banks and Their Branch Network by Region, as at 31 December 2007

		REGION					
No.	Commercial Banks	Northern	Western	Entebbe & Kampala	Central	Eastern	No. of Branches
1	Bank of Africa	0	0	6	0	1	7
2	Barclays	3	4	19	2	4	32
3	Baroda	0	1	3	0	3	7
4	Cairo International Bank	0	0	1	0	0	1
5	CERUDEB	4	10	5	5	4	28
6	Citibank	0	0	1	0	0	1
7	Crane Bank	2	0	3	0	3	8
8	DFCU	3	1	8	0	0	12
9	Diamond Trust Bank	0	0	3	0	0	3
10	FINA Bank*						
11	Global Continental Bank*						
12	Housing Finance Bank	0	0	4	0	0	4
13	Kenya Commercial Bank	0	0	1	0	0	1
14	NBC	0	1	1	0	0	2
15	Orient	0	0	6	0	1	7
16	Stanbic	11	20	16	8	13	68
17	Standard Chartered Bank	0	1	3	0	2	6
18	Tropical Bank	0	1	3	0	1	5
18	United Bank of Africa*						
	Total	23	39	83	15	32	192

* Licensed commercial banks, but not yet open to the public.

Source: Bank of Uganda

sation of Uganda Development Bank (UDB) by the government; as well as the setting up of clear fiscal incentives to encourage rural lending.

754. Leasing could be an opportunity for improving the financing of MSMEs, but it remains underdeveloped. Asset leasing has proved successful internationally in generating investments while offsetting asset ownership risk which may not be matched by bank lending. In industrialised countries, lease transactions can represent up to 40 per cent of financing transactions, while in Uganda leasing represents only 1 per cent of total financing transactions.

755. The Ugandan business community is unanimous in denouncing the difficulty in accessing long-term finance. This issue is extensively addressed in the 2007/8 Private Sector Platform for Action edited by the PSFU.

756. As of 31 December, 2007, the Ugandan credit sector regulated by the BoU was com-

posed of 19 banks and eight non-bank financial institutions, as listed in Tables 5.3 and 5.4.

757. It appears that the banking structure is not suitable for financing small businesses, given their level of development. MSMEs do not operate under standard governance patterns, which usually rely on a monolithic ownership structure. They seldom have the asset base that could secure their transactions, and have no culture of financial disclosure.

758. For this reason the government has provided for a microfinance regulatory framework to channel adequate financing to MSMEs. Given the huge scope of the market's needs, however, the current network remains largely insufficient.

SACCOs and the Prosperity For All Programme

759. The CSAR mentions the large number of savings and credit cooperatives (SACCOs) that operate in the country as an alternative to traditional financing mechanisms, but do not fall under the regulatory supervision of the BoU. During a regional stakeholders' meeting, the CRM learnt that these microfinance institutions are not necessarily efficient. Indeed, SACCOs are not always formed with a view to carrying out productive activities. Hence, resources mobilised through this network are usually utilised for a very short period of time (from a fortnight to a few months) and at a very high cost, with interest rates sometimes as high as 13 per cent flat on the amount borrowed for a few days.

760. Credit from microfinance institutions is expensive due to, among other factors, the lack of recordkeeping on borrowers' side and the high administrative cost associated with the need to assist people. Existing mechanisms are not very useful when it comes to generating revenues at the grassroots level.

761. It is important to evaluate the microfinance boom in the context of the Ugandan political agenda. SACCOs were introduced at a time of frenetic electoral activity, and throughout the country people have been brought together to participate in SACCOs in order to receive government-funded PFA allocations. Given that most groupings were not made with a view to supporting economic activity, and that the funds were utilised without any sustainable saving capacity requirement, this programme has deviated from its original objective and beneficiaries perceived it as a way for politicians to reward themselves. Hence, very few recipients intended to refund the loans and the money was used for sheer domestic consumption.

762. The government should assess the PFA programme, consult with the communities and realign its operational framework so as to encourage savings and stimulate production at individual level, especially in rural areas. This could go alongside the implementation of the PMA by strengthening production-oriented SACCOs and providing them with technical assistance, capacity building (good corporate governance, project management and financial management) and value addition in terms of marketing and storage facilities.

763. Along similar lines, it is important to note that most cooperatives have been neglected due to their historical role under the previous regime. It is a fact, however, that Ugandan agriculture is not likely to achieve the poverty reduction objective assigned to it as long as local farmers remain isolated and are not regrouped under production-oriented structures. In many other developing countries, farmers' associations have proved to be very effective in generating economies of scale and in leveraging the capacity to mobilise the needed resources to produce, store and market their output. When a network of such associations is built, it helps to bridge the information gap exploited by middlemen who, on account of their superior bargaining power, purchase individual farmers' outputs at give-away prices.

764. In any case, for it to be sustainable and achieve the expected results, PFA resource allocation should be equitable throughout the country and be demand driven. The government will need to stimulate ownership of the programme from the grassroots level and promote responsible credit management at community level.

Table 5.4: Non-Bank Finance Institutions and Their Branch Network per Region, as at 31 December 2007

NO.	NON-BANK FINANCE INSTITUTIONS	REGION					
		Northern	Western	Entebbe & Kampala	Central	Eastern	No. of branches
1	Capital Finance Corporation Ltd	0	0	2	0	0	2
2	Commercial Microfinance Limited	1	0	5	1	2	9
3	FINCA	8	4	2	3	6	23
4	Mercantile Credit Bank Limited	0	0	1	0	0	1
5	Pride Microfinance Limited	2	10	9	2	6	29
6	Post Bank	3	6	7	3	3	22
7	Uganda Finance Trust Limited	1	6	3	3	9	22
8	Uganda Microfinance Limited	1	7	6	8	4	26
	Total	**16**	**33**	**35**	**20**	**30**	**134**

Source: Bank of Uganda.

Cost of Credit

765. The CSAR elaborates on the very high cost of credit in Uganda. Following discussions with different stakeholders, the CRM noted that there are many reasons for this high cost.

766. The government's huge budget deficit has contributed to the high interest rate levels, as it has been financed through Treasury Bills, mopping up liquidity and thus pushing interest rates higher. Given the low level of risks attached to Treasury Bills and the attractive rates offered, banks have opted to invest in such instruments rather than resorting to

commercial lending at affordable rates. It is expected that the reduction in the budget deficit and enhanced public financial management should reduce this phenomenon.

767. The BoU's monetary policy geared at curbing inflation was translated into relatively high discount rates. The target base rate was set at 9.5 per cent per annum, but the Bank only achieved 12–13 per cent. The rediscount rate is usually set at base plus five basis points (17–18 per cent), which further increases the on-lending costs of banks.

768. Another reason is that the financial market is failing to deepen. Bank tariffs (debit interest rates and transaction fees) are very high and usually range between 18 and 20 per cent. The CRM welcomed the recent licensing of three new banks, as increased competition – coupled with enhanced business practices – could help drive down banks' margins. In addition, a local housing company has recently been upgraded and given banking status, and will hopefully stimulate the mortgage market to release resources locked in housing in order to redirect savings to the productive sector.

Domestic Investment

769. According to the CSAR, the growth rate of direct investment in Uganda has been rather impressive, at around 30 per cent from 1993 to 2004, in spite of banks' high interest rates and their apparent reluctance to mobilise and provide long-term credits. At 78.8 per cent, internal finance has been the major source of finance for investment, while bank finance accounts for only 10.13 per cent.

770. Capital markets could provide an effective source of finance for Ugandan companies, provided they improve their corporate governance to comply with the CMA's regulations. As indicated in the CSAR, the USE has launched a segment dedicated to SMEs – formerly the Alternative Investment Segment (AIS), now the Alternative Investment Market Segment (AIMS). This segment holds lower requirements but has not recorded any activity since its creation.

771. The CMA has identified a roster of potential targets for listing on the USE, but most of them will need capacity building in order to comply with CMA regulations, especially the main segment. Family businesses that qualify to be listed have no incentive to use the capital markets, as they have easy access to relatively low-cost funding from the local and international banks, and they are also reluctant to comply with public disclosure requirements.

772. Bond issuance remains relatively expensive mainly due to professional fees, as CMA costs remain modest. By licensing more brokers, thus increasing market competition, the CMA could contribute to reducing such costs and increasing the attractiveness of capital markets as an alternative to bank debt in order to finance domestic corporate long-term investments.

773. The CRM noted that the USE is ready for the introduction of electronic dealing, but that this innovation is held back pending the adoption of the E-transactions Bill and the Central Depository System Law. Given that the CMA will be one of the enforcing agencies of the Anti-Money Laundering Law, and in spite of the guidelines prepared for listing companies and stock exchange brokers, the CRM has advised the Authority to secure ICT competences by making all arrangements capable of efficient surveillance of e-transactions when such operations are authorised.

774. Other factors are important for the development of Uganda's capital markets. As indicated in the CSAR, the USE is working in close cooperation with its Kenyan and Tanzanian counterparts to establish a regional stock exchange. Already, there are two regional associations, the first being a regrouping of the three capital markets regulators and the second bringing together the three stock exchanges. The target year set by the EAC for full integration of the capital markets to form the regional market is 2009. The IFC has financed a consultant to work on the integration framework of the regional capital market, including the issues relating to demutualisation of the stock exchange. For the project to gain momentum, however, it has to be backed by a strong political will demonstrated by all the governments in the region.

775. The CMA should focus on building confidence and increasing popular awareness, as the number of individual investors is still very small and, incidentally, most of them are Kenyans. The CRM noted that, given the high level of bank fees (including for cheque collection), dividend payouts are not attractive enough to encourage popular investments in the USE, as this would normally concern small shareholding (in other words, a few shares per person). In this respect, Ugandan authorities should envisage aligning their tax incentives to those of Kenya and Tanzania. Indeed, the return pattern on the USE is characterised by fantastic capital gains and very low dividends. Overall, however, investing on the USE remains financially more attractive than bank deposits. A reduction of the withholding tax on dividends from 10 to 5 per cent is recommended.

776. The issue of stimulating domestic investment ties in very closely with that of accessibility to long-term finance. The USE could play a crucial role in utilising this type of resource alongside bank credit. To stimulate Ugandan capital markets, the CRM advises that action should be taken on the side of both offer and demand. In addition to new listings (privatisations and others), bonds issuances (government and corporate) and rights issues, the CMA should consider designing a specific communication plan for targeting institutional investors, such as collective investment schemes, the National Social Security Fund (NSSF) and insurance companies, a list of which is provided in Table 5.5.

777. In Uganda, life insurance is not taxed, and to date 20 insurance companies operate in the country, of which five hold life insurance licences. Through the Insurance Commission, the industry could promote life insurance to increase the level of public savings, and be more innovative in tapping cash flows circulating within the informal sector. The NFSS is the main investor on the USE and will certainly be more active if new

products were offered that meet the liquidity, security and returns requirements from a pension institution's standpoint. The oversubscription of Stanbic's IPO by more than 200 per cent shows that there is enthusiasm in the market for credible values.

778. Institutional investors could be more active and increase the liquidity of capital markets, especially on the bond market, while stimulating the USE index and attracting more domestic investors, should companies accept to comply with the stringent management and financial disclosure rules applicable to USE borrowers.

779. Overall, an increase in domestic investments, though identified as a major challenge in Uganda, could only be achieved using a comprehensive approach through increased communication for general public information, tax incentives and capital market dynamism. Deepening the range of operators in the financial market could also help companies' long-term funding. The CRM found that there is no private equity fund operating in Uganda, while venture and development capital investment has proved to be a good way to enhance corporate governance in small businesses. Indeed, such investors usually sit on the board of companies they invest in and add value to them not only financially, but also by contributing to improve transparency and management practices. Private equity funds could also stimulate the USE by selling their participations through the stock exchange.

Broadening the Taxation Base

780. As discussed in Chapter Four of this report, Uganda needs to find innovative ways to broaden rather than deepen the tax base.

781. Table 5.6 shows that in 2006/7, corporate tax and PAYE (Pay As You Earn) represented an impressive 20 per cent of the total gross revenue of the Uganda Revenue Authority (URA).

782. The business community complains about the narrowness of the tax bracket limited to formal and registered firms, which finance a significant part of the national budget. The formal sector should be groomed and opportunities created to expand the tax base and help build elasticity in the tax system. Appropriate incentives should be designed to encourage the migration of enterprises from the informal to the formal sector. To achieve efficient tax management, Uganda should modernise the Registry of Companies, carry out the establishment of a computerised national identification system, and pass all priority commercial laws.

783. The CRM noted that conditionalities attached to investors' tax advantages are not monitored. A monitoring and evaluation policy is being drafted by the Ministry of Finance. The Local Service Tax, which was introduced to replace the Graduation Tax and is pending in Parliament, is considered unfair by most stakeholders as it is likely to be paid only by salaried workers, whereas it should be targeting employees, businesses, commercial farming, and so on, and there is also no clear collection mecha-

Table 5.5: List of Licensed Insurance Companies for 2007, as of 12 March 2007

Company	Non-Life	Life
1. AIG Uganda Ltd	X	
2. East African Underwriters Ltd	X	
3. Excel Insurance Company Ltd	x	
4. First Insurance Company Ltd	x	
5. GoldStar Insurance Company Ltd	x	
6. Insurance Company of East Africa (Uganda) Ltd	x	X
7. Liberty Life Assurance Uganda Ltd	x	
8. Leads Insurance Ltd	x	
9. Lion Assurance Company Ltd	x	
10. Microcare Insurance Ltd	x	
11. National Insurance Corporation Ltd	x	X
12. NICO Insurance (Uganda) Ltd	x	
13. Paramount Insurance Company Ltd	x	
14. Rio Insurance Company Ltd	x	
15. Phoenix of Uganda Assurance Company Ltd	x	
16. Statewide Insurance Company Ltd	x	
17. The East Africa General Insurance Company Ltd	x	X
18. The Jubilee Insurance Company of Uganda Ltd	x	X
19. TransAfrica Assurance Company Ltd	x	
20. UAP Insurance Company Ltd	x	X

Source: Uganda Insurance Commission.

nism. This tax was meant to finance local governments, but the CRM noted during stakeholder meetings in the regions that district officials remain sceptical of its effectiveness.

784. During interactions with the CRM, business community members complained about the unpredictability of Ugandan tax policy, which prevents adequate business planning. An example was given of the sudden introduction of a new tax on polyethylene bags. It was claimed that the newly introduced tax completely changed the economics of industries operating in that sector without giving them enough time to adjust. Here again, enhanced dialogue between the government and the business community would have been necessary.

Employment Promotion and Skills Development

785. Given the high rate of population growth, the promotion of youth employment in Uganda should be a priority for the government. A specific National Youth Policy should be designed, using a participatory approach involving the government, the private sec-

tor, young people, civil society organisations (CSOs) and the development community.

786. To align the profile of young people with employers' needs, the focus should be on increasing capacity at the level of technical schools, as domestic industries are in need of graduates with technical skills rather than sheer academic qualifications. Industrial training is critical to satisfying current demand and provides great opportunities for tackling the matter of youth unemployment. To date, a large number of low-skill jobs are being staffed by foreigners rather than Ugandans due to lack of training. The government should therefore use the platform offered by private sector organisations to involve them in the definition of education curricula, and more generally in policy making. Already the UNCCI is involved in reforming the qualification framework, and it will soon deliver technical qualifying courses.

Commercial Dispute Resolution

787. The Arbitration Act allows private sector bodies to set up their own tribunal (for example, the UNCCI) and allowed the creation of CADER as a focal centre for alternative dispute resolution. The Centre has its own infrastructure (secretariat and hearing rooms) and has developed an asset base composed of neutral parties. To date, more than 60 judges have been trained by CADER. Most cases handled thus far concern mediations rather than arbitration, as judgements rendered in the latter are final, while a failed mediation is addressed in the Commercial Court. By law, judges have to resolve their cases within 60 days.

788. However, very few businesses use these mechanisms in their commercial contracts, as their advisers (lawyers) have a poor understanding of alternative dispute resolution practices. The CSAR indicates that such practices are expensive. In reality, it is only so because the number of cases referred to CADER is still insufficient to reach the critical mass that would allow individual cost reduction. In addition, CADER is not funded by the government. Initially the project was donor funded and now it is self-sustained, as opposed to the Commercial Court, which is in part funded by public resources. Therefore CADER's main challenges will be not only to reduce the individual cost of intervention, but also to train lawyers in this regard to increase their understanding of the advantages of alternative dispute resolution for their clients. University programmes and Bar courses should therefore also contain modules on alternative dispute resolution, and lawyers should also benefit from ongoing professional courses. CADER has already developed a few case templates to guide mediators.

789. In order to reduce operating costs, CADER is considering setting up a computer room for its asset base, lawyers and the general public, as well as an Extranet that will help speed up the administrative process, with a web-based filing platform for online case filing and rooms bookings, among other things. This project, which is estimated to cost US$17 000 will be funded through the national budget.

Table 5.6: Contribution of Corporate Tax and PAYE to the URA's Gross Revenue

(in USh million)	2001/2	2002/3	2003/4	2004/5	2005/6	2006/7
Total revenue/GDP ratio (in percentages)	12	12	12	12	13	13
GDP at market prices	10,261	11,780	13,200	15,134	17,372	19,688
Net URA collections (excl. government taxes and refunds)	1,212	1,409	1,642	1,887	2,231	2,569
Gross revenues	1,264	1,451	1,696	1,950	2,334	2,694
• PAYE	137	168	200	245	308	361
• Corporate tax	69	83	122	160	182	185
TOTAL	207	251	322	405	490	546
In percentages:						
PAYE/GDP ratio	1	1	2	2	2	2
Corporate Tax/GDP ratio	1	1	1	1	1	1
Total PAYE + Corporate/GDP ratio	2	2	2	3	3	3
PAYE/Gross URA revenues ratio	11	12	12	13	13	13
Corporate Tax/Gross URA revenues ratio	5	6	7	8	8	7
Total PAYE + Corporate/Gross URA revenues ratio	16	17	19	21	21	20

Source: Uganda Revenue Authority.

790. CADER also envisages developing a programme approach to designing sectoral packages to be sold to the market (lawyers and businesspeople). This project is estimated to cost about USh800 million.

791. CADER's main challenges will be as follows:

- Convince the judiciary to create a specific unit for fast-tracking appeal processes for alternative dispute resolution; and
- Raise public confidence in resolving to arbitration and in retaining arbitration locally instead of electing foreign legal places (for example, London).

792. The CRM was satisfied to note that CADER is an active member of the Africa Mediation Association, which promotes standardised training packages on the continent to create capacity. The objective is to institute a cadre of African-trained mediators capable of intervening in any member country. The centre also cooperates with South African arbitration courts on labour issues.

iii. Recommendations

793. The APR Panel recommends that Uganda should:

- Introduce new statistical methodologies for capturing data on Uganda's vibrant informal sector (UBOS);

- Adopt suitable communication and disclosure strategies for addressing public concerns about PERDS' procedures and the use of proceeds from the privatisation process (PERDS);
- Build on the national consensus on priority actions identified in the CICS for 2006–10 and facilitate their implementation (government);
- Develop indicative guidelines for SMEs and informal sector enterprises to enhance their management capability and improve their access to bank finance, thus encouraging transition to the formal sector (government; ICGU; PSFU; UNCCI);
- Review the PFA programme to benefit all regions by supporting better productive activities under a sustainable framework (Ministry of Finance);
- Establish a permanent dialogue framework to harmonise their positions and present a consolidated front when engaging the government (private sector representatives; PSFU; UNCCI);
- Revive the Uganda Development Bank and provide it with long-term funds needed to support SMEs operating in agriculture, industry and services (Ministry of Finance);
- Continue with the establishment of a fully fledged one-stop facility at the UIA to address investors' formalities, and give the institution adequate human and financial resources to promote Uganda as an attractive investment destination, including a comprehensive institutional communication plan targeting both international and domestic investors (government);
- Accede to the EITI and design a specific policy on oil extraction as a matter of urgency (government);
- Design a National Youth Policy for promoting employment of young people (government);
- Develop comprehensive and relevant curricula for industrial training and skills development through a public-private dialogue platform (government); and
- Allocate sufficient financial resources to the judiciary and alternative dispute resolution systems in order to improve commercial dispute resolution (government).

Objective 2: To ensure that corporations act as good citizens with regard to human rights, social responsibility and environmental sustainability

794. This objective addresses three main issues: human rights, including adherence to labour obligations; social responsibility; and matters relating to the environment. Some of the specific issues covered include the following:

- Employees' rights;
- Provision of a safe working environment and fair wages;
- The degree of corporations' responsiveness to community needs, including a

focus on issues such as health (HIV/AIDS, malaria, tuberculosis and yellow fever), education and skills development; and

- Responsible behaviour with regard to the environment, including environmental rehabilitation projects, environmental impact assessments, recycling and the use of clean technology.

i. Summary of the CSAR

795. Labour and environmental laws are comprehensive but not respected, and enforcement by state institutions is slack due to limited resources. Adherence to the codes of social responsibility is high only for companies or sectors that practise self-regulation according to agreed-upon codes of practice.

796. With the exception of exporting industries, labour laws are not respected by Ugandan companies, especially when foreign owned:

- Only 6 per cent of the workforce is unionised.
- Some unions and labour centres are under the undue influence of employers and politicians.
- Social security deductions from workers' salaries are not remitted to the NSSF.
- The government still has not approved the 1998 minimum wages scheme, resulting in the underpayment of workers.
- Some manufacturing industries do not provide a safe working environment for their employees.

797. The CSAR admits, however, that enterprises' compliance with labour laws is perceived to be low, at less than 30 per cent. The low compliance levels are attributed to limited awareness of the laws and poor enforcement by the MGLSD. According to the UBOS survey, only 23 per cent of Ugandans are aware of the provisions of the country's labour laws. The government's inability to preserve the right of unqualified workers is attributed to the fear of losing investors and lack of qualified resources. Moreover, the ineffectiveness of the Industrial Court prevents workers from seeking reparation.

798. The CSAR examines measures taken to ensure that companies recognise and observe human and labour laws. The section focuses on labour laws, the rights of employees in the workplace, corporate social responsibilities and matters relating to the environment. The CSAR stresses that between 2000 and 2006, the government enacted five labour laws to address employees' rights in the workplace in accordance with the Constitution and international conventions, including the elimination of the worst forms of child labour. Uganda also has a legal obligation to ensure that its laws and practices are in conformity with the 31 ILO conventions that it has ratified.

ii. Findings of the CRM

Minimum Wage

799. According to the CSAR, the current level of minimum wage in force is USh6 000 per month and was fixed more than 20 years ago, before the Ugandan shilling was devalued. Though actual salaries paid to workers have increased slightly, unscrupulous employers can pay unfair salaries to employees without breaching legal prescriptions. Meanwhile, a minimum wage fixed at USh53 000, which has been enacted by Parliament since 1998, has not yet been implemented by the government.

800. In addition, while the government has approved an impressive number of laws governing corporate behaviour in Uganda, including the Advisory and Wages Councils Act, the PSFU admits that the current PAYE income threshold, estimated at USh130 000 is too low and should be increased to at least USh200 000 to boost the purchasing power of Ugandans. The CRM is of the opinion that cheap labour does not necessarily improve the competitiveness of industries, as it leads to lower productivity of human power. Furthermore, the development of a domestic market should prompt an upward movement in the purchasing power of Ugandans. Therefore, the government should ensure that its minimum wages policy is realistic and fully implemented.

Child Labour

801. During its interactions with stakeholders, the CRM was informed that child labour remains a problem in the country. There are more than two million orphans in Uganda, including an estimated 900 000 HIV/AIDS orphans, many of whom are raised by their elders. These children are easy targets for all kinds of abuses, including long hours of painful work either in households or rural areas.

802. Several CSOs have developed special programmes for taking care of children in collaboration with the government (for example, the Masindi vocational training programme, schools and medical care). However, given the magnitude of the problem and the vulnerability of this group, special attention should be paid to the issue in order to scale up these types of initiative.

Fighting HIV/AIDS in the Workplace

803. In Uganda, the fight against HIV/AIDS in the workplace is mainly tackled by local ILO representation. The ILO developed a code on HIV/AIDS that employers are encouraged to adopt as part of their policies in the workplace. Through their civil service reform programmes (CSRPs), international organisations and companies, such as bilateral agencies and multinational banks, have put in place good policies that either meet or exceed the ILO's recommendations. Local companies and organisations are at various stages of compliance with the ILO, with most of them falling short of the

minimum requirements. Government institutions at both the national and (especially) local levels still have considerable ground to cover before attaining the desired status.

804. The CRM noted that not much has been done thus far to sensitise the informal sector businesses on this issue.

Climate Change and Environment Protection

805. The CSAR does not include an in-depth presentation of issues relating to climate change and global warming in Uganda. Nevertheless, the CRM noted that it is a genuine concern of Ugandan stakeholders. Valuable contributions in this regard were received from representatives of the Ugandan National Farmers' Association and Care International in Uganda. They identified the main effect of climate change as being abnormal flooding in recent years. Rural areas are adversely affected by crop failure in many parts of the country due to erratic and unpredictable rains and floods in the northern and north-eastern regions, as well as prolonged droughts followed by hailstorms in the western part of the country. Also, the amount of ice on Uganda's snow-capped Ruwenzori Mountains, which is valuable in terms of local climatic regulation, has reduced significantly over the past decades. Stakeholders expressed their criticism of the international community's contradictory approach, which consists of seeking to mitigate global warming on the one hand, while simultaneously promoting trade in carbon credits on the other hand. They noted that Uganda, as well as all other African countries, should carefully regulate such trades.

806. Whereas the CSAR has highlighted the impact of pollution on the country's water resources, especially Lake Victoria, there is no policy on waste disposal of non-biodegradable materials. The ban on polyethylene bags is not enforced and they continue to ruin the landscape. The CRM identified charcoal burning, with the inevitable alteration of soil fertility, as a main cause of deforestation in the eastern and northern regions. Unfortunately, only minimum effort is being exerted by local authorities to protect the environment.

807. While moving upcountry, the CRM noted that the NFA was replanting large areas with pine trees. This is a laudable effort that should be commended, but more needs to be done. It would be more efficient to raise awareness on climate change within the farming community and convert farmers into environmental protectionists. A stakeholder in the eastern region meeting held in Mbale District proposed that commercial growing of fruit trees should be introduced in the region as an alternative source of revenue for charcoal burners. Popularisation of energy-saving stoves was also recommended. The negative impact of population growth, which forces people to settle in the wetlands, has been singled out as an additional source of health hazards, compounded by unnecessary pressure on the environment due to anarchic occupancy of protected areas.

808. Overall, the opinion of stakeholders was that environmental issues are not emphasised

enough and awareness raising is far from being vigorous. Although the Second Poverty Eradication Action Plan (PEAP II) under review clearly articulates all of the above environmental issues, their impact on production, health and the economy as a whole must be assessed and the appropriate action taken. For its part, and as shown by the CSAR with the tentative allocation of the Mabira and Kalangala Island forests to agro-industries, the government should be mindful of protecting the environment when making concessions to foreign investors.

iii. Recommendations

809. The APR Panel recommends that Uganda should:

- Enact the Minimum Wage Law as approved by Parliament (MGLSD);
- Review the National Child Labour Policy to stimulate its implementation within the CSRP framework in conjunction with local authorities (MGLSD; PSFU; UMA;UNCCI);
- Promote the adoption of codes of good business ethics that condemn and sanction businesses employing child labour (PSFU; UMA; UNCCI; USSIA);
- Assist in resolving the conflict by trade unions so as to improve and maintain a good climate among workers, and provide for credible, responsible and constructive workers' representation at tripartite negotiations (MGLSD);
- Launch a specific programme for sensitising local businesses, including the informal sector, on strategies to be adopted to fight HIV/AIDS in the workplace and protect the rights of workers living with HIV (MGLSD; ILO representation);
- Fully empower NEMA to protect the environment, enforce existing laws and sensitise all stakeholders to the need to preserve Ugandan ecological patrimony (government); and
- Set up a dialogue platform together with district budget committees to design community development projects jointly as part of their CSR activities (private sector organisations and individual companies; districts; CSOs).

Objective 3: To promote the adoption of codes of good business ethics in achieving the objectives of the corporation

810. The King Report II has defined business ethics as the "principles, norms and standards that guide an organisation's conduct of its activities, internal relations and interactions with external stakeholders". Under Objective 3, self-regulation and the development of voluntary codes on business ethics by the public and private sectors, and the observance and enforcement of these codes by the concerned bodies, are some of the indicative criteria sought. Other issues that are considered include mechanisms for sanctioning ethics violators, and the effectiveness of these. Another important issue raised relates to the access to information on companies in the private and public sectors, including the independence and freedom of the media, and the quality

of financial and investigative journalism and other features that serve to look after the so-called public interest.

i. Summary of the CSAR

811. Development cooperation agencies, especially the European Union Commission and the United States Agency for International Development (USAID), have been instrumental in promoting codes of good business ethics in the private sector, especially in exporting industries. Public agencies charged with regulatory mandates and responsibilities concerning the economy have also championed the development and enforcement of codes, standards and guidelines, but there is a crucial need to build their enforcement capacity. The large number of companies evolving in the informal sector has made the promotion of codes of best practices among VSMEs a very big challenge. Endemic corruption is a major problem in the country (Uganda ranked 105 out of 163 on the Transparency Corruption Perception Index of 2007). Procurement processes in local governments are regularly denounced.

812. Uganda has put in place sufficient policies, institutions and regulations to enforce business ethics and business integrity, and to combat corruption. However, implementation and enforcement of the existing legislation are weak and the lack of political will is a major obstacle. CSOs have teamed up in an anticorruption coalition. Money laundering is still a relatively small problem but could become a major issue in the absence of adequate regulation in the banking sector. The investigative capacity of the media should be strengthened for it to contribute effectively to the fight against corruption. Setting up adequate training programmes to enhance the professionalism of directors in public and private commercial enterprises could help improve the enforcement of good business ethics.

813. The CSAR describes measures taken to promote good business ethics. These include, among other initiatives, the issuance of codes of good business practices by professional associations of exporting industries (flower exporters, fisheries, vanilla and cocoa industries, cotton exporters and agro-inputs dealers), the ICPAU, UBA, NGO Forum, Uganda Institution of Professional Engineers (UIPE) and the Uganda Institute of Bankers (UIB). Initiatives launched in the public sector are also highlighted, notably the development and enforcement of codes, standards and guidelines by the UBOS and the Dairy Development Authority (DDA), as well as the creation of a permanent dialogue platform with tax payers through the URA.

ii. Findings of the CRM

Governance of State-Owned Enterprises

814. The CSAR does not describe the state of SOEs' governance. The CRM gathered information that tends to demonstrate that, although SOEs are supposedly autonomous,

entities are placed under the supervision of field ministries and do not enjoy independent management. Ministries designate board members of many statutory bodies and SOEs, even when not fully government owned (for example, the National Medical Stores and the Post Bank are both 100 per cent government owned, while the National Housing and Construction Corporation is 51 per cent government owned). No particular policy seems to have been put in place for the designation of independent board members who could add value to the management of SOEs.

815. The NSSF is a statutory body established by the National Social Security Fund Act, but the government has appointed most of its board members. This institution is currently undergoing a serious governance crisis, as employers and workers who are supposed to sit on the board are not represented due to disagreements based on personality clashes. Beneficiaries of this Provident Fund are concerned about the lack of transparency in the use of the NSSF's resources. The CRM would recommend that a solution be rapidly found to allow employers and workers representation on the board of the NSSF, as they are the main contributors to the Fund. In order to dispel suspicions about the management of the fund, the NSSF's board should apportion a management fee for board members, as well as for operational and management expenses, so that all fees are kept under a trust fund for the beneficiaries and savers. The institution should also be controlled under the expected pension regulation.

816. SOEs' corporate governance needs to be enhanced through training, dissemination of best practices and guidelines. The CRM welcomed various initiatives launched by the government to seek technical assistance from the ICGU to enhance corporate governance in SOEs. For example, the ICGU was contracted to conduct an audit of the NFA board's governance, and could very soon be asked to define a mechanism for board members' nomination into parastatals. These are positive developments that should be encouraged.

Corporate Governance of SMEs

817. Though representing a significant share of Ugandan businesses, SMEs have been left out of the good corporate governance agenda. Efforts need to be made to promote good governance among SMEs.

818. With regard to very small businesses, the CRM noted that some sporadic initiatives are taken by professional organisations such as USSIA and UWEAL to organise training sessions for individual entrepreneurs and provide them with basic financial management principles, including accounting principles (assets or liabilities, and profit or loss), bookkeeping, treasury management, and financial disclosure to shareholders. Such initiatives should be supported by the MFPED (MSME Unit) and the MTTI, as well as development partners operating in Uganda.

819. The CRM also noted that in general, professional organisations are very well struc-

tured and hold general meetings on an annual basis, providing necessary information to their members. However, farmers' associations and SACCOs in rural areas remain very weak in this regard.

iii. Recommendations

820. The APR Panel recommends that Uganda should:

- Partner with the ICGU to design SOE-specific training sessions and codes of good business ethics (government);
- Resolve the NFSS board crisis as soon as possible to restore credibility in the institution (NFSS);
- Re-examine the governance of SOEs, including the appointment of board members – Uganda may wish to adopt the OECD corporate governance framework for SOEs (government);
- Continue to develop membership of the ICGU, including SMEs, and to design training sessions and governance assessment tools suitable for SMEs (ICGU); and
- Strengthen MSME organisations at the grassroots level and teach the fundamentals of corporate governance (local authorities; CSOs).

Objective 4: To ensure that corporations treat all stakeholders fairly, including shareholders, employees, communities and suppliers

821. This objective addresses the corporate governance concepts of accountability to shareholders and responsibility to stakeholders. Topics cover shareholder rights (including the right to convey or transfer shares; obtain relevant information on the corporation on a timely and regular basis; participate and vote in general shareholder meetings; elect members of the board; and share in the profits of the corporation) and mechanisms for shareholders to seek redress in case of violation of their rights. While some of these issues may not always be directly relevant to public sector corporations, issues of public accountability for efficient and economic services by public utilities are critical and relevant considerations, as well as in the context in which these issues should be considered.

822. The objective also focuses on legislation or codes of conduct governing the direct relationship between stakeholders and corporations, for example trade unions, consumer legislation, creditors rights, bankruptcy laws and the level of compliance with, and enforcement of, such legislation and codes; interactions between stakeholders and corporations; access to information; and the right of participation by stakeholders in relevant forums.

i. Summary of the CSAR

823. Uganda's Companies Act (Cap. 110) is the primary legislation that addresses matters pertaining to the interest and treatment of different stakeholders. The Act provides for the formation, ownership, management and dissolution of companies in Uganda. However, in its current form, the Act is outdated and does not encompass current trends in company regulation. Private companies, most of which are family-owned businesses, do not comply with laws and are not sensitive to stakeholder participation. It is also difficult to ensure their compliance, as most of them operate in the informal sector. Compliance with legislation is strong where accountability is enforced, especially as regards the rights of shareholders, for example within public corporations. However, the low level of financial literacy in Uganda makes it difficult for stakeholders to understand minimal information when made available. Competition has paved the way for greater emphasis on fair and just treatment of customers by corporations, and most companies have codes in place to provide effective redress for communities in the event of violation of their rights by the operations of businesses.

824. The CSAR highlights the weaknesses of the Companies Act and makes detailed propositions and recommendations for its amendment. The report also gives a brief description of the rights and powers of shareholders and non-voting shareholders; mechanisms, institutions, policies and procedures for equitable treatment of shareholders; and supplementary provisions in the Companies Act. The CSAR's findings from the field consultations reveal weaknesses and shortcomings in the areas of treatment of suppliers, employees, and access to relevant corporate information.

ii. Findings of the CRM

Consumers' Protection

825. The CSAR indicates that counterfeit goods constitute a problem for domestic businesses whose market is affected by the illegal trade of such products. The CRM requested the UNBS to provide information on the magnitude of the problem and possible health hazards for consumers, but did not receive such information. This could be interpreted as evidence of the Bureau's failure to collect and analyse relevant data on the topic. Nevertheless, in discussions with different stakeholders it appeared that Chinese goods are being dumped on the market, but that the UNBS has no capacity to control counterfeit goods sent to Uganda.

Directors and Officers' Responsibility

826. The CSAR details a comprehensive legislative corpus for protecting the rights of companies' stakeholders, but does not sufficiently present the enforcement aspect of the matter. Given that the Industrial Court, which has been enacted by law, is not yet operational, plaintiffs (especially in a country where citizens are not necessarily aware of

their rights) do not always have the adequate recourse mechanisms to sue directors. The Commercial Court is inadequately equipped, oriented and staffed to deal with these types of issue. In addition, with the prevailing impunity, many corporate corruption scandals have been reported but not sanctioned. This demonstrates the need for enhancing the role of enforcement agencies, particularly the Industrial Court.

iii. Recommendations

827. The APR Panel recommends that Uganda should:

- Be more active in the fight against counterfeit goods in order to protect not only domestic industries and businesses, but also consumers (UNBS);
- Allocate adequate resources to the UNBS to allow it to fulfil its mandate, in conjunction with Duties authorities (Ministry of Finance); and
- Train Commercial Court judges to better understand corporate governance issues and be effective and fair in the dispensation of the law when it comes to protecting the rights of companies' stakeholders (MJCA; Law Bar Association).

Objective 5: To provide for the accountability of corporations, directors and officers

828. The fifth and final objective relates to the effectiveness of the corporate governance framework regulating disclosure requirements, the enforcement thereof and the adequacy of remedies for breach. These include auditing, accounting and filing requirements in accordance with internationally accepted requirements and standards; timely and cost-effective access to corporate financial information; and training programmes for directors and officers.

i. Summary of the CSAR

829. The Companies Act (Cap. 110) is the primary legislation governing corporate information disclosure. It is the Act under which all companies, both private and public, are incorporated or registered. The Act imposes an obligation on companies to file basic information at the Company Registrar, stating the names of new shareholders, special resolutions, changes in physical and postal addresses, and submitting annual returns, among other things. The Company Registry is a public document open for inspection to any interested persons upon payment of the prescribed fee.

830. The CSAR lists a number of disclosure provisions and schedules of the requirements for disclosure of financial information. These comprise, among other things, balance sheet book accounts, annual returns, statements of nominal capital for financial institutions, while non-financial information includes resolutions and particulars of direc-

tors, notice of ceasing activities, and so on. Foreign incorporated companies are required to register with the Registrar of Companies. Public companies are subject to reporting requirements by the same legal provisions.

831. The CSAR concludes that, while the corporate disclosure regime for listed companies may be efficacious, because of the presence of a vigilant regulatory regime for the nascent and infant stock market in Uganda, the Company Registry has serious shortcomings. The continuing failure to operationalise the Registration Services Bureau (RSB), established under Cap. 210 in 1998, has meant that the Company Registrar remains the sole depository of disclosures relating to non-listed companies. Moreover, private companies, which are the majority, are not required to file financial statements. The proposed enhancement and strengthening of the regulatory powers of the register in the Companies Bill of 2004 should improve the corporate disclosure regime in Uganda.

832. The accountability of corporations, directors and officers has been limited to public companies and listed companies. In most cases, private companies do not file returns and within the current legal framework are not accountable to anyone. The focus of supervision is narrow. Many businesses are family-owned private companies for which accountability is not crucial. In practice, the Registrar of Companies has no record of any cases of sanctions filed for lack of compliance. The dominance of executive directors within Ugandan companies limits the objectivity of their boards in implementing good governance practices. There is a growing need for the training of directors, both in the public and private sector.

ii. Findings of the CRM

Shareholders' Association

833. The CRM learnt that a Shareholders' Association was formed but is inactive. This is easily understandable, as the USE is still new and the free-float on Ugandan listed companies' shares remains modest. In addition, most listed companies are reluctant to have minority shareholder activism and will not be supportive of the initiative.

834. Also, facilitation could be a problem for this type of organisation, which needs to be supported at inception and provided with adequate resources (financial, human and infrastructural) to set up training and information sessions for shareholders; inculcate in them an investment culture and good governance principles; hold directors accountable for their stewardship and other duties; and, more importantly, defend their rights through public advocacy and legal proceedings.

Institute of Directors

835. The CRM was informed that a Ugandan Institute of Directors has been established but

is not yet very active. The CRM noted that the Institute does not exchange much information with other bodies promoting corporate governance. Indeed, such an institution is vital to developing a culture of good corporate directorship, but in the Ugandan context, it will come as a competitor to institutions such as the UMA, PSFU, NCCI and ICGU, which already offer good governance training for corporate leaders. Nevertheless, the Institute has an important role to play in building a roster of competent independent directors to be hired by local companies. By setting up a partnership with the ICGU, the Institute could train its members systematically to acquire the Commonwealth Certificate of Corporate Directorship.

Disclosure Requirements

836. Ugandan law imposes the obligation on public companies to file basic information with the Company Registrar, but the institution is very weak and needs to be strengthened. Disclosure of companies' financials is meant not only to inform the general public, but also to file statutory returns in terms of income tax returns and audited accounts. The CRM found that disclosure requirements are not uniform and vary depending on the type or structure of company. This does not pose a problem if it is meant to differentiate requirements for SMEs from those relating to larger companies, provided it does not introduce market asymmetry or distortion of disclosed information. However, private companies are not compelled by law to file their accounts and there is a clear inequity in the treatment of information, as many private family businesses are prominent market players.

Legal Sanctions Against Corporate Directors and Officers

837. The CSAR is not explicit on legal sanctions applicable to directors and officers in cases of companies' financial losses caused by mismanagement of the company.

838. The Companies Act provides for legal pursuits against directors and corporate officers in the case of mishandling of company's assets, but these remain civil suits. No penal sanctions are applicable as per the Companies Act. However, where directors' actions are of criminal nature, the common law prevails and the penal code is applied.

III. Recommendations

839. The APR Panel recommends that Uganda should:

- Engage and partner with the ICGU and other professional organisations to promote professional directorship in Uganda, as a way to enhance corporate governance in all types of business (Institute of Directors);
- Champion the Shareholders Association to promote good governance practices among the public, and especially listed, companies (institutional investors, such as insurance companies and the NSSF); and

- Add a specific clause to the Companies Act revision requiring private companies to file their annual financials with the Company Registrar, in addition to the URA (government; Law Reform Commission).

Box 5.3: Institute of Corporate Governance of Uganda (ICGU)

The Institute of Corporate Governance of Uganda (ICGU) was incorporated in 1998 as a company limited by guarantee with no share capital, with a mission to promote excellence in corporate governance principles and practice.

The Institute offers individual membership (company directors, directors of statutory bodies, organisations and any person in a senior management position or practising a registered profession at a senior level), as well as corporate membership (any organisation registered as a corporate legal entity).

The Institute is governed by a council elected at the Annual General Meeting every three years, and day-to-day management is vested in a secretariat that implements directives given by the Council.

The ICGU's activities are twofold:

- Plan, conduct and coordinate training for directors and senior management, and enhance board and management performance, with better understanding of duties and responsibilities for the benefit of all stakeholders; and
- Publish and disseminate pamphlets, codes of best practices, discussion papers and other documents associated with the affairs and activities of the Institute and other associated agencies.

The ICGU also provides technical assistance to parastatals and holds public awareness lectures. For example, in 2007 it co-organised with the Institute of Internal Auditors a lecture delivered by Dr King.

The Institute is facilitated by institutions such as GTZ, World Bank-IDA, SIDA, BoU (an annual grant of USh40 million), and soon the African Development Bank (Nordic Trust Fund).

Source: Country Review Mission Findings, February 2008.

CHAPTER SIX

6. SOCIO-ECONOMIC DEVELOPMENT

6.1 Overview

840. Sustained socioeconomic development implies a continuous improvement in the well-being and standard of living of the people. It is premised on the principle that, in the context of accelerated economic growth, poverty can be tackled effectively through the promotion of democracy, good governance, peace and security; the development of human and material resources; gender equality; openness to international trade and investment; allocation of appropriate resources to the social sector; as well as building strong partnerships between the government, the private sector and civil society.

841. In 1986, when the National Resistance Movement (NRM) government came to power, it was faced with the momentous task of rehabilitating and developing a shattered economy, and raising the standard of living of the population. In the social sector, neglect of essential services, especially health and education, had contributed to a severe decline in the standard of living for the majority of the population and institutional capacity had been weakened by disruption and continual crisis management.

842. Since 1986, Uganda has made considerable progress in recovering the economic and sociocultural infrastructure lost during the years of political and economic upheaval. Uganda has especially made significant progress in strengthening the capacities of the central economic management agencies that have primary responsibility for development planning, namely the Ministry of Finance, Planning and Economic Development (MFPED) and the Bank of Uganda (BoU). These agencies have played an extremely important role in the reform process, resulting in a strong sense of domestic ownership of the development process.

843. The government has also attempted to sign or ratify international standards and codes in order to benchmark progress in socioeconomic development against accepted international norms and practices. However, a systematic and comprehensive approach to the ratification and implementation of all the outstanding standards and codes would enhance progress in socioeconomic development.

844. The Poverty Eradication and Action Plan (PEAP) is the country's main policy document on poverty reduction. Within the overall framework of the PEAP, the government has developed a number of programmes for promoting socioeconomic development. These include Universal Primary Education (UPE) and Universal Secondary Education (USE), improved access to primary healthcare services, and the Plan for the Modernisation of Agriculture (PMA). Special priority is being given to the needs and rights of women and children, as well as vulnerable and disadvantaged groups and persons. In Northern Uganda, the government has put in place a number of disaster response

programmes, such as the Northern Uganda Reconstruction Programme (NURP I and NURP II), Northern Uganda Social Action Fund (NUSAF) and the Peace, Recovery and Development Programme (PRDP).

845. The government has set up a well-articulated institutional infrastructure to deliver services effectively through a decentralised service delivery system. This system includes clearly articulated structures at central and local levels. Through the local government departments, coverage includes education, health, water, agriculture, land boards, and so on.

846. Uganda has made tremendous progress towards achieving some major socioeconomic targets that are set out in the PEAP and the Millennium Development Goals (MDGs). Over the past 20 years, the country has achieved sustained growth and significant reduction in income poverty. The economy has grown at an average rate of 5.6 per cent per year over the past five years. The income poverty headcount has declined from 56 per cent in 1992/3 to 31 per cent in 2005/6.

847. There have also been significant achievements in primary school and secondary school enrolment following the introduction of UPE and USE. The country has also made significant progress in reducing the HIV/AIDS prevalence from 18.5 per cent in the early 1990s to about 6.4 per cent in 2005. However, there are still many problems facing these two sectors. In addition to the problems cited in the CSAR, which concern the quality of education and health, the dropout rate in primary schools is very high, while corruption is rampant in healthcare, especially in drug distribution.

848. Despite many improvements over the years, effective policy implementation remains a critical challenge in Uganda. Inadequate resources, lack of capacity, particularly at lower levels, corruption and politicisation of development programmes are major challenges. There is also a lack of effective public expenditure management, revenue enhancement and coordination of development assistance. Weak policy and programme implementation in Uganda suggests that there is a need to strengthen programme monitoring and evaluation capacity. In Northern Uganda, the well-intentioned disaster management programmes have been constrained by rampant corruption and insecurity.

849. The decentralised system for service delivery also suffers from a number of structural, operational and financial weaknesses. This has tended to affect the quality of service delivery at the local level.

850. In Uganda, dependence on external sources is a major constraint to genuine domestic ownership of the development process. While this dependence has been declining over the years, it still remains relatively high. This has given rise to the perception that Uganda is mainly a “donor-driven” country. Despite insistence by state stakeholders about the local ownership of the development process in Uganda, there is no doubt that donors have been very influential in shaping various policies.

851. There is also concern that economic growth has not been associated with significant job creation and poverty reduction. The country therefore faces high and rising unemployment, particularly among young people. The problem of household vulnerability to poverty also needs to be addressed. The upswing in poverty levels between 1999 and 2003 seems to indicate a significant level of household vulnerability.

852. Another source of concern is rising inequality. Uganda has not been able to address fully the problem of rising income inequality within and across regions, and between urban and rural areas. Income inequality, as measured by the Gini coefficient, increased significantly from 0.35–0.37 in 1997 to 0.39–0.43 in 2000, with the inequities being higher in the urban rather than the rural areas. The inequalities are not only evident for income, but also for other basic social services such as healthcare and education.

853. Unlike in most of southern Uganda, there has been little economic growth or development in the northern part of the country. In fact, social conditions and personal security have worsened in a number of northern communities.

854. It is also important to note that Uganda is using a relatively narrow definition of poverty based on the per capita income or consumer index. Income poverty assessments tell only part of the story. Access to basic services is critical in an economy that is still largely subsistence based, not cash based.

855. Uganda's efforts to reduce poverty sustainably are being hampered by demographic factors. The country's population growth and fertility rates are some of the highest in the world, with over 50 per cent of the population being below 15 years of age. This has created a very high dependency ratio. The bottom-heavy demographic structure is also exerting tremendous pressure on the government to provide adequate social services for the people.

856. The land question in Uganda remains unresolved. The Land Bill that the government tabled in Parliament has generated a great deal of controversy. There is a need for urgent, broad-based consultations on the land question in general and the Land Amendment Bill in particular.

6.2 Standards and Codes

i. Summary of the CSAR

857. Uganda has signed and ratified the following key standards and codes mentioned in the CSAR. These standards and codes are geared towards promoting socioeconomic development, as well as enhancing the country's competitiveness through participation in key economic organisations in the region:

- NEPAD Framework Document (2001);
- African Charter on Human and Peoples' Rights (1981);
- African Charter for Popular Participation in Development (1990);
- Protocol to the African Charter on Human and Peoples' Rights on the Rights of Women in Africa (2005);
- African Charter on the Rights and Welfare of the Child (1990);
- Constitutive Act of the African Union (2000);
- World Summit on Social Development's Plan of Action (1995);
- United Nations Convention on the Rights of the Child (1989);
- Protocol on the Establishment of the East African Community Customs Union (2005);
- United Nations Declaration on the Right to Development (1986)
- World Summit on Sustainable Development (WSSD) (2002);
- Maputo Declaration on Agriculture; and
- United Nations Millennium Declaration (2000).

ii. Findings of the CRM

858. There is very little discussion on these standards and codes in the CSAR. However, it should be noted that the above list does not include other important documents, such as the Programme of Action adopted at the 1994 Cairo International Conference on Population and Development (ICPD), the 1995 Beijing Declaration and Platform for Action of the Fourth World Conference on Women, and the Istanbul Declaration on Human Settlements agreed at the Habitat II Conference in 1996, although reference is made to them in the CSAR. These documents contain important standards and codes that could help Uganda to devise guidelines in the fields of population and urban development policies that are among the major challenges referred to earlier.

NEPAD Framework Document (2001)

859. The New Partnership for Africa's Development (NEPAD) is a pledge by African leaders, based on a common shared vision and a conviction that it is their duty to eradicate poverty and ensure that their countries converge on the path of sustainable growth and development. Uganda endorsed NEPAD's principles since its inception, as evidenced by its participation in NEPAD meetings at the highest level of heads of state.

860. It is envisaged that as NEPAD objectives become clearer to the Ugandan stakeholders, these initiatives will be articulated in the proposed National Development Plan (NDP). In 2002, Uganda organised an important NEPAD Conference for Eastern Africa in Kampala. The President of Uganda gave the keynote address and opened the Conference that brought together representatives from Eritrea, Ethiopia, Kenya, Sudan, Tanzania and Uganda; organisations including AfDB, the Common Market for Eastern and Southern Africa (COMESA), and the East African Community (EAC); as well as non-governmental organisations (NGOs) and research institutions. This initiative is a

clear testimony of Uganda’s commitment to regional and continental integration – the main focus of the NEPAD programme.

861. The main objective of the Conference was to identify regional priorities, including cost projections for their undertakings in the following four NEPAD priority areas:

- Infrastructure (road, air, rail and water);
- Information and communication technology (ICT);
- Energy; and
- Environment.

862. The Conference report constituted the Eastern African position on the above areas. In April 2002, it was presented at the Dakar Summit and later in the same year to the G-8 Summit in Ottawa, Canada. The Ugandan Parliament is firmly committed to supporting NEPAD objectives.

863. Uganda now has a functional Focal Point for the APRM. The Focal Point has recently launched several capacity-building programmes, including workshops. These workshops aimed, among others things, at a better understanding of the four thematic areas of the APRM, namely Democracy and Political Governance, Economic Governance and Management, Corporate Governance and Socioeconomic Development.

Right to Development in the African Charter on Human and Peoples’ Rights (1981)

864. African member states of the Organisation of African Unity (OAU) adopted the African Charter on Human and Peoples’ Rights in June 1981 in Banjul, Gambia. Uganda ratified the Charter in 1986.

865. Essentially, the Charter mandated member states of the OAU to recognise the rights, duties and freedoms enshrined in the Charter and to undertake to adopt legislative or other measures in order to give effect to them.

African Charter for Popular Participation in Development (1990)

866. The International Conference on Popular Participation in the Recovery and Development Process in Africa was held in Arusha, Tanzania, on 12–16 February 1990. The Conference was a rare collaborative effort between African people’s organisations, African governments, NGOs and the United Nations (UN) agencies in the search for a collective understanding of the role of popular participation in the development and transformation of the region. The African Charter for Popular Participation in Development was adopted at the Conference.

867. The Charter requires African governments to take certain steps, including the promo-

tion and implementation of national development programmes, which incorporate, rather than alienate, African values and economic, social, cultural, political and environmental realities. In general, these principles are the core elements of the Ugandan decentralisation system and their implementation is addressed extensively in other sections of this report.

868. At the level of women's organisations, the Charter requires that popular women's organisations should strive to adopt policies and programmes that reflect and recognise women's roles as producers, mothers, active community mobilisers and custodians of culture. The Charter also advocates that popular women's organisations should work to ensure the full understanding of society in general, and men in particular, of the role of women in the recovery and transformation of Africa, so that together men and women will articulate and pursue appropriate courses of action. Uganda has also made some progress in this regard, as can be seen throughout this report.

Protocol to the African Charter on Human and Peoples' Rights on the Rights of Women in Africa (2005)

869. This Protocol entered into force in 2005 and makes specific reference to provisions on harmful practices. As an African-grown instrument, it deals with rights that are not mentioned elsewhere, such as those related to female genital mutilation, polygamy, early marriage, widowhood rites and harmful practices against elderly women. The Charter builds on the provisions of the Committee on the Elimination of All Forms of Discrimination Against Women (CEDAW) by calling on member states to ensure the elimination of discrimination against women and the protection of women and children's rights as stipulated in international declarations and conventions. Section 5 specifically calls for "the prohibition and condemnation all forms of harmful practices which negatively affect the human rights of women and which are contrary to recognised international standards" The Protocol requires countries to assess the existence and effectiveness of measures being taken to address harmful traditional practices against women. Uganda has signed but not yet ratified the Protocol.

African Charter on the Rights and Welfare of the Child (1990)

870. Uganda signed this Charter in 1992 and ratified it in August 1994. Under this Charter, member states of the African Union (AU) have an obligation to do the following, among other things:

Education

- Provide free and compulsory basic education;
- Encourage the development of secondary education in its different forms and progressively to make it free and accessible to all;
- Make higher education accessible to all on the basis of capacity and ability; and

- Take special measures in respect of female, gifted or disadvantaged children in order to ensure equal access to education.

Human Health

- Reduce the infant and child morality rate;
- Ensure the provision of necessary medical assistance and healthcare to all children, with an emphasis on the development of primary healthcare;
- Ensure the provision of adequate nutrition and safe drinking water;
- Ensure appropriate healthcare for expectant and nursing mothers;
- Integrate basic health service programmes in NDPs; and
- Ensure the meaningful participation of NGOs, local communities and the beneficiary population in the planning and management of a basic service programme for children.

Armed Conflict

On armed conflict, as exemplified by the conflict in Northern Uganda, the country is obliged to:

- Respect and ensure respect for rules of international humanitarian law applicable in armed conflicts which affect the child;
- Take all necessary measures to ensure that no child shall take a direct part in hostilities and refrain in particular, from recruiting any child; and
- Protect the civilian population in such conflict.

871. In general, the measures on education and healthcare are being addressed by Uganda, as can be seen from information provided in Section 6.3. Also, although the war in Northern Uganda has been going on for the last 20 years, there is conflicting information on the level of protection of children and the civilian population, depending on whether the source of information is from the government or from NGOs. However, recent developments in the peace process in Northern Uganda point to substantial progress in this area.

Constitutive Act of the African Union (2000)

872. Uganda signed and adopted this Act in Lomé, Togo, in 2000. Section 3 of the Constitutive Act specifically mandates African governments to undertake the following, among other things:

- Achieve greater unity and solidarity between the African peoples;
- Accelerate the political and socioeconomic integration of the continent;
- Encourage international cooperation, taking due account of the Charter of the United Nations and the Universal Declaration of Human Rights;

- Promote peace, security, and stability on the continent;
- Promote democratic principles and institutions, popular participation and good governance;
- Establish the necessary conditions that enable the continent to play its rightful role in the global economy and in international negotiations;
- Promote sustainable development at the economic, social and cultural levels, as well as the integration of African economies; and
- Coordinate and harmonise policies between existing and future regional economic communities (RECs) for the gradual attainment of the AU's objectives.

873. As mentioned earlier in the framework of NEPAD, Uganda has been active in promoting regional cooperation in the framework of the EAC, COMESA and the Intergovernmental Authority on Development (IGAD). The groupings are recognised by the AU as RECs for the establishment of the African Economic Community (AEC).

United Nations Millennium Development Declaration (2000)

874. Uganda participated in the Millennium General Assembly that adopted the Declaration and has since integrated most of the eight MDGs in the PEAP, its main policy and planning framework. The extent to which Uganda has made progress in achieving the targets related to the MDGs is discussed under Objective Two in this chapter.

World Summit on Sustainable Development (WSSD) (2002)

875. Uganda participated actively in the WSSD held in Johannesburg, South Africa, in September 2002. The main objective of the Summit was to review the implementation of decisions taken at the previous summit held in Rio de Janeiro, Brazil, in 1995.

876. Key targets and indicators of progress resulting from the Johannesburg WSSD include:

- Halve, by 2015, the proportion of the world's people whose income is less than US$1 a day and the proportion of people who suffer from hunger;
- Achieve significant improvement in the lives of slum dwellers;
- Halve, by 2015, the proportion of people without access to safe drinking water (addressed under Goal 5 of the MDGs);
- Halve, by 2015, the proportion of people who do not have access to basic sanitation;
- Establish effective domestic programmes for energy efficiency and sustainable development;
- Reduce, by 2015, mortality rates for infants and children under five by two thirds, and maternal mortality rates by three quarters of the prevailing rate in 2000; and
- Reduce the prevalence of HIV among young men and women aged 15 to 24 by 25 per cent by 2005, as well as combat malaria, tuberculosis (TB) and other diseases (some of the targets have been addressed as above).

877. These targets are similar to the MDG targets and indicators of progress can be viewed within the context of the MDG targets. They are reviewed under Objective Two related to accelerated economic growth for poverty eradication.

United Nations Declaration on the Right to Development (1986)

878. This Declaration was adopted by the General Assembly in December 1986.

879. The Declaration requires UN member states to:

- Take all necessary measures for the realisation of the right, and ensure equal opportunity for all citizens, to access basic resources, education, health services, food, housing, employment and the fair distribution of income. Effective measures should be undertaken to ensure that women play an active role in the development process;
- Create an enabling environment that promotes a new international economic order based on sovereign equality, interdependence, mutual interest and cooperation among all states; and
- Encourage popular participation in all spheres as an important factor in development and in the full realisation of all human rights.

880. According to CSAR, the Ugandan decentralisation policy was, to a certain extent, based on the UN Declaration on the Right to Development as well as the African Charter for Popular Participation in Development. These two documents underpin the Ugandan decentralised planning process.

World Summit on Social Development's Plan of Action (1995)

881. The Plan of Action of the World Summit on Social Development was adopted in March 1995 in Copenhagen. Uganda participated in the Summit and endorsed the Plan of Action.

882. Resolutions of the Summit spell out several commitments made by Uganda, the key one being the commitment to eradicate poverty through decisive national actions and international cooperation.

883. To this end, the government and its development partners and civil society are expected, among other things, to:

- Formulate or strengthen national policies and strategies geared at substantially reducing overall poverty in the shortest possible time, reducing inequalities and eradicating absolute poverty by a target date to be specified by each country in its national context;

- Focus efforts on policies aimed at addressing the root causes of poverty and providing basic needs to all. These policies should include eliminating hunger and malnutrition; and ensuring food security, education, productive employment for better livelihoods, primary healthcare services (including reproductive healthcare, safe drinking water and sanitation) and adequate shelter; and participation in social and cultural life. Special priority should be given to the needs and rights of women and children, who often bear the greatest burden of poverty, and to the needs of vulnerable and disadvantaged groups and persons; and

- Ensure that people living in poverty have access to productive resources, including credit, land, education and training, technology, knowledge and information, and public services; as well as participate in decision making on a policy and regulatory environment that would enable them to benefit from expanding employment and economic opportunities.

Convention on the Elimination of All Forms of Discrimination Against Women (1979)

884. CEDAW was adopted by the UN General Assembly on 18 December 1979 and entered into force as an international treaty on 3 September 1981. Available information shows that Uganda signed the Convention in 1980 and ratified it in 1985. The Convention commits Uganda to implementing various principles to ensure equal opportunities between men and women and to avoid discrimination against the latter.

885. These commitments include, among other things, the following:

- To embody the principle of the equality of men and women in the national Constitution;
- To take appropriate measures for eliminating discrimination against women in all matters relating to marriage and family relations;
- To take appropriate measures for eliminating discrimination against women in rural areas in order to ensure, on a basis of equality of men and women, that they participate in and benefit from rural development;
- To take appropriate measures for eliminating discrimination against women in order to ensure their equal rights with men in the field of education; and
- To take appropriate measures for eliminating discrimination against women in the political and public life of the country.

886. The Ugandan Parliament is currently debating the Domestic Relations Bill. If this Bill becomes law, it will address many of the commitments stipulated under CEDAW.

General Observations

887. Although Uganda has acceded to a number of international standards and codes, many

of them have not been systematically recorded for dissemination to state and non-state stakeholders. Thus some of them are not translated into policy, legislations and specific actions. For example, the 2005 Protocol on the Rights of Women in Africa signed by Uganda is yet to be ratified and domesticated. It was apparent, during the stakeholder consultations, that most Ugandans are unaware of many of these conventions.

888. The general lack of awareness of these conventions has implications for the ability of citizens to exercise their rights. For this reason, it is important that all stakeholders be well informed about existing instruments that Uganda has acceded to. Moreover, people are more likely to comprehend and appreciate the usefulness of these conventions if they are discussed and translated into implementable programmes and projects. When international and regional standards and codes are adopted and/or ratified, it is therefore important that they are made widely known to stakeholders at all levels. This will particularly enhance the government's capacity in regional and international cooperation.

889. Domestication of these conventions is critical. In some respects, Uganda has demonstrated this by establishing policies, institutions, programmes and other mechanisms for ensuring the implementation of adopted or ratified standards and codes. More could be done, however, particularly in terms of increasing awareness and effective participation of all stakeholders through, among other things, adequate and appropriate documentation.

iii. Recommendations

890. The APR Panel recommends that Uganda should:

- Undertake a comprehensive review and identification of relevant standards and codes with a view to their ratification, or implementation if already ratified (MoFA);
- Create an easily accessible database on signed, ratified or domesticated standards and codes for their monitoring (MoFA);
- Design a programme for disseminating information on signed, ratified or domesticated standards and codes, and encourage their utilisation in policy formulation and programme and project design (MoFA; CSOs); and
- Ratify and domesticate all outstanding standards and codes (government).

6.3 Assessment of the Performance of APRM Objectives

Objective 1: To promote self-reliance in development and build capacity for self-sustaining development

891. The CSAR discusses the issue of self-reliance in development in some detail. Self-reliance implies ownership and leadership, as well as broad and deep participation by all sectors of society to anchor the development of the country on its resources and the resourcefulness of its people.

i. Summary of the CSAR

892. This objective is to be achieved through the generation of country-driven national planning frameworks, processes and institutions.

Evolution Towards Popular Participation in Economic Policy Formulation

893. There has been progress in economic policy formulation in post-1986 Uganda from a statist orientation, as enshrined in the NRM government's "Ten-Point Programme of Action" in the late 1980s and early 1990s, to the more liberal regime of today. By so doing, emphasis shifted from medium or long term to short-term planning. Thus, over the years, the government has had to embrace globally dominant neoliberal economic policies prescribed by the World Bank and the International Monetary Fund (IMF). In 1992, this was manifested in the absorption of the Ministry of Planning by the Ministry of Finance to form the MFPED. Within the framework of these policies, different strategies have been developed to ensure that Ugandans participate actively in the development of their country.

894. According to the CSAR, the government has put in place a number of policies to facilitate a participatory design of development programmes. These include the decentralisation policy in 1993, which devolves administration, political and financial functions to lower tiers of local governments, the PEAP and the adoption of the MDGs into the PEAP. There is also Vision 2025 and a draft Vision 2035 recently developed by the National Planning Authority (NPA). In addition, the government has also put in place a number of disaster response programmes such as NURP I, NURP II, NUSAF and the PRDP.

895. Underlying the notion of planning in Uganda is popular participation, also known as "participatory planning". Uganda has developed a remarkable decentralised system of planning that provides mechanisms for capturing the voices of the poor. There are currently five levels of planning from village level (LC1) to local district level (LC5). Through this process, communities are consulted to identify and articulate their priority needs for incorporation within development plans. Even the budgeting cycle has been popularised for easy access to the general population, an approach that has encouraged them to develop an attachment to development planning, monitoring and evaluation of activities.

896. The overall basis of participatory planning and development is the Constitution of the Republic of Uganda, which is the supreme law of the land and guarantees that "power belongs to the people of Uganda" and "the State shall take all necessary steps to in-

volve the people in the formulation and implementation of development plans and programmes which affect them".

Dependence on Aid Donors

897. A significant proportion of funding of development programmes (amounting to about 40 per cent of the national budget) is through external sources. Through donor support, the government has implemented a number of key development projects within the framework of the PEAP.

898. The CSAR acknowledges some weaknesses and concerns, particularly at the level of national ownership of development planning. The report notes that the capacity to develop a self-reliant, self-sustaining economy in Uganda is constrained by heavy dependency on donor aid.

ii. Findings of the CRM

899. The CRM was impressed with Uganda's planning framework and processes at all levels, and how these are being used to address the major developmental challenges facing the country, especially poverty. This is reflected in a comprehensive institutional framework aimed at ensuring participation in, and ownership of, socioeconomic programmes and projects at all levels. However, the CRM noted that by its short-term nature, the planning process does not put enough emphasis on sectoral policies and programmes, particularly with respect to the industrial sector.

Self-Reliance and Ownership of Development Programmes

900. As noted above, there have been significant attempts by the NRM government to develop plans and programmes through participation of key institutions and stakeholders, especially at the local level. This has resulted in a strong sense of local ownership of the development process.

901. The view among government officials in Uganda is that there is local ownership of the development process. In interviews, officials stressed that development planning in Uganda was nationally owned and country driven. They stated that the processes for elaborating sectoral processes, sector investment plans, target setting and programming of interventions were all driven by the country. They further noted that more people are being involved in development planning, particularly at the local government level.

902. The CRM noted that Uganda has made significant progress in strengthening the capacities of the central economic planning and management institutions that have primary responsibility for the national development programme, and for government resources and performance. These institutions are the MFPED and the BoU. In 2007, the government established the NPA to augment the planning function across sectors

but, as pointed out in the CSAR, it has so far remained a redundant institution.

903. The MFPED and the BoU have played an extremely important role in the reform process, both as innovators of policy reforms and as coordinators of inputs. Local policy initiatives by these two institutions have often prevailed over those of the IMF and the World Bank. This is contrary to the general tendency of the IMF and World Bank to impose their own programmes on several African countries.

904. The problem in Uganda today is no longer the lack of capacity to formulate policies. The country has come up with a comprehensive development planning machinery. During interactions with state stakeholders, the CRM was informed that development planning at the national level in Uganda is evolving. At present, there is an attempt to shift the focus from the forecasting and management of macroeconomic strategic objectives to the process of refining and implementing a Poverty Reduction Strategy, which will put greater emphasis on wealth creation and industrialisation aimed at transforming Uganda into a modern economy.

905. Despite many improvements over the years, the planning and policy function still faces a number of challenges. The CRM noted the existence of competing parallel structures for national development planning. There is currently lack of clarity on institutional arrangements for planning at the national level. Consultations with state stakeholders confirmed the magnitude of this problem. The main challenge appears to be the institutionalisation of the NPA as the main planning authority that is functionally autonomous from the MFPED.

906. The CRM noted the need to streamline the planning processes in order to ensure a proper alignment of goals and objectives at macro- and sectoral levels. It was also of the view that this would be better handled by the NPA, which would focus on the planning functions, rather than by the MFPED, which is tasked with other competing but equally important functions.

907. The CRM was informed that the three institutions – the MFPED (responsible for resource mobilisation), the Prime Minister's Office (responsible for monitoring and evaluation) and the NPA (responsible for planning) – are collaborating increasingly. They worked together in preparing the Five-Year National Development Plan for the period 2008 to 2013. The CRM was informed that this Plan would fully take into account sectoral policies and programmes, including the Ugandan Industrial Policy adopted in January 2008, which is designed as a framework for Uganda's transformation, competitiveness and prosperity. In the same spirit, the CRM welcomed the initiative of the NPA in preparing a draft document entitled Vision 2035: Towards a modern, industrialised and knowledge-based society. This document is intended to be a working draft for national dialogue.

908. The CRM endorsed the view that there is a need for the government, through the NPA,

to develop a national vision or long-range plan. While the short to medium-term instruments are useful for restoring macroeconomic stability and fiscal discipline, Uganda needs a long-term vision of how to gear up growth so as to transform the economy.

Monitoring and Evaluation

909. Effective policy implementation remains a critical challenge. There is no doubt that Uganda has developed sound economic policies, but their implementation has often been problematic. Corruption, inadequate resources and lack of capacity, particularly at lower levels, are major challenges. It is also important that development programmes are depoliticised. There is also lack of effective public expenditure management, revenue enhancement and coordination of development assistance.

910. Weak policy and programme implementation in Uganda suggests that there is a need to strengthen programme monitoring and evaluation capacity. MFPED officials informed the CRM that the National Integrated Monitoring and Evaluation Strategy (NIMES) is the overall monitoring and evaluation framework, while the Poverty Monitoring and Evaluation Strategy (PMES) is a component of the NIMES. NIMES is coordinated by the Prime Minister's Office. However, there have been problems with the monitoring and evaluation indicators developed for the PEAP. Most of the indicators are outcome indicators, such as target infant mortality rates (IMRs), maternal mortality rates (MMRs), etc.), which makes it difficult to monitor them on an annual basis. The new NDP is expected to include more of the input indicators for effective monitoring and evaluation.

911. The PEAP review process was found to be largely centralised among selected ministries, donors and civil society organisations (CSOs) in Kampala. Discussions with MFPED staff revealed that for the NDP of 2008 to 2013, there was inadequate time to undertake consultations with local communities. However, the officials indicated that they would use the outcome of the APRM in the finalisation of the NDP. This was confirmed during further discussions with the NPA.

912. In general, there is need for more effective participation of the lower-level stakeholders in the preparation of development plans. State stakeholders noted that identified priority needs at local levels (from village to district level) did not adequately filter through to higher tiers of the planning process and that the feedback to lower levels was weak. This was confirmed during consultations with stakeholders in Gulu, Mbale, Mbarara and Mukono.

913. The major reasons of such failure of consultation include:

- Reprioritisation of local proposals by technocrats;
- Lack of resources to finance all the suggested activities; and
- Lack of adequate time to consult with the lower levels.

914. The CRM also noted that most sector ministries suffered from inadequate remuneration and logistical support, and their contribution to the policy formulation process remained weak or poorly coordinated. In consultations with Ministry of Health (MoH) officials, for instance, the major complaint was that policy initiatives, especially in the area of resource allocation, tended to originate from the MFPED, with minimal input from other ministries.

Dependence on Aid Donors

915. Dependence on external sources appears to be a major constraint to genuine ownership of the development process in Uganda. While this dependence has been declining over the years, it still remains relatively high (Table 6.1). This has given rise to the perception that Uganda is mainly a "donor-driven" country.

916. Despite insistence by state stakeholders about the local ownership of the development process in Uganda, as noted above, there is no doubt that donors have been very influential in shaping various policies. While there may be no overt participation by donors in the policy formulation process, the CRM noted that the international community has had to find innovative ways of "assisting" Uganda's policy makers with models of poverty reduction that are congruent with donors' agendas.

Table 6.1: Share of Donor Funding in National Development Programmes

Annual Percentages		
Financial Year	Internal Resources	External Resources
2004/5	40	60
2005/6	48	52
2006/7	60	40
2007/8	64	36

Source: Ministry of Finance, Planning and Economic Development (MFPED), 2007. Background to the Budget, July 2007. Kampala: MFPED.

917. In Uganda, as noted in Chapter Two of this report, donor influence has been to "support" rather than to "leverage". Donor influence has taken the form of "lobbying" through the publication of detailed country economic memoranda.

918. From interactions with stakeholders, the CRM took the view that donors use the power of their finances to create knowledge, and to open and close spaces for the making and shaping of poverty reduction policy. This gives the donors and selected central government policy actors the power to define Uganda's route to development. In this way, donors have more influence on the way the Ugandan state functions than do domestic citizens.

919. Donor sub-groups have also become important spaces where the "donor stamp" that publicly authenticates the policy processes is delivered. Donor sub-groups are used by donors to strategise their priorities, and also to launch into more closed dialogue with government actors. In some cases, this happens by inviting top-level government actors, like permanent secretaries and directors, to participate in the donor sub-groups, or by the government inviting donors into their own official spaces.

920. Donor annual review meetings have also become a very important space, not only for negotiating positions, but also for deciding the future direction of development funding in the country. The meetings allow donors to use their knowledge and power to negotiate certain positions. In this way, donors tend to exert enormous influence on the policy-making process in the country. Another critical area of donor influence has been the provision of technical assistance and incentives.

921. These factors have made donors important actors in attaching legitimacy to initiatives for poverty reduction. Some stakeholders noted that the relationship between donors and central government actors was a very intimate one, to the extent that a distinction between donor and government positions on a policy was sometimes indistinguishable. Donor influence in the making and framing of poverty reduction policy in Uganda is, therefore, no small matter.

922. In some sectors, planning is somewhat more advanced, usually where there has been donor assistance. During consultations with state actors, the CRM learnt that many policies were prepared as part of the conditions for donor funding. This raises some disturbing issues. First, policies are not prepared as a result of a perceived need in Uganda by central government policy actors. Secondly, the condition-driven policies may not be internalised. To a certain extent, this may explain why Uganda has many good policies that are not being implemented.

923. The CRM is concerned by the influence of donors on the planning process in Uganda. It is therefore of the view that donor support should be carefully programmed to avoid unbalanced growth within a small section in isolation from the whole, which can undermine local planning capability in some sectors or lead to operational bottlenecks and/or rivalries between units at various levels.

924. While commending the achievement of Uganda in building a sound institutional framework, the CRM is of the view that the government should embark on a plan to reduce donor dependence over time. The reported discovery of oil is also likely to fast-track the achievement of this goal. Uganda may soon become self-reliant.

925. As noted in Chapter Four of this report, Uganda will soon join the elite group of oil-producing countries. In the Budget Speech for the Financial Year 2007/8, the Minister of Finance, Planning and Economic Development noted that with the remarkable rise in the prices of raw materials, including oil, Uganda is "anticipating the prospects for par-

ticipation in trade in these commodities". This would, hopefully, reduce the country's overdependence on external aid and over time eliminate it. There is, however, a need for Uganda to handle the use of oil revenue carefully to promote socioeconomic development (Box 6.1).

Box 6.1: Uganda – Avoiding the "Curse of Oil"

The reported discovery of oil in the Lake Albert Basin in Uganda has generated a great deal of excitement about economic prospects for the country. Revenues from oil can help fund infrastructural projects and improve social service provision. More significantly, the oil revenues can be used to reduce the country's high dependence on donor funding. Although the size of the oil field has not yet been confirmed and there is no guarantee that production will be commercially viable, the early indications are positive. Even limited oil production would make it possible for Uganda to satisfy its own requirements for refined petroleum products.

Yet the dangers of the oil discovery are obvious. Given the track record of other African oil producers, there is a very real danger that oil production could cause more problems than it solves. The sudden injection of large amounts of money – or even the prospect of its arrival – could destabilise a political system. Ambitious politicians can become eager to take power in order to take a share of the new revenues. At the same time, rapidly rising income can create inflationary pressures and divert attention from other sectors of the economy that may be more important for employment creation. This negligence could result in an economic phenomenon known as the "Dutch disease". It is, therefore, important that the government should take measures that will enable the country to maximise its gains from the oil proceeds without causing distortions in other sectors of the economy and political conflict.

Source: Fieldwork notes, Uganda, 3–23 February 2007.

926. With respect to the lack of resources, the CRM noted with interest the resolve of all stakeholders at lower levels to achieve a large degree of self-reliance in financing their programmes and projects. To that end, they are willing to engage in consultations aimed at identifying appropriate alternative sources of financing these programmes and projects.

927. Another major issue of concern in development planning in Uganda is lack of gender-disaggregated data. The CRM was informed by Uganda Bureau of Statistics (UBOS) officials that there is currently no collection of gender-disaggregated data. This is an important aspect of policy making that should be urgently introduced.

iii. Recommendations

928. The APR Panel recommends that Uganda should:

- Step up collaborative efforts between the Prime Minister's Office, the MFPED and NPA in developing, implementing and monitoring the NDPs (MFPED; NPA; Prime Minister's Office);
- Materialise the autonomy of the NPA, identified in the Planning Act as the main player in the national planning process, so that the NPA can assume its assigned role (MFPED; NPA; Prime Minister's Office);
- Improve information/communication flows within the national planning system to achieve efficiency in the planning process (MFPED; NPA);
- As a matter of urgency, initiate the collection of gender-disaggregated data for proper policy formulation, implementation, monitoring and evaluation (UBOS);
- Explore ways and means of reducing over time the country's aid dependency (MFPED; BoU);
- Strengthen the input of other sector ministries into the planning process and allocation of budgetary resources (MFPED; line ministries);
- Prudently harness the expected oil revenue into productive sectors, such as road and energy infrastructures, which contribute to further integrate the national economy and enhance socioeconomic development (government); and
- Strengthen the monitoring and evaluation systems and indicators (Prime Minister's Office; MFPED; NPA; MoLG).

Objective 2: To accelerate socioeconomic development to achieve sustainable development and poverty eradication

929. The need to accelerate economic growth and achieve sustainable development is critical to Uganda's effort to reduce poverty. Poverty reduction policies should lead to improvements in the wellbeing of the citizens. Post-1986, Uganda has achieved commendable results in improving education, health, safe drinking water and sanitation, and social development in general.

i. Summary of the CSAR

930. The CSAR notes that many processes, initiatives, interventions, policies and legislative actions have been undertaken in an attempt to ensure progress towards sustainable development and the eradication of poverty. A number of agencies have been put in place to complement efforts towards achieving sustainable development in Uganda. These include the NPA and the Office of the Prime Minister. Besides the government, CSOs provide significant contribution in service delivery, particularly in the sectors of health, education, water, sanitation and the environment, as well as in humanitarian disaster management.

Results Achieved by Development Policies and Mechanisms

931. The CSAR acknowledges the significant progress made in promoting socioeconomic development in Uganda. This progress is reflected in significant reductions in income poverty and improvements in other social indicators, such as education and health.

932. Available evidence shows a significant decline in income poverty in Uganda from 56 per cent in 1992 to 44 per cent in 1997, 34 per cent in 1999, 38 per cent in 2003 and 31 per cent in 2006. The dramatic reduction in income poverty between 1992 and 1999 was driven mainly by increases in average income. However, this decline has been overshadowed by an increase of over 4 per cent in the poverty level between 1999 and 2003.

933. In the area of education, Uganda has achieved a significant primary school enrolment of over 80 per cent at present, and is very likely to reach the 100 per cent enrolment target by 2015. This could be achieved even faster if primary education were made compulsory.

934. In the health sector, Uganda has made major strides. In particular, considerable progress has been made in reducing the HIV prevalence rate from 18 per cent in the early 1990s to 6.4 per cent in 2006. This has been achieved through the open, multi-sectoral policy that the government has consistently pursued since the late 1980s. There has also been a slight reduction in the MMR from 506 per 100 000 births in 2001 to 435 per 100 000 in 2006. A reduction has also been recorded in the IMR, from 88 per 1000 births in 2001 to 75 per 1000 in 2006.

935. Despite this progress, a number of challenges have constrained effective implementation of existing policies and programmes. These include the weak implementation capacity of programmes, mainly due to corruption, limited managerial skills and inadequate funding. Political interference has also complicated the implementation of development programmes.

936. In Northern Uganda, insecurity has hindered economic activity and the fighting has destroyed and wasted resources. Corruption has also resulted in the weak implementation of disaster programmes.

ii. Findings of the CRM

937. Uganda should be commended for the significant efforts it has made to improve the welfare of its people. A number of measures are being implemented by the government to reduce poverty and accelerate socioeconomic development. As noted under Objective One, the PEAP is the country's main planning framework for guiding public action to eradicate poverty.

938. The PEAP recognises the importance of promoting human development as part of the development process. Human development entails a substantial and sustained reduction in poverty and improvements in health, education, water and sanitation. The ultimate goal is to have a healthy, well-educated population.

939. Within the overall framework of the PEAP, the government has developed a number of programmes for promoting socioeconomic development. These include UPE and USE, improved access to primary healthcare services (including reproductive healthcare, improved access to safe drinking water and sanitation), adequate shelter, the PMA, as well as participation in social and cultural life. Special priority is being given to the needs and rights of women and children, who often bear the greatest burden of poverty, and to the needs of vulnerable and disadvantaged groups and persons.

940. The PEAP is primarily implemented through short or medium-term sectorwide plans based on the resources provided within the Medium-Term Expenditure Framework (MTEF) determined by the MFPED. The MTEF is a three-year rolling spending plan that links priority public spending to short or medium-term development goals.

941. Sector priorities arise from consultations between various levels of government – local governments, line ministries, the executive and the legislature. They are also informed by various national surveys and sector-specific reviews. Priority areas are intended to eradicate poverty and are reflected in the indicative budget allocations in the MTEF. The shares of the above priority sectors have increased over time in budgetary resource allocation. There is ongoing dialogue between different stakeholders in sector working groups, which take the lead in ensuring pro-poor expenditure in each sector. However, ceilings on expenditure imposed by MTEF guidelines have constrained resource allocations to ministries.

942. In Northern Uganda, as noted in Chapter Three of this report, the government has put in place a number of disaster response programmes, such as NURP I, NURP II, NUSAF and the PRDP. These well-intentioned programmes have been constrained by rampant corruption in the procurement and delivery of services. Nonetheless, the main problem in the region is insecurity. With the ongoing peace talks between the government and the Lord's Resistance Army (LRA) and the resettlement of internally displaced persons (IDPs), the PRDP is likely to have a positive impact on the welfare of people in the north.

Results Achieved by Development Policies and Mechanisms: Millennium Development Goals

943. The CRM was impressed with Uganda's sustained growth and the significant reduction in income poverty over the past 20 years. The Ugandan economy has grown at an average rate of 5.6 per cent per year over the past five years, with a single-digit annual inflation rate. This impressive growth is largely the result of a wide range of economic

reforms that have been carried out in the country over the past decade. As noted in Chapter Two, throughout the 1990s, Uganda pursued policies aimed at the liberalisation of the economy.

Decline in Poverty

944. Successes from policy reforms and significant amounts of donor support have led to a substantial reduction in income poverty in Uganda. As noted earlier, the income poverty headcount declined from 56 per cent in 1992/3 to 44 per cent in 1997/8 and 34 per cent in 1999/0, and then rose to 38 per cent in 2002/3 before declining to 31 per cent in 2005/6.

945. The dramatic reduction in income poverty between 1992 and 1999 in Uganda was driven mainly by increases in household income in rural areas. As the government dismantled state marketing boards, rural households engaged in coffee production benefited from high commodity prices that were close to the international price.

946. The PEAP targets an income poverty level of less than 10 per cent by 2017. This is commendable, and a much more ambitious goal than the first MDG that, in Uganda, seeks to reduce income poverty to about 28 per cent by 2015.

947. The concern, however, is that economic growth has not been associated with significant job creation and substantial improvement of living conditions of the ordinary Ugandan. The problem of household vulnerability to poverty therefore needs to be addressed. The upswing in poverty levels between 1999 and 2003 seems to indicate a significant level of household vulnerability (Box 6.2).

Box 6.2: Household Vulnerability to Poverty in Uganda

Despite an impressive drop in poverty during the 1990s and early 2000s, Ugandan households remain vulnerable to poverty. There are a number of factors that contribute to this vulnerability, including external shocks. In the absence of a diversified economic base, predominantly agricultural households, who constitute the majority of the population, are highly vulnerable to volatility in the prices of commodities such as coffee. Indeed, the positive gains in poverty reduction seem to have been partly due to better performance of the agricultural sector. Coffee prices increased from US$0.56 in 2003 to US$1.38 per kg in 2006, representing almost a doubling in the price of coffee.

Source: United Nations Development Programme (UNDP). 2007. Uganda Human Development Report: Rediscovering Agriculture for Human Development, Kampala: UNDP, page 13.

948. Uganda has also not been able to address fully the problem of rising income inequality within and across regions, and between urban and rural areas. Income inequality, as measured by the Gini coefficient, increased significantly from 0.35–0.37 in 1997 to 0.39–0.43 in 2000, with inequities being higher in the urban than rural areas. The inequalities are not only evident for income, but also for other basic social services such as health and education.

949. Furthermore, unlike most of southern Uganda, there has been little economic growth and development in the northern part of the country. In fact, social conditions and personal security have worsened in a number of northern communities. The CRM suggests that measures for addressing such inequalities need to be introduced or scaled up.

950. The CRM acknowledges that the principal problem of Uganda, then and now, has not been to distribute wealth but rather to generate it. Therefore, the government should endeavour to raise employment-generating growth to a higher level of 7 per cent and above, as intended, so as to reduce absolute poverty to below 10 per cent of the population by 2017. This should be treated as a matter of urgency, given the decline in growth in recent years.

951. From 1988 through 1995, the annual rate of economic growth was an impressive 7.3 per cent. From 1996 to 2000, the annual rate was 6.3 per cent and from 2001 to 2004, it was 5.8 per cent. While this slowdown is not alarming, it is questionable whether the present rate could be sustained without aid inflows totalling US$690 million per annum.

952. Nonetheless, Uganda's efforts in significantly reducing absolute poverty between 1992 and 1999 are commendable. The UNDP Human Development Report of 2005 showed that, in general, Uganda has leapfrogged out of absolute poverty, since (as contained in the CSAR) there has been substantial improvement in the delivery of essential social services.

953. It is, however, important to note that Uganda is using a relatively narrow definition of poverty based on per capita income or consumer index. UBOS statisticians calculate the real household expenditure per adult equivalent. This measure includes home-produced food as well as goods purchased from the market, and adjusted household size for the number of people of different ages, to give an accurate reflection of the relation between the household's total expenditure and its members' consumption needs. It also adjusted for inflation.

954. Households whose real expenditure per adult equivalent falls below a given level (poverty line) are considered poor. The poverty line used in Uganda is an absolute, not a relative one. It measures the level of expenditure needed to secure basic food consumption needs, taking into account regional variations in food prices, and a corresponding level of non-food consumption. Poverty can be measured by the headcount – the proportion of people below the poverty line – or by the poverty gap and depth of poverty, which also takes into account the distance below the poverty line.

955. During consultations with non-state stakeholders in Gulu, Mabarara, Mbale and Mukono, poverty was seen as lack of access to the basic necessities of life, such as food, shelter, education and health services. This description suggests that there is a mismatch between the official definition of poverty and the way ordinary people and non-state actors perceive poverty. They tend to look at it in a much broader way than the official statistics convey. The way poverty is defined matters a great deal in the design of poverty reduction strategies (Box 6.3).

Box 6.3: Why Definitions of Poverty Matter

Poverty is commonly understood as not having enough money. However, there are many dimensions to poverty. The definition of poverty matters because it affects the strategies for reducing poverty. If poverty is viewed as a matter of only raising incomes, then strategies focus solely on economic growth. As soon as the processes that conspire to keep the poor in poverty are considered, however, then the definition of poverty becomes broader. In addition to poor income, factors such as poor health, education, shelter, lack of access to basic services (such as clean water and sanitation), lack of resources and the vulnerability of women and other groups are seen as important elements in a multidimensional view of poverty.

Including such basic needs and elements calls for a larger role for public policy. This is because recognising the multidimensional aspects of poverty leads to strategies that focus on empowerment, governance and sound management of public resources. A broad definition of poverty also helps policy makers to understand the way in which different aspects of poverty are not separate but interact with one another. Focusing on just one dimension, such as income, may lead policy makers to ignore crucial aspects of poor people's lives.

Sources: Department for International Development (DFID), 2001. Poverty: Bridging the Gap, London: DFID, pp. 20–26. 956. In discussions of poverty, it is also important to consider the way poverty is assessed. Poverty assessments inform the design of antipoverty strategies (Box 6.4). Different approaches to poverty assessment should not be seen as alternatives. A variety of methods is needed to reflect the many dimensions of poverty.

966. The task of constructing a social protection system that is responsive to chronic poverty and social inequality is both financially feasible and institutionally essential. Countries in the south with social and economic conditions comparable to those in Uganda are adopting social protection measures to address large-scale poverty and inequality. In the absence of such an approach, Uganda risks becoming a neoliberal, market-driven, peripheral capitalist state in danger of promoting an unsustainable model of development that widens inequality and entrenches chronic poverty.

957. Income poverty assessments are popular because their results are readily measurable and can be easily translated into targets for reducing poverty. They also tend to be objective and representative at the national level. Assessments based on income poverty also make it possible to make comparisons between regions and, if repeated, can reveal trends.

Box 6.4: Why Assessments Matter

Poverty assessments are the basis for antipoverty strategies: they identify the poor, diagnose the problem and help to set priorities for antipoverty work. Poverty assessment can help in gaining a deeper understanding of poverty, because it entails looking at the pattern of poverty from different points of view. A single discipline, such as economics, cannot by itself capture the various factors contributing to poverty. Rather, a combination of economic, political and social analysis will be required to assess poverty.

Source: DFID (ibid.), page 27.

958. Despite these strengths, income poverty assessments have several weaknesses. By focusing on household income, they tell only a part of the story. Household incomes assume that young and old, men and women within the household receive equal shares, which is certainly not the case. Significantly, income data does not capture the complexities of livelihoods. Income poverty assessment is not, therefore, an adequate indicator of people's vulnerability.

959. Obtaining accurate data on income and consumption is difficult, especially in a rural context. Many essential elements of poor people's livelihoods are hard to record in income surveys. Results are always sensitive to the assumptions made in calculating them, including the choice of a poverty line.

960. Access to basic services is critical in an economy that is still largely subsistence based, not cash based. With the majority of Ugandans living in rural areas where monetary transactions are low, the CRM is of the view that Uganda cannot expect to design and develop antipoverty policies and programmes that have a positive impact on the majority of people, when the focus is exclusively on the income definition of poverty. There is need to adopt a broad definition of poverty in Uganda that specifically takes into account the situation of the majority of people. As it clearly came out from consultations with stakeholders at local levels, poverty should be measured by the ability of people to have access to basic goods and services.

961. While some researchers have assumed that severe experiences of income poverty are more strongly associated with other – perhaps intrinsically more important – material

wellbeing outcomes, other research has generally shown only a moderate association between income poverty and these other hardship measures. This is particularly the case in the African context, including Uganda, where the large majority of the population lives in rural areas.

962. It has been shown that, despite the apparent reduction in poverty, a significant proportion (20 per cent) of Ugandans is still living in chronic poverty. In many respects, poverty is deepening as inequality widens.

963. Another growing socioeconomic problem is unemployment. In meetings with stakeholders, the CRM was informed that unemployment was particularly high among young people. Data from the 2002/3 and 2005/6 national household surveys show that the youth account for 58 and 68 per cent of the national unemployed, respectively. The population at the most risk of unemployment is the educated youth entering the labour market for the first time, who cannot find employment because of lack of experience and limited access to job vacancy information. Lack of employment is a major cause of poverty in urban areas.

964. It is also important to consider the strategies adopted to fight poverty. The CRM observed that, despite the government stressing the need to fight poverty, it has nevertheless adopted the policy of universalism, which can only work in situations of abundant resources. There is a need for the government to design targeted programmes for poverty reduction and alleviation within the framework of the policy of universalism.

965. The targeted policies should be designed within the framework of a comprehensive social protection policy that goes beyond a narrow focus on a small number of workers in the formal sector. Interactions with state stakeholders revealed that Uganda is in the process of drafting a social policy and a comprehensive social protection strategy. This is commendable. The importance of a comprehensive social policy cannot be overemphasised (Box 6.5).

966. The task of constructing a social protection system that is responsive to chronic poverty and social inequality is both financially feasible and institutionally essential. Countries in the south with social and economic conditions comparable to those in Uganda are adopting social protection measures to address large-scale poverty and inequality. In the absence of such an approach, Uganda risks becoming a neoliberal, market-driven, peripheral capitalist state in danger of promoting an unsustainable model of development that widens inequality and entrenches chronic poverty.

Population Growth and Poverty Reduction

967. The CRM observes that efforts to reduce poverty significantly and sustainably in Uganda are being hampered by the country's high population growth rate, which is estimated at 3.2 per cent per annum. The high growth rate is driven mainly by the

Box 6.5: What Comprehensive Social Protection Offers

A comprehensive approach to social protection focuses on creating the institutional capacity to deliver adequate social assistance and social services that together give people the building blocks of survival, livelihood and dignity. Together with basic income and resources, the freedom to enjoy basic education and basic health, at a minimum, is vital to the attainment of people's security. Comprehensive social protection would, therefore, seek to provide the basic means for all people to participate and advance effectively in social and economic life, and in turn to contribute to social and economic development. It incorporates developmental strategies and programmes designed to ensure, collectively, at least a minimum acceptable standard of living for all citizens. It embraces the traditional measures of social insurance, social assistance and social services. It also goes beyond these to address causes of poverty and inequality through an integrated policy approach that includes many developmental initiatives, such as income support through cash transfers, housing subsidies, goods subsidies and government-guaranteed work programmes.

Source: Taylor, V. 2007. A Choice of Change: Social Safety Net or Comprehensive Social Protection". New Agenda: South African Journal of Social and Economic Policy.

country's high fertility rate; that is, the average number of children born per woman. Survey results indicate that the total fertility rate for Uganda is 6.7 births per woman. There are significant variations in the country's fertility rate, with the fertility rates being highest among IDPs (8.6 per cent).

968. Education and wealth have a marked effect on fertility, with uneducated mothers having about three more children on average than women with at least some secondary education. Women in the lowest wealth quintile have twice as many children as women in the highest wealth quintile.

969. The CRM notes that there are other factors that underlie the high fertility rate in Uganda. These include cultural factors, pronouncements by the political leadership and the desire by minority groups to boost their numbers through increased childbearing.

970. The high population growth rate and total fertility rate mean that the economic growth rate of 6 per cent cannot have a significant impact on poverty reduction, as illustrated by Box 6.6. The bottom-heavy demographic structure is also exerting tremendous pressure on the government to provide adequate social services to the people.

971. The CRM suggests that it is important for Uganda to come up with a National Population Policy that will encourage growth of the population commensurate with growth in the economy. This will ensure that economic growth will have a significant impact on sustainable poverty reduction.

Progress on the MDGs

972. As discussed below, Uganda's progress with the attainment of the MDGs presents a mixed picture (Table 6.2).

Eradicating Extreme Poverty and Hunger

973. Uganda has registered some progress towards achieving sustainable development and poverty eradication. As noted above, income poverty has dropped from 56 per cent in 1992 to 31 per cent in 2005/6. However, a significant proportion of Ugandans (20 per cent) are living in chronic poverty. In the 2005 Chronic Poverty Report, it was noted that nearly two fifths (38 per cent) of children under five in Uganda were stunted or too short for their age. Six per cent are wasted or too thin for their height, and 16 per cent are underweight.

Box 6.6: High Population Growth and Implications for Poverty Reduction in Uganda

With a population growth rate of 3.2 per cent per annum between 1991 and 2002, Uganda has the third highest population growth rate in the world, higher than sub-Saharan Africa's average of 2.4 per cent. The high population growth rate is attributed to a high fertility rate, which is about 7.8 and 4.3 births for rural and urban women respectively, low prevalence of family-planning methods, young marriage age for women (on average 17 years) and the high influx of refugees. The high population growth rate is undermining efforts to boost economic growth, achieve universal education, reduce mortality and improve health.

At an annual population growth rate of 3.2 per cent, Uganda needs a sustained economic growth rate of 9.6 per cent to ensure a steady welfare improvement among the rural population. A reduction of the population growth rate to 2.8 per cent would have a positive impact on the level of per capita gross domestic product (GDP) growth, which would allow more resources to be spent per person on basic social services, thus leading to improved and quality services. In rural areas, if the population continues to grow at the current rate of 3.2 per cent, the available arable land will shrink and consequently undermine the capacity of rural dwellers to produce enough food for both domestic consumption and the market.

Source: UNDP (ibid.).

974. Despite the persistence of chronic poverty and the rising inequalities across region and gender, it has been noted that if the current trend in poverty reduction recorded in 2005/6 continues, the prospects for achieving the income poverty MDG target remain high.

975. The positive gains in poverty reduction in Uganda seem to have been partly due to better performance of the agricultural sector. However, allocation to agriculture is ex-

tremely low, currently standing at 3.5 per cent, which is far less than the Maputo agreed figure of 10 per cent.

976. During the CRM's consultations, MFPED officials indicated that the agricultural sector was receiving more funds via other sectors, such as feeder roads through the Ministry of Transport, agricultural education through the Ministry of Education, and rural finance through the MFPED. The CRM was informed that the currently allocated 3.5 per cent goes only to agricultural extension and research.

977. While this explanation is valid, the CRM is of the view that the government should substantially increase resources allocated to agriculture, especially activities geared at improving productivity, adding value and avoiding wastage. More than 80 per cent of Uganda's population depends on agriculture. The success of poverty eradication depends on how the agricultural sector can be supported to modernise and grow. Progress on feeder roads has not yet yielded universal coverage; small-scale technologies for improving agricultural productivity are not available; support for farmers to market their produce is required; and value addition of agricultural production, including through pre-processing activities at local levels, is required to minimise post-harvest losses and maximise income generation from the sale of agricultural products. This cannot happen without increasing investment in agriculture.

Achieving Universal Primary Education

978. As discussed under Objective Three, Uganda has achieved a significant enrolment of over 80 per cent at present, and is very likely to achieve the 100 per cent enrolment for primary school-going children by 2015, particularly if primary education is made compulsory. However, due to the very low completion rates, it is unlikely that it will be possible to ensure that children are able to complete a full course of primary education. This is discussed in detail under Objective Three in this report.

Promoting Gender Equity and Empowerment of Women

979. As detailed in Objective Five, Uganda has made significant progress in promoting gender equality and empowerment. The major achievements include affirmative action with respect to women representation in Parliament and admission into tertiary training institutions.

Reducing Child and Maternal Mortality

980. The major problem that remains in health is a very high MMR influenced by the low participation of rural women in development programmes. The IMR currently stands at 75 per 1000 births and if this rate is not reversed, it is also unlikely that Uganda would achieve the MDG target of reducing MMR by three quarters (131 per 100 000 births per annum). The current MMR of 435 per 100 000 is still far from the MDG target of 131 per 100 000 by 2015. The major constraints to further reduction in MMR include deliveries outside health facilities (74 per cent); pregnancy among young mothers who are not

fully developed physically to handle child delivery; and the poor quality of healthcare in public facilities. This includes inadequate staffing of health facilities, lack of referrals (long distances for referral services), lack of equipment, lack of drugs, and corruption of some health workers who insist on charging clients before they dispense services.

Combating HIV/AIDS, Malaria and Tuberculosis

981. Uganda has made significant progress in reducing the HIV prevalence rate from 18.5 per cent in the early 1990s to about 6.4 per cent in 2005. Objective Three in this report discusses this matter in detail.

Ensuring Environmental Sustainability

982. The CRM noted that Uganda has registered some achievements in environmental management. It has come up with a comprehensive policy for, and legal framework on, environmental management, comprising the National Environmental Policy of 1996; Wetlands Policy of 1995; Draft Land Use Policy of 2004 and the Draft Land Policy of 2006. Similarly, the government has produced the Forest Act of 1994, Land Act of 1998 (amended in 2004), as well as the Water Act of 1992. The government has also developed a supportive institutional framework for environmental management, comprising the Ministry of Water and Environment (MWE) and various supporting agencies. The implementation of the sector-strategic objectives is coordinated by the newly created Directorate of Environmental Affairs (DEA), supported by the departments of Environmental Support Services, Forestry Support Services, Wetlands Management and Meteorology, plus two semi-autonomous institutions, namely National Environment Management Authority (NEMA) and the National Forestry Authority (NFA).

Developing Global Partnerships for Development

983. In the case of global partnership (MDG 8), a mixed picture emerges. As far as attracting foreign investment is concerned, Uganda has made limited progress over the period 1990 to 2005. Regarding enhancing programmes for highly indebted poor countries (HIPC), Uganda has made significant progress, as indicated by multilateral debt cancellation under the HIPC Initiative. Debt cancellation under this Initiative has greatly benefited local governments through provision of Programme Acceleration Funds. As indicated earlier, Uganda has also made significant progress in enhancing regional cooperation with neighbouring countries in the framework of the EAC, COMESA and IGAD. Because of its sound economic development policies, the country also has a good standing with the donor community, a situation that to a certain extent is leading to overdependence on external aid.

i. Recommendations

984. The APR Panel recommends that Uganda should:

Table 6.2: Progress on Selected MDG Targets and Indicators for Uganda and Sub-Saharan Africa

MDG, Target and Indicator	Uganda		Sub-Saharan Africa	
	1995	2005/6	1990	2005
MDG 1: Eradicate extreme poverty and hunger.				
Target 1: Halve, between 1990 and 2015, the proportion of people whose income is less than US$1 a day.				
Proportion of population below US$1 (PPP) per day (%)	56 (1992)	31	46.8	41.1
Poverty gap ratio	N/A	8.7	19.5	17.5
MDG 1: Eradicate extreme poverty and hunger.				
Target 2: Halve, between 1990 and 2015, the proportion of people suffering from hunger.				
Total of children under five years of age who are underweight (%)	25.5	20.4	33	29
MDG 2: Achieve universal primary education.				
Target 3: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.				
Net enrolment ratio in primary education	77 (2000)	84	53.7	70.4
Literacy rate of 15 to 24-year-olds	N/A	84	64.4	67.8
MDG 3: Promote gender equality and empower women.				
Target 4: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015.				
Ratio of girls to boys in primary education	N/A	0.99	0.84	0.89
Share of women in wage employment in the non-agricultural sector (%)	N/A	28.9	28.0	31.6
Proportion of seats held by women in national Parliament (%)	18	30	7.2	16.6
MDG 4: Reduce child mortality.				
Target 5: Reduce by two thirds, between 1990 and 2015, the under-five mortality rate.				
Under-five mortality rate, deaths per 1 000 live births	156	137 *	185	166
Infant mortality rate, deaths per 1 000 live births	85	76*	110	99
Proportion of 1-year-old children immunised against measles	N/A	59.4*	57	64
MDG 5: Improve maternal health.				
Target 6: Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio.				
Maternal mortality ratio. Maternal deaths per 100 000 live births	527	435*	N/A	920
Proportion of births attended by skilled health personnel (percentage)	38	41	42	45
MDG 6: Combat HIV/AIDS, malaria and other diseases.				
Target 7: Have halted by 2015 and begun to reverse the spread of HIV/AIDS.				
HIV/AIDS prevalence, estimated adult (15–49 years) prevalence (%)	9 (1991)	6.4	2.0	5.7
MDG 7: Ensure environmental sustainability.				
Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation.				
Proportion of population with sustainable access to improved water source (%)	N/A	67	49	56
Proportion of population with access to improved sanitation (%)	N/A	N/A	32	37
Note: * Data is for 2007.				

- Within the policy of universalism, design targeted policies as a more effective means to fight poverty (government);
- Widen the scope of measurement of poverty through a composite index that takes into account both per capita income and the consumption index, and captures the non-income elements of poverty (MFPED; UBOS; CSOs);
- Substantially increase resources to agriculture, which currently account for the livelihood of 80 per cent of the entire population (MFPED; Ministry of Agriculture; local government);
- In collaboration with other stakeholders, accelerate the development and implementation of a comprehensive social protection strategy (MGLSD; MFPED; local government; CSOs);
- As a matter of urgency, develop a National Population Policy that will address comprehensively the high fertility and population growth rates (government; CSOs);
- Design and implement policies that address inequalities (MFPED; MGLSD; local government; CSOs);
- Address the issue of youth unemployment through the design of appropriate employment promotion programmes (MGLSD; private sector); and
- Step up the implementation of all policies and programmes on environmental management, including forestry, in order to ensure sustainable use of natural resources (MWE; NEMA; NFA).

Objective 3: To strengthen policies, delivery mechanisms and outcomes in key social development areas, including providing education for all and combating HIV/AIDS and other communicable diseases

i. Summary of the CSAR

Policies and Delivery Mechanisms

985. The government has set up a well-articulated institutional infrastructure for delivering services effectively through a decentralised service delivery system. This delivery system includes clearly articulated central and local-level structures. Departments in charge of service delivery at local government levels cover education, health, water, agriculture, land boards, and so on. Each district has a development plan and sub-counties for developing Sub-County Development Plans and budget framework papers. These measures have resulted in considerable progress in achieving some key social development targets.

986. The CSAR states that the government has increased the share of the national budget for social services, especially education and health. At 18.3 per cent, education currently has the biggest share of the national budget, followed by health at 9.7 per cent.

The CSAR further notes that, although state allocations of sector budgets is guided by a number of priorities, there have been budget cuts from other government ministries to finance security budgets. This is attributed to the heavy cost of financing the action against insurgency in Northern Uganda.

987. The CSAR also notes that lower levels of local government encounter the problem of late remittances from the central government. Other challenges include poor accountability of funds received from the central government; inability by local communities to participate in the monitoring and evaluation of development projects; and corruption in the implementation of development projects.

Education

988. Significant progress has been made in education. The CSAR notes that UPE has enabled an increase in access to basic education, particularly for children from households that had no capacity to send their children to school. The newly introduced thematic curriculum was welcomed with expectations that it would improve children's proficiency. Many respondents believed that it was possible to achieve the MDG target of primary enrolment. This is due to the increase in enrolment from 3.5 million to 7.4 million children between 1996 and 2005, respectively. However, it was reported in all the districts surveyed that UPE is encountering challenges, such as these:

- Inadequate number of qualified teachers;
- Lack of adequate classrooms;
- Lack of scholastic materials;
- Issues of perceptions, where parents do not provide lunch for their children believing that the government should provide food for the pupils, and
- Cultural bottlenecks with regard to education of the girl-child.

989. Second, the UPE programme does not take into account hard-to-reach areas such as Bundibugyo, Kalangala, Moroto and Sironko. All areas surveyed reported that pronouncements by the President to the effect that principals should not bother parents with demands for contributions to maintain their children in school had undermined the efficient running of the UPE programme, which was grossly underfunded. This was reported to have resulted in poor quality education.

990. The government also launched the USE policy in 2007. The provision enshrined in the policy, namely that each sub-county has at least one "Seed School", has brought secondary education nearer to those households that had hitherto failed to send their children to school. For many households, schools were far away, which made them too costly to access. It is envisaged that USE schools will help absorb UPE graduates.

991. However, unless both UPE and USE schools ensure quality teaching, the programmes will not have the required impact. Furthermore, it was observed from the public hear-

ings for the APRM Commission in Adjumani District that it could have been more viable had the government focused on technical and vocational education instead of focusing on USE.

Health

992. The CSAR notes that Uganda has scored major success in providing healthcare to all Ugandans. The government has commendably established accessible health facilities at the parish and sub-county levels, and many districts have health teams that provide outreach services to the communities. Immunisation in most areas has been very successful. In many districts, pregnant mothers have been receiving free treated mosquito nets and there are other programmes for addressing major diseases like malaria, which remains endemic. The main challenge is poor-quality services, especially in hard-to-reach areas (Kalangala, Kisoro, Moroto, etc.) characterised by lack of drugs, equipment and qualified staff. The CSAR notes that infant, child and maternal mortality rates are still high and that the country is unlikely to meet the targets of the health MDGs at the current rate of progress. This is partly because the prevalence of malaria is still high and the health system is affected by the lack of drugs, equipment and supplies, as well as inadequate staffing.

HIV/AIDS

993. The CSAR notes that Uganda has made significant progress in reducing the HIV prevalence from 18.5 per cent in the early 1990s to about 6.4 per cent in 2005. The CSAR considers this a best practice, in particular the public provision of antiretrovirals. However, it is important to note that, despite overall declining levels of HIV prevalence, in a few cases, such as in Northern Uganda and in some age groups, there have been increases in cases of HIV/AIDS.

Other Communicable Diseases

994. The CSAR acknowledges that malaria is still the leading cause of morbidity and mortality in Uganda. Efforts are, however, being made by the government to reduce the prevalence of malaria by increasing awareness about the burden of the disease, and also increasing access by pregnant mothers and children to treated mosquito nets. By 2005, 60 per cent of children in Uganda were able to access recommended treatment within 24 hours of the onset of malarial symptoms. This figure had improved from 25 per cent in 2003/4. In 2004/5, about 20.4 per cent of rural households were able to access at least one mosquito net and up to 31.6 per cent of pregnant mothers had slept under a mosquito net the night before the survey, compared with only 13.1 per cent in 2000/1. This was, however, only 15 per cent for children under five years of age.

ii. Findings of the CRM

Policies and Delivery Mechanisms

995. The government has put a great deal of effort into delivering social development services in education, health and the area of HIV/AIDS in collaboration with other stakeholders. In most cases, however, challenges still remain and are even growing, making it difficult for the country to tackle critical social development issues with a good level of effectiveness and efficiency.

996. The CRM noted that, although decentralisation is the main mechanism for service delivery in Uganda, quality service delivery has been constrained by inadequate devolution of financial resources commensurate with devolved responsibilities. Corruption in procurement and the implementation of programmes was also cited as a major problem by most stakeholders in Gulu, Kampala, Mbale, Mbarara and Mukono. Stakeholders complained that rampant corruption has resulted in poor quality and substandard work. Embezzlement of government funds, such as the Global Fund to Fight HIV/AIDS, Tuberculosis and Malaria, and the Global Fund Alliance for Vaccines and Immunisation (GAVI), has affected delivery of health services.

Outcomes of Policies and Delivery Mechanisms

997. The government has invested heavily in education and health. The outcomes are commendable, as outlined below, but challenges still remain.

Education

998. The CRM acknowledges the remarkable progress that Uganda has made in education. As noted in the CSAR, Uganda has a system of education that comprises primary (seven years), secondary (four years) and tertiary education (three or four years). There are public and private providers of education but the government remains the largest provider.

999. A year after assuming office in 1986, the present government appointed an Education Policy Review Commission. The Commission submitted a report to the government in 1989, recommending, among other things, the need for democratising education.

1000. In the White Paper of 1992, the government committed itself to implementing this recommendation and has indeed done so. Since 1997, the government has pursued a policy of UPE, followed by Universal Post-Primary Education and Training (UPPET), commonly referred to as Universal Secondary Education (USE). The government also committed itself to promoting tertiary education for all citizens, through the district quota and a system of admission to public universities that is responsive to disadvantaged groups.

1001. Initially, under this policy, the government was to provide “free” education to a maximum of four children from each family. This has since changed, because the government now requires all children of school-going age to benefit from UPE.

1002. The CRM applauds the government for introducing USE. Following the successful launching of UPE, the government decided to launch the policy on USE in 2007. The provision enshrined in the policy and its positive results have been described in the CSAR, as summarised above.

1003. The UPE policy has resulted in a significant increase in school enrolment at primary school level (Best Practice 6). USE is also expected to result in increased enrolment at secondary level. The CRM considers the introduction of UPE and USE a best practice that has brought about significant progress in enrolment.

1004. The CRM learnt that several interventions at the pre-primary and primary education level have been designed to improve the quality of education. These include, among other things:

- Launching a framework for early childhood education learning, and
- Issuing fresh guidelines on the roles and responsibilities of the school management committees.

1005. An increase in school enrolment at primary and secondary levels has meant an increase in teacher training. The CRM learnt that the government has made deliberate efforts to restructure primary teacher education under the Primary Education and Teacher Development Project.

1006. To facilitate easy access to schools, the Ministry of Education and Sports (MoES) has also embarked on a programme of building more primary and secondary schools. Despite this progress, however, during consultations with the CRM, stakeholders raised serious concerns about the physical facilities and quality of education at primary and secondary school levels.

1007. The massive increase in pupil numbers immediately created a problem of classroom space. Although the MoES has embarked on building more schools, the available facilities are inadequate to cater for the growing number of pupils in primary and secondary schools.

1008. Stakeholders also expressed concern about the high numbers of pupils dropping out of school, especially girls. Although Uganda has made impressive progress in increasing primary school enrolment rates, the completion rates have been falling. Primary completion rates dropped from 60 per cent in 2004 to 38 per cent in 2006. Table 6.3 illustrates that of the 1 807 000 children who enrolled in Primary One in 2000, only 38 per cent completed Primary Seven in 2006.

Best Practice 6: Universal Primary Education in Uganda

When Universal Primary Education (UPE) was launched in 1997, enrolment in primary schools rose from 3 million to 6 559 013 in 2000; 7 354 153 in 2002; 7 377 292 in 2004; and 7 414 880 in 2007. Primary enrolment is now over 80 per cent. UPE also has a specific focus on the education of girls, the disabled and orphans. Of the current enrolment, 49.9 per cent are girls, implying the country has attained the MDG target of gender parity at primary school level. Enrolment of children with special needs also rose from 20 000 in 1997 to 218 286 in 2002, of which 54 per cent were males. The outstanding challenges of UPE include poor quality of education; overcrowding in UPE primary schools; a low completion rate; costs to the parent that may relate to school uniforms, lunches, books, etc.; and an insufficient number of teachers.

Source: Ministry of Education and Sports, 2007. Progress Assessment Report. Information compiled by the CRM, February 2008.

1009. The table shows that the dropout rate is very high, and is also higher for girls than for boys. Some of the factors attributed to causing the high dropout rate include poor learning environment with poor facilities and crowded classrooms; poverty forcing children to embark on income-earning activities (for example, working on plantations); early marriages; negative attitudes towards girls' education; and commitment to domestic chores. Consultations with stakeholders indicated that one sub-county in Gulu had established a bylaw, enforced by local police, which compels parents to enrol all primary school-age children in school. Completion rates for secondary education are much lower than for primary completion, estimated in 2004 at 28 and 22 per cent for boys and girls, respectively.

Table 6.3: Primary School Completion Rates, 2000 to 2006 ('000)

Currently attending	Attending Primary One in 2000			Attending Primary Seven in 2006		
Region	Male	Female	National	Male	Female	National
Kampala	53	39	92	16	15	31
Central	251	226	477	80	85	165
Eastern	177	187	364	94	74	168
Northern	176	203	379	90	47	137
Western	251	244	496	98	86	184
National	900	907	1807	378	307	685

Source: Uganda Bureau of Statistics (UBOS), 2006. Uganda National Household Survey, Socioeconomic Report. Kampala: UBOS.

1010. The CRM was informed that the system of automatic promotion used in UPE had negative effects on the quality of education, as it implied absence of assessment. Once a child is enrolled in Primary One, that child then moves up to Primary Seven regardless of whether he or she has learnt to read or write.

1011. Observers and analysts have noted that this situation has begun to undermine quality in education. While the objective of UPE is undoubtedly good for providing every Ugandan child with primary and secondary education, the absence of quality enforcement or alternative means of checking the progress of pupils in UPE might result in them receiving a less-than-optimal quality education. Moreover, the massive increase in school enrolment does not seem to have been commensurate with an increase in facilities, teacher numbers and learning materials. This may raise questions about the objective of establishing, providing and maintaining quality education in UPE.

1012. During consultations with stakeholders, it was suggested that there is a need for the government to go beyond the policy of automatic promotion and to begin addressing problems related to:

- The high dropout rate;
- Absenteeism;
- Provision of scholastic materials;
- Reduction of the teacher/pupil ratio, and
- Provision of housing for teachers.

1013. The stakeholders generally agreed that addressing the above challenges would significantly improve the quality of education in Uganda. The perceived lack of quality education in UPE and USE was compelling parents to seek private education for their children. However, high fees were cited as a major constraint to accessing quality private education.

1014. The CRM, while appreciating the contribution of private providers of education, cautions that the socioeconomic status of parents may create inequality with respect to quality education for children. If the challenges identified above are not addressed, children from poor households might be confined to a poor-quality education in the state sector, while those from wealthier households have access to good-quality education in the private sector. This may defeat the objective of making education equitable in order to eliminate disparities and inequalities, thus threatening to undermine the very purpose of UPE and USE.

1015. Other challenges identified in the CSAR include inadequate budgetary provisions, delays in construction progress at some sites, inadequate supervision at both national and institutional levels, and delays in disbursement of grants for various reasons, including submission of contradictory bank details, and weak management capacity in some schools.

1016. The CRM also noted that UPE and USE faced challenges in both policy dissemination and implementation. During consultations with stakeholders, the CRM was informed that parents in rural areas, while understandably poor, were refusing to provide scholastic materials and even food for their children because of the apparent official stance that schools should not charge any fees.

1017. During consultations, stakeholders in all the regions visited stressed that practical/vocational education was not receiving priority attention in UPE and USE. Similarly, they complained that tertiary education was not only expensive but was also producing graduates who were not being absorbed by the economy.

1018. These views raise questions about the extent to which education can be used to effect social transformation in Uganda. Although the government runs a network of 46 vocational education and training institutions, these are not seen as sufficient to create a strong base of an enterprising artisan class.

1019. Formal schooling in Uganda, as elsewhere in Africa, has focused mainly on academic learning for passing examinations as such, to the neglect of knowledge, skills, values and attitudes needed to function efficiently in the real world of work. This means that each year, the government spends substantial resources on education people who contribute relatively little to economic and social development.

1020. These challenges notwithstanding, the importance that the government attaches to education as a means of national development in Uganda cannot be overstated. The government is seriously committed to providing equitable, quality education to all children in the country. This is commendable, considering that over 40 per cent of school-going children were outside the school system when the government took over in 1986. Nonetheless, the CRM is of the view that the government should make concerted efforts to reform the education sector so as to make it more relevant to the development needs of the country.

Health

1021. The CRM acknowledges the significant progress that Uganda has made in healthcare delivery. Since 1986, the government has been deliberately endeavouring to improve delivery of healthcare, working together with private health providers and NGOs.

1022. The Health Sector Strategic Plan (HSSP) constitutes the framework through which the PEAP and health MDG outcomes will be fulfilled. This has been operationalised through the sectorwide approaches, with an emphasis on lower-level care, as outlined in the minimum health package.

1023. Uganda’s universal primary healthcare policy and recent reforms in the health sector have resulted in a significant increase in access to healthcare. Since 1986, outpatient department cases have increased dramatically in most health facilities across the country, from 9.3 million new cases in 1999/2000 to 17.7 million in 2002/3.

1024. The proportion of people in the poorest 20 per cent of the population who seek medical care rose from 46 to 73 per cent during the period 1999 to 2003. However, disparities in accessing basic health services still exist in the country, due to income differences and rural urban imbalances.

1025. The CRM also noted that, over the years, more public health centres have been built and equipped to improve geographical access to healthcare services. The number of private health facilities has also increased. The percentage of the population with physical access to health services (as a percentage within 5 km of a health facility) increased from 49 per cent in 2001 to 72 per cent in 2005. Immunisation coverage has also increased in some cases.

1026. Despite this progress, some serious challenges to the health sector remain. During the consultations, stakeholders complained about falling standards of health in clinics, health centres and hospitals. The CRM was informed that public hospitals and health centres have a shortage of drugs, including essential drugs for HIV/AIDS patients. The major problem appears to be theft of drugs in health centres and hospitals. The Minister of Health seems to be aware of the extent of the problem.

1027. According to press reports, the Minister of Health admitted that 50 per cent of the drugs meant to benefit poor people ended up in private clinics of medical officers (The Sunrise, 15–20 February 2008). The Minister was quoted as saying that "in some government hospitals, there isn't enough medicine because those who take drugs to these hospitals divert them. Fifty per cent of the medicine, which the government sends to districts, is taken by medical officers to their private clinics."

1028. In an interview, MoH officials pointed out that the comment above was an understatement, as only 15 to 20 per cent of the money budgeted for drugs reached the intended beneficiaries. There was rampant corruption in the delivery of drugs, including essential drugs for HIV/AIDS patients or mosquito nets for pregnant mothers and children. The drugs are misappropriated by a variety of actors along the delivery channel from the National Medical Stores (NMS) to the local government health institutions.

1029. The health officials indicated that efforts are being made to address the problem of leakage of drugs through privatising some of the functions of the NMS, such as transportation of the drugs to districts; improved communication between the districts, NMS and MoH on drug disbursements; strengthened investigation and prosecution of those found guilty; branding of drugs as government products before distributing them nationwide; and sensitisation for increased public participation in monitoring and alerting the Ministry to possible mismanagement.

1030. The shortage of equipment was another problem facing health institutions. Some stakeholders informed the CRM that equipment such as syringes, thermometers and microscopes were diverted by those working in health institutions.

1031. The CRM was further informed that the public health sector has continued to experience a shortage of trained and experienced health workers. There are currently difficulties in both attracting and retaining qualified health personnel who are able to work in all districts, especially rural areas. It is currently estimated that only about 38.4 per cent of approved posts at district level (excluding hospitals) are filled by trained health workers.

1032. Improving the state of the health system in Uganda is critical to the provision of improved health services. During consultations, some stakeholders called for increased funding and adequate human resources for the health sector in order to ensure good health for all Ugandans. The CRM takes the view that, in the current situation, strengthening institutional mechanisms for monitoring the use of drugs in clinics, health centres and hospitals will be required in addition to increasing funding. The CRM notes that increased funding needs to be complemented with increased efficiency in the health sector.

1033. The CRM suggests that some improvements in health services in Uganda can be delivered if there is better planning and prioritisation in order to use the scarce resources more effectively and efficiently at all levels of the health system. In particular, monitoring the delivery of health services at all levels of the health system will be critical to efficient and optimal utilisation of resources.

1034. Admittedly, there are some areas in the health sector, such as improved conditions of service for health workers, repairs and rehabilitation that warrant increased funding. Where monitoring is weak, however, this should be strengthened to ensure optimum utilisation of resources.

1035. The CRM, however, notes that, while Uganda has considerably improved its healthcare delivery system, the current gains are fragile. First, the level of dependence on donor funding in the health sector is extremely high – the CSAR reports that 90 per cent of the budget for health is funded by donors. The government should make a deliberate effort to begin to fund the health sector using internally generated resources.

1036. The CRM further observes that investing in education by improving the quality of UPE, as suggested above, will be critical to improving and sustaining health outcomes in Uganda. This will be particularly so if the education system is used to disseminate key health educative messages and the proportion of female pupils that complete school remains high.

HIV/AIDS

1037. Uganda should be lauded for the significant progress it has made in reducing the HIV prevalence rate from 18.5 per cent in the early 1990s to about 6.4 in 2005 (Best Practice 7). However, despite this remarkable achievement, data from the recent Sero-Behavioural Survey indicates that the prevalence rate is on the increase and greater effort is needed to intensify prevention.

1038. Access to antiretroviral treatment continues to improve and this has translated into a better quality of life for people living with HIV and AIDS.

1039. HIV/AIDS projects being implemented jointly by key government ministries, sectors, CSOs, community-based organisations (CBOs) and private sector enterprises have been fairly successful. The active involvement of President Museveni in the campaign against HIV/AIDS especially played a key role in slowing down the prevalence rate (Best Practice 7).

1040. However, either due to complacency or new strains of HIV, there seems to be stagnation or some increase in the prevalence of HIV in certain age groups. Prevalence also remains high in conflict areas, where women are subject to sexual abuses. The cost of providing antiretrovirals is very high and has been made possible through international programmes, such as the Global Fund to Fight HIV/AIDS, Tuberculosis and Malaria. Uganda has recently acquired an ultramodern pharmaceutical facility for producing some of the drugs, including antiretrovirals, which will help bring down the cost and reach more people that need them.

1041. It should be further noted that, despite successes in reducing the HIV prevalence rate, accountability for funds in project implementation still remains a problem. Implementation pitfalls with the Global Fund project, as discussed, are an example. There are also problems of drug stock-outs that have compromised the quality of healthcare.

Malaria

1042. The government has been making concerted efforts to reduce the prevalence of malaria by increasing awareness about the burden of the disease, and also increasing access by pregnant mothers and children to treated mosquito nets. Mothers and children are at greatest biological risk of getting malaria because of their inadequate immune response to the malaria parasite.

1043. As previously noted, by 2005, some 60 per cent of children in Uganda were able to access recommended treatment within 24 hours of the onset of malarial symptoms, representing a significant improvement over the years. Despite this, malaria is still the leading cause of the increase in morbidity and mortality rates in Uganda.

1044. The CRM noted that, in 2007, the major thrust of the health sector was concentrated on the burden of malaria. Thanks to the Global Fund and the President's Malaria Initiative, about 2.5 million insecticide-treated mosquito nets were distributed to women

Best Practice 7: Uganda's Successful Handling of the HIV/AIDS Pandemic

Uganda's approach to addressing HIV/AIDS has been praised around the world. Since 1990, the overall prevalence of HIV/AIDS in Uganda has dropped by more than 50 per cent, from 18.5 per cent in the 1990s to 6.4 per cent in 2006. The main drivers for the decline in the prevalence rate were the openness policy pursued by the government in addressing HIV/AIDS and prevention activities based on abstinence, condom use and improved access to treatment. In 1991, the government enacted an open multisector policy beginning at the highest level (Presidency) filtering down through all sectors to the lowest level. Massive campaigns were undertaken to sensitise the population with the aim of changing their sexual behaviour and reducing discrimination, stigmatisation and denial. Prevalence rates declined as a result of these interventions.

Uganda is also one of the first African countries to provide free antiretroviral treatment (ART). The National Strategic Framework for HIV/AIDS of 2004 reinforced districts to train health workers to provide services in the Prevention of Mother-to-Child Transmission (PMTCT), Voluntary Counselling and Testing (VCT) and ART, and this is being taken down to Health Centre 3 level, which means that most people who need PMTCT services can now afford them within their sub-county without travelling for long distances. A great deal has been done both by the government and development partners to provide ART, VCT, free testing, and social and psychosocial support, besides offering intensive awareness programmes. Most districts have formed district HIV committees and sub-county committees to tackle the problem from the grassroots level. The newly proposed workplace policy is another positive step in the fight against HIV.

Source: Compiled by the CRM, February 2008.

and children. In addition, the new malaria treatment called artemether-lumefantrine (the brand used in Uganda is Coartem®) was distributed to all government and private not-for-profit health facilities in the country.

1045. As access to these two initiatives continues to increase and people use them properly, the occurrence of fever due to malaria is expected to decline over the next few years. This is very likely to translate into fewer deaths due to malaria over the coming years. Evidence from other countries suggests that this is the expected outcome of proper deployment of a combination of malaria control interventions to cover a large part of the country. However, the expected decline in malaria cases is likely to vary across the country, depending on the proportion of people who have access to and use various malaria control interventions.

Best Practice 8: The Role of President Museveni in the Fight Against HIV/AIDS

President Museveni did what no other African president or leader had ever done before. He recognised the devastating impact of HIV/AIDS on his country and was the first major African leader to speak out publicly about the dangers of the pandemic. He mobilised his entire government to combat this threat and established Africa's first nationwide prevention efforts. Museveni traversed the country, promoting abstinence among children and unmarried adults, encouraging monogamy among spouses, and condom use among those who could neither abstain nor be faithful.

This approach – commonly known as ABC (Abstinence, Be faithful and Condomise) – has reduced the AIDS prevalence from 30 per cent in the early 1990s to about 6 per cent today. To the acclaim of the international public health community, Uganda became a laboratory for a variety of early HIV/AIDS prevention campaigns and medical therapies – including the now widely used nevirapine for the prevention of mother-to-child transmissions. President Museveni remains a champion in the global fight against HIV/AIDS.

Source: Fieldwork notes, Uganda, 3–23 February 2007.

1046. Uganda has also undertaken indoor residue spraying in places like Kanungu, Kibale and Kitgum districts, and the government intends extending this exercise to other districts. Government officials note that the intervention is capable of producing a large reduction in malaria cases but requires persistent intervention to keep the levels consistently low. If this is not done, there is the possibility of malaria epidemics resulting from the reduced immunity of children and adults living in the area.

Tuberculosis

1047. The CRM noted that control of TB in Uganda poses major challenges, even though this disease only affects a relatively small number of people. The prevalence rate is currently estimated at 300 cases per 100 000 people, but this figure has not been verified empirically.

1048. MoH officials informed the CRM that Uganda has secured funding from the Global Fund to improve TB control in the country and gather better information about the burden of TB. This money has proved critical in providing treatment in Uganda. It is estimated that 73 per cent of those treated for TB in 2005 were cured. However, this figure is still below the global target of 85 per cent.

1049. A threat to successful cure is drug resistance to TB treatments. The CRM learnt that there were already cases of multidrug resistant tuberculosis in Uganda. As noted above, there is also the reported problem of corruption in the delivery of essential drugs for HIV/AIDS patients.

1050. The CRM cautions that TB bacteria that are resistant to all the common TB treatments need to be detected quickly and not allowed to spread, because this might have tragic consequences for the population.

Epidemics and Outbreaks

1051. The CRM observed that the CSAR is silent on diseases that fall in the category of epidemics or outbreaks. In 2007, Uganda experienced an outbreak of the Ebola virus that started in Bundibugyo District. Although this was not the first outbreak of Ebola in Uganda, the CRM learnt that the cause of the latest outbreak was a new subtype that had not yet been named. Uganda also experienced an outbreak of the Marburg haemorrhagic fever virus.

1052. Fortunately, Uganda did not experience an outbreak of Avian Influenza (bird flu). However, the possibility remains of migratory birds being infected by the virus and bringing the disease into the country. The CRM recommends that Uganda should always be alert to this possibility.

Non-Communicable Diseases

1053. The CSAR does not address the issue of non-communicable diseases. Yet, as in several other African countries, non-communicable diseases such as hypertension, diabetes, cancers and mental disorders have a growing negative impact on the health of the Ugandan population. This is especially the case in urban areas.

1054. It has been noted that the health of urban dwellers continues to deteriorate insidiously as they are repeatedly exposed to harmful risk factors. Major factors include air pollution, work-related stresses, excessive alcohol consumption, sedentary life styles and excessive consumption of red meat. These factors are resulting in the increased occurrence of non-communicable diseases.

iii. Recommendations

1055. The APR Panel recommends that Uganda should:

- Expand the number of classrooms, especially in rural areas, by reinstating the Schools Facilities Grant programme to provide adequate classrooms (MoES; local government);

- Improve the conditions of service for teachers in terms of salary and living conditions, and facilitate hiring of teachers in regions other than their home districts in order to improve the quality of education, especially in rural areas (government);

- Reduce the increasing number of dropouts through appropriate and well-tailored incentives to the communities and groups concerned, for example through using flexible class schedules for the nomadic population and providing scholastic materials (MoES; local government; CSOs);

- Make UPE compulsory by enacting an appropriate law (MoES; local government);

- Give great emphasis to practical or vocational training in the framework of the Ugandan Industrial Policy adopted in January 2008 (MoES; local government; vocational education institutions; CSOs);

- Strengthen inspection mechanisms, especially the Educational Standards Agency, to address the quality of education (MoES);
- Address the problem of rampant corruption in the health sector, especially in the supply chain of essential drugs and equipment intended for health centres and hospitals (MoH; local governments);

- Strengthen the existing monitoring and evaluation mechanisms in the health sector (MoH);

- Improve the conditions of service for health personnel through strategies that sustain their productivity, attract them to underserviced areas and retain them (MoH; local governments; MFPED);

- Step up efforts to reduce the prevalence of malaria, which is the leading cause of mortality in Uganda (MoH; local governments; CSOs);

- Increase resource allocation to health and improve efficiency in the use of the resources (MoH; local governments; MFPED, CSOs);

- Accelerate the setting up of the national social health insurance (MoH; local governments; MFPED; MGLSD; CSOs);

- Strengthen the measures that led the country to be considered a model of best practice in the reduction of the HIV/AIDS rate (MoH; local governments; CSOs); and

- Strengthen the country's preparedness to handle epidemics and outbreaks such as the Ebola virus (MoH; local governments; CSOs).

Objective 4: To ensure affordable access to water, sanitation, energy, finance (including microfinance), markets, ICT, shelter and land to all citizens, especially the rural poor

i. Summary of the CSAR

1056. Efforts to ensure affordable access to water, sanitation, energy, microfinance, markets and ICT to all, especially to the rural poor, are crucial in enhancing the means of livelihood and reducing poverty. The CSAR discusses these issues under the broad headings of access to energy, water and sanitation, land and financial services.

Water and Sanitation

1057. The CSAR first notes the sharp divide between urban and rural dwellers, with the former having better access to water and sanitation than the latter. The CSAR further notes that inadequate attention has been given to water production, a situation that has constrained animal rearing and the adoption of modern agricultural methods, such as irrigation. On the other hand, sanitation has also not been given adequate attention due to the overemphasis on water supply. The CSAR notes that there is currently no policy on solid waste management and there is indiscriminate disposal of garbage and human excreta.

Energy

1058. According to the CSAR, the overwhelming majority of households (90 per cent) in Uganda are dependent on biomass in the form of wood and charcoal. The CRM also noted the rapid deforestation that the country is experiencing. Despite attempts to electrify rural areas, only a small percentage of rural Ugandans have access to electricity. Shortage of hydro-electricity appears to result from climatic change in the region and also from a lack of effective planning for adequate generation of electric power.

Finance

1059. The CSAR notes that most Ugandans have difficulty in accessing finance, especially in rural areas. There is politicisation of microfinance schemes; interest rates are high; and procedures for accessing credit are complicated. The absence of a savings culture among the people has worsened the situation. The CSAR also noted that in the microfinance market there is lack of special consideration of agricultural enterprises, despite their strategic position and the unique conditions in the country.

ICT and Communication

1060. There is a lack of critical mass in terms of teachers who can implement the ICT curriculum adequately. The low electricity coverage further limits the scaling up of ICT connectivity and utilisation.

Produce Markets

1061. The CSAR observes that there is deficient produce-marketing infrastructure in the form of market information, access roads and storage facilities. As a result, intermediaries are taking advantage of farmers and other producers. The CSAR also notes that there is limited capacity to satisfy available demand, which arises mainly from small-scale production, poor quality products, and inability to make timely delivery. Moreover, imbalances in world trade, particularly the subsidy regimes in North America and the European Union, have worsened the situation.

Shelter

1062. The CSAR notes that access to shelter or housing is a serious problem in Uganda. The rapid rural-to-urban migration amid lack of physical planning and poor enforcement of standards has resulted in the proliferation of slum settlements. Poverty also causes lack of affordable shelter. There is no housing policy at present.

ii. Findings of the CRM

1063. Sustaining a healthy and educated population requires provision of adequate and easily accessible water for consumption and production, access to essential services that enhance production and productivity, and proper waste management for environmental preservation. The CRM noted that these factors are essential in sustaining the progress that Uganda has made in ensuring adequate education and health of its population, as outlined in the previous section under Objective Three. However, some challenges remain.

Water and Sanitation

1064. During consultations, stakeholders confirmed to the CRM the information contained in the CSAR with regard to access to water. Available data shows that almost 90 per cent of urban residents have access to clean water, compared with 63 per cent of rural households.

1065. Many stakeholders complained that sanitation has not been given adequate attention, being particularly a problem in informal settlements where residents were using "storage" toilets. In interviews, officials from the Ministry of Lands, Housing and Urban Development (MLHUD) admitted that there was no policy on solid waste management.

This had resulted in indiscriminate garbage disposal.

Energy

1066. Consultations with stakeholders confirmed the information contained in the CSAR with respect to energy. Stakeholders stressed that the heavy dependence on biomass (wood and charcoal) was causing rapid deforestation in the countryside. Despite attempts to electrify rural areas through the Rural Electrification Fund, high electricity tariffs were said to make this resource inaccessible to most people. Stakeholders also pointed out that the high cost of solar panels and other renewable energy technologies discourages attempts to use this type of energy for domestic purposes. Many stakeholders therefore called on the government to subsidise the price of solar panels in order to promote use of this environmentally friendly energy resource.

Finance

1067. In interactions with the CRM, stakeholders complained about lack of access to finance in rural areas, which was attributed mainly to high interest rates charged by microfinance institutions. Many stakeholders accused these finance institutions of charging high interest rates, taking advantage of the inability of poor people to repay their loan and even confiscating their property. While savings and credit cooperatives (SACCOs) are being promoted by the government as a means of raising capital for rural development, they have not been an effective source of finance. Chapter Five of this report addresses the issue of access to finance in Uganda in detail.

Produce Markets

1068. During consultations with stakeholders, the CRM was informed that the road network in rural areas was poor. This confirms the view expressed in the CSAR that marketing infrastructure in the form of market information, access to roads and storage facilities is deficient. As a result, intermediary merchants are allegedly taking advantage of farmers and other producers. These shortcomings need to be adequately addressed. Discussions of the CRM with the Ministry of Works and Transport revealed that the country is implementing the District Urban and Community Access Roads Development Programme, which aims at rehabilitating district and feeder roads that positively affect the poor. However, the major challenges are lack of adequate funding for developing and maintaining the roads, as well as lack of technical capacity at local government level for preparing and implementing the local component of the programme.

1069. Stakeholders also complained about a lack of processing facilities for their produce, which is being wasted as a result. They noted that the lack of such facilities made it difficult for them to add value to their produce and, consequently, to generate sufficient income to escape poverty. This issue could be adequately addressed in the forthcoming 2008 to 2013 NDP as part of Uganda's Industrial Policy.

Access to Road Transport

1070. Another neglected issue is the policy on transport, urban transport in particular. The lack of an adequate, efficient, reliable and safe public transportation system is conspicuous in Kampala. Congestion on roads in the capital is increasing every year and thousands of motorists are affected daily (Box 6.7). There are also simply not enough metro-buses for the vast population relying on public transport to commute to work. Urban stakeholders were concerned about the unregulated public transport sector and lack of security.

1071. The CRM was informed that various initiatives were being planned to deal with the problem of congestion, particularly in Kampala. One of the major initiatives is an urban transit bus system that would be private sector led, with the government setting the regulatory framework. In the rural areas, stakeholders noted the poor quality of public transport – there were too few buses and they also had no time schedules.

ICT and Communication

1072. The CRM notes that, despite rapid growth in the telecommunications sector, there is underdevelopment of other sectors of communication, in particular computer-based communication, as shown in Figure 6.1. The CRM also noted and endorsed the CSAR's recommendations to promote use of ICT in schools; to strengthen policies and strategies for investment in ICT infrastructure; and to draw up strategies for improving access to ICT. Stakeholders in rural areas further expressed concern about the general lack of access to ICT.

Shelter

1073. As noted in the CSAR, the CRM observed that access to shelter or housing is a serious problem in Uganda, especially among low-income groups. The rapid rural-to-urban migration despite the lack of physical planning and poor enforcement of standards has resulted in the proliferation of slum settlements. Lack of affordable shelter is also caused by poverty and the situation has not been helped by the lack of dependable housing finance services. There is also no housing policy at present. The CRM was informed that urban housing development is private sector led. While the government sets the policy and standards, the private sector is directly involved in the development of housing. The CRM noted with concern that the plight of the urban poor is being left to the private sector.

Land

1074. The CRM observed that there is a serious land problem in Uganda. The problem is historical and appears related to the existing land tenure system.

Box 6.7: Kampala Urban Transport Challenges

Urban transport in Kampala, as in many other African capitals, is a crucial element for the smooth functioning of economic activities, as most of the industries and central administrative services are located in the capital city. Due to lack of mass public transportation, most urban inhabitants travel by individual cars, mini commuter buses, motorbikes and bicycles and on foot. Traffic jams and subsequent delays in reporting to workplaces are common headaches for most inhabitants.

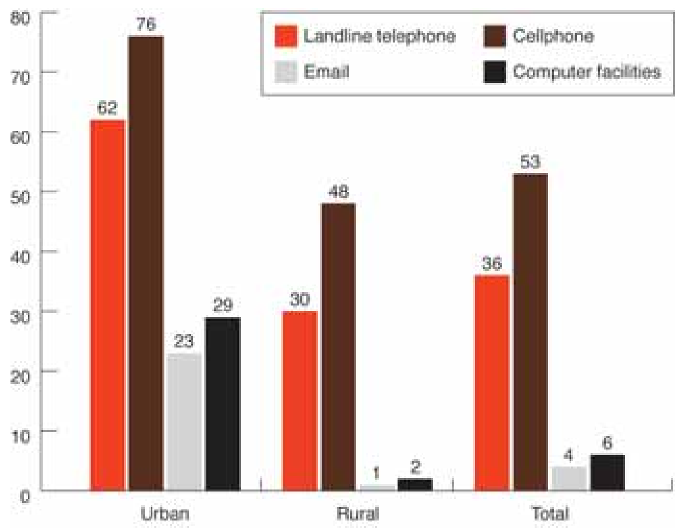
An efficient, reliable public transport system is critical to development. It would contribute to increasing workers" productivity, by reducing time lost in moving from home to workplaces and vice versa, as well as within the city itself. Due to the unreliable transport system, workers in Kampala often have to rise at 05:00 in order to report at work at 08:00, although the distance between their home and place of work does not exceed 10 km. They also return home late at night. This situation constitutes a source of stress and low productivity at work.

Source: Fieldwork notes, Uganda, 3–23 February 2008.

1075. At present, there are three land tenure systems in Uganda:

- The mailo land tenure system;
- Freehold/leasehold tenure system; and
- Communal land tenure system.

Figure 6.1: Distribution of Households by Access to Communication Facilities



Mailo tenure system

1076. The mailo land tenure system emerged during the colonial period and arose directly from the Buganda Agreement of 1900, signed between the colonial administration and the Kabaka, all chiefs and people of Baganda. An uncultivated area that covered almost half of the total land area of Buganda, and was composed of mainly forests and swamps, was declared "Crown land". The other half was parcelled out among the traditional leaders. The Kabaka, his relatives and the chiefs received private and official estates in square miles (hence the term mailo).

1077. The features of this land tenure system were as follows:

- Freedom of disposal was restricted in the sense that transfer of ownership to a non-Ugandan required the consent of the governor.
- Established communal rights, for instance to water and passage, were preserved.
- A statutory landlord and tenant relationship was created between the mailo landowner and peasants. This relationship replicated the former relationship between the chief and the peasant.

1078. The colonialists introduced the mailo system along the lines of the feudal system in Europe. The assumption would be that, if people are propertied, they would occupy a higher social hierarchy, which would stop them from working in the field or for others.

Freehold/Leasehold Tenure System

1079. The freehold land tenure system was created out of "Crown land" in three ways:

- The estates granted under the Toro and Ankole agreements with the colonial authorities were considered grants carved out of Crown land. This type of freehold came to be known as "native freeholds". However, the rights to important resources found on these estates were reserved for the Crown. Like mailo land, a statutory landholder-tenant relationship was established between landholders and the peasants living on the land.

- Secondly, freehold was created by way of sale of Crown land to individuals under the provision of the Crown Lands Ordinance of 1903. These freeholds were granted mainly for development purposes and, consequently, were subjected to certain developmental conditions. If the land disposed of remained unoccupied, unused or underdeveloped, it was liable to be forfeited to the governor. As in the first instance, rights over important resources were vested in the crown. A few freehold land ownerships were granted under this ordinance, especially to non-Africans. However, as from 1916, it was the policy of the Protectorate government not to grant land to non-Africans.

- In general, freehold was created by conversion from customary tenure to Crown land. This was in line with the recommendations of the East African Royal Commission in 1955 that, in order to encourage development of land, granting of individual land titles should be encouraged. The idea was rejected in most districts in Uganda, except Ankole, Bagisu and Kigezi.

Communal Land Tenure System

1080. This refers to a system of land ownership regulated by customary laws. Under communal land ownership, it is generally believed that land ownership is vested in a chief or community who holds the land in trust on behalf of the people.

Land Amendment Bill

1081. In an attempt to address landownership problems, especially the need to stop evictions of bona fide tenants, the government came up with Land Amendment Bill in 2007. The main objective of the Bill is to amend the Land Act, in order to enhance the security of bona fide tenants on registered land.

1082. The CRM observed that the Land Amendment Bill has generated a great deal of debate. In particular, it appears to have generated of tension between the central government and the Kabaka. The CRM also observed that perceived grievances over the provisions of the Land Amendment Bill varied from region to region. Most of the complaints seemed to come from the central and western regions, where there was a dominance of the mailo land tenure system.

1083. Two polarising views on the Land Amendment Bill have emerged. The first view is that the Bill is necessary to stop the current evictions of tenants from the land, and also to regulate the general relationship between landowners and their lawful occupants.

1084. The second view, which is espoused by those opposed to the Bill, is that the right of ownership has been infringed by the Bill, as the provisions curtail owners' freedom to deal with the land as they please. They claim that the right of ownership is also infringed by the harsh punishment of seven years' imprisonment for non-compliance with the above requirements. It is further argued that, if the above reforms are implemented, their constitutionality can be questioned in the Constitutional Court in the light of sections 237 and 26 of the Constitution, with the latter guaranteeing the right to own property, such as land, and the necessary implication of being able to dispose of it.

1085. The polarising debate on the Land Amendment Bill can be attributed to the following:

- Lack of adequate consultation before the Bill was tabled before Parliament;
- Lack of awareness of the contents of the Land Amendment Bill, and
- Misinterpretation of the contents of the Land Bill.

1086. Section 237(9)(a) of the Constitution directs Parliament to enact a law regulating the relationship between the lawful or bona fide occupants of land and the registered owners of that land, and providing for registerable interests in the land by lawful occupants.

1087. The CRM observed that there was apparent failure by Parliament to interpret the Constitutional provisions properly when passing the Land Act, especially as regards the definition of a bona fide occupant. In the case of the Bill, political and civic leaders have made no deliberate effort to discuss its merits and demerits.

1088. The major contentious issue in the Land Bill appears to be the definition of "bona fide occupant" of the registered land. According to the Land Act of 1998, this refers to a person who has occupied the land for 12 or more years, unchallenged by the owner, before the coming into force of the Constitution.

1089. In this respect, Clause 32 of the Bill is perhaps the most controversial. It requires that a lawful or bona fide occupant should only be evicted for non-payment of ground rent and that he or she should not be evicted from registered land, except upon an order of eviction issued by a court only for non-payment of the annual nominal ground rent. Non-compliance with this provision attracts a seven-year sentence. Opponents of the Bill argue that, under Uganda's civil law, the owner of land has the right to evict a trespasser by using minimum force.

1090. Opponents of the Bill argue that the definition of "bona fide occupant" in the Land Act contradicts this provision. The genesis of difficulties in defining the owner of land can be traced to the colonial period, when the British divided up Uganda into a variety of land tenure systems.

1091. The CRM suggests the need for urgent, broad-based consultations on the land question in general and the Land Amendment Bill in particular. In Mbale, the CRM learnt that people at the grassroots level had no idea of how the government came up with the Land Bill that was tabled in Parliament recently.

1092. There is no doubt that complex legal issues are involved. Parliament should, however, take the opportunity offered by the Bill to correct all mistakes in the Land Act. In particular, the definition of a bona fide occupant should be revisited and the provisions of the Act should be made consonant with other existing laws.

1093. To do this, there is a need for all interested parties to move away from narrow political or ethnic interests and focus their attention on the legal aspects of the Bill, which should be considered by Parliament so that Uganda can have a good law governing land relations. The CRM suggests that such a law should satisfy the criteria of eligibility and compliance within existing laws, if the country is to avoid a multiplicity of litigation and prevent unnecessary social tension.

1094. The CRM further suggests that the government should expedite the formulation of the National Land Policy. The CRM was informed that there is no formal policy on land in Uganda at present, and that the proposed policy has been under discussion since 1998.

1095. Land as a means of production is a development factor. For this reason, access to land can play a critical role in poverty reduction. The dynamics within the current land tenure system, especially the mailo system, involve two stakeholders – the property owner and the squatters. According to this system, squatters are not allowed to grow perennial crops such as coffee or vanilla, or to build a permanent house on such land.

1096. The competitive advantage that landlords have over squatters is that the former possess a certificate of registration which they can mortgage to access credit for investment on their land. The unfortunate aspect of this social structure is that both statuses can be inherited. The children of the squatters will always inherit their parents' landless status throughout generations, thereby trapping them in poverty.

iii. Recommendations

1097. The APR Panel recommends that Uganda should:

- Give emphasis to the promotion of alternative and renewable sources of energy (government);
- Speed up the formulation and implementation of policy on solid waste management (government);
- Prioritise sanitation in the national budget in order to ensure dramatic acceleration in the provision of improved services to meet the MDG target on sanitation (government; CSOs);
- Explore ways of regulating the large number of microfinance institutions that do not fall under the responsibility of the BoU (MFPED; BoU);
- Urgently undertake broad-based consultations on the land question in general, and the Land Amendment Bill in particular, with the aim of resolving contentious issues (government; Parliament; traditional rulers, CSOs);
- Expedite the formulation of a National Land Policy that will provide overall guidance on land ownership and utilisation of land (MLHUD; Parliament);
- Speed up the formulation and implementation of a national housing policy that takes into account the needs of the poor (MLHUD; private sector);
- Prioritise the development and implementation of an urban physical planning and development policy to reverse urban decay (MLHUD; private sector);
- Mobilise additional resources for community and feeder roads, in particular for rural areas (MWTC; private sector);
- Assist in the development of a transit bus system that can be taken over by the private sector (MWTC; private sector);
- Promote the use of ICT in schools, in particular rural schools, and strengthen policies and strategies for promoting investment in ICT infrastructure, and strate-

gies for improving access to ICT MoES; MWTC; private sector); and

- Address the issue of value addition to agricultural produce in the forthcoming 2008 to 2013 NDP (Ministry of Agriculture; MFPED; NPA; local government; private sector).

Objective 5: To make progress towards gender equality in all critical areas of concern, including equal access to education for all girls at all levels

i. Summary of the CSAR

1098. The government has enacted several legal and policy documents that address gender inequality and promote women's advancement in all spheres of life. In 1995, Uganda promulgated a Constitution that provides for integrating gender equality in national development. It provides for equality, prohibits discrimination of all forms and promotes the protection of women's rights, as well as affirmative action in favour of women and other marginalised groups.

1099. The CSAR also indicates that the government has adopted CEDAW; the Universal Declaration of Human Rights; the Declaration on the Elimination of Violence Against Women in 1993; the Beijing Declaration and Platform of Action in 1995; and the ICPD's Programme of Action in 1994. It has enacted several legal and policy documents and institutional mechanisms addressing gender equality and promoting women's advancement, including the Equal Opportunities Commission Act of 2006; Land Act of 1998, Penal Code Act; Immigration Act; Employment Act of 2006; and the Local Government Act of 1997, which provides for at least 30 per cent of all local government positions to be occupied by women. The affirmative action legislation is meant to redress the gender inequalities that are inherent in Ugandan society.

1100. To facilitate implementation of these policies, the government has put in place an institutional framework that includes the MGLSD, gender focal points and gender task forces.

1101. The CSAR contends that Uganda has made progress in mainstreaming gender equality into development and planning. Major achievements include:

- Development of the National Gender Policy, which was adopted in 1997 and revised in 2006;
- UPE and USE, which have helped to narrow the gender gap at primary and secondary education levels;
- Affirmative action both in tertiary education and political participation, which has created more opportunities for women; and
- The adult literacy programme, which has benefited many women.

Women have also benefited from the gender budgeting guidelines developed by the MFPED and MGLSD to ensure that all planning and budgeting are done according to set guidelines. The CSAR notes that, despite these provisions and measures, gender inequalities are still prevalent in Ugandan society. There are gaps in enacting relevant laws for gender equality and funding gender activities.

ii. Findings of the CRM

1102. The CRM noted the existence of weak institutional mechanisms for gender mainstreaming and implementation of the gender policy. These were characterised by insufficient funding and weak monitoring and evaluation of gender programmes. The country has well-formulated and documented policies on gender and other key issues falling under the MGLSD, which relate to the elderly, young people, people with disabilities, and children. These policies have not, however, been fully operationalised into action on the ground, largely because of a lack of resources.

1103. The CRM also found that allocation of resources to the MGLSD is low. For example, in 2008/9, the allocation to the MGLSD was USh19.4 billion, which is about 0.03 per cent of the national budget. This figure does not include the amount sent directly to the districts by the MFPED. Although the MGLSD receives some donor funding for certain of its programmes, it is important that resources from the government be increased, as they are more sustainable and reflect the government's commitment to social development. This will, in addition, contribute to reducing aid dependence, which is of major concern in the country. The MGLSD has also undertaken gender mainstreaming in sector ministries and local governments. However, follow-up activities are limited by financial and human resources.

1104. The CRM's consultations with stakeholders revealed that the gender budgeting guidelines were a good initiative for mainstreaming gender budgeting into the planning and resource allocation processes, as detailed in Box 6.8.

1105. The CRM observes that the Domestic Relations Bill contains clauses that will improve gender equality in ownership of matrimonial property, including immovable assets such as land. The Bill was first tabled before Parliament in 2003. However, contentious issues around some of the clauses include differences in cultural and religious ideology on the nature and purpose of marriage, and the significance and purpose of the family unit; matrimonial and personal property rights; sexual obligations in marriage; equality in marriage. These and other concerns caused the Bill to be referred to the Committee on Legal and Parliamentary Affairs. It was brought to Parliament again in 2005, but could not be tabled due to the need for further consultation with stakeholders.

1106. The CRM noted that Uganda has made progress in addressing gender disparity in primary and secondary education, with the proportion of girls in primary school improving from 44.2 per cent in 1990 to 49.8 per cent in 2006, and in secondary schools from 37.2 to 46 per cent over the same period. The main reasons for the narrowing gender gap in enrolment include affirmative action and the introduction of UPE and USE. However, a major challenge is the high dropout of girls from school, in particular at higher primary and higher secondary level, with some of the reasons being lack of interest, early marriage, pregnancy, and domestic responsibilities. The CRM recommends that Uganda should address these reasons by sensitising the importance of the girl-child staying in school; promoting interventions that address the domestic responsibilities of girls; and passing laws that could discourage early marriages, such as the Domestic Relations Bill.

1107. The CRM further found that, although some progress had been made to improve women's access to land and credit, they still experienced difficulties. With respect to finance, women face problems of lack of collateral, lack of markets for their products, high-interest loans, high levels of illiteracy, and lack of adequate skills. Moreover, the rights of women, children and people with disabilities regarding access to customary land in Uganda is safeguarded by section 27 of the Land Act (Cap. 227) and by Uganda's Constitution, which provides for equality and non-discrimination (sections 33 to 35). Yet, women still have very little power in owning land and in determining land use or sale, although this is an important resource for them in securing livelihoods for their families. The CRM found that the major reasons why women have limited rights despite the presence of supportive laws include limited women's land rights under customary law due to patriarchal cultural practices; socioeconomic obstacles, such as lack of education; and lack of resources to buy or lease land. Only women who have

Box 6.8: Gender Budgeting in Uganda

Uganda is one of the African countries that has been promoting gender budgeting. This is a method of examining a government budget to determine how it impacts on women and men, or girls and boys, of different social and economic groups, with the objective to influence budget decision making in order to ensure gender equality in budget allocations. The MFPED, through the Budget Call Circulars of 2004/5 and 2005/6, initiated a mandate to all sectors to integrate gender and equity issues in their budget framework papers.

All sector working groups and districts are required to address gender issues in planning and budgeting. A gender working group offers training on gender budgeting and is supposed to review budget framework papers to ensure compliance. Although a comprehensive evaluation identifying the impact of gender budgeting has not yet been done, feedback from consultations indicated that it had a positive impact on the education and health sectors, where resource allocation now takes gender issues into consideration. Remaining challenges include the limited human and financial resources required to build capacity at district and sub-county levels in order to undertake gender budgeting.

Source: CSAR.

socioeconomic advantages have been able to buy and own land under statutory tenure, and their share amounts to only 7 per cent of total land.

1108. The country has made some progress in promoting representation of women in politics. There are now 100 women in the current Parliament of 332, representing almost 30 per cent, which is an improvement from 18 per cent in 1995. The level of participation by women in the local council system has also improved, as the affirmative action policy reserves 30 per cent of the positions for women. However, despite the improvement, the major challenges to effective participation of these women include illiteracy and lack of confidence, which make them unable to articulate the issues effectively and make contributions.

1109. Women's participation in the formal labour force is still low. Data obtained by the CRM reveals that the share of females in non-agricultural wage employment decreased from 30.7 per cent in the National Household Survey of 2002/3, to 28.9 in the National Household Survey of 2005/6. Although job advertisements encourage women to apply, there is need for a formalised way of encouraging recruitment of capable women in formal employment, as the latter tends to have higher and more regular earnings, greater benefits and better social protection than self-employment.

1110. During consultations in Mbale and Mukono, the CRM noted that, although the participation of women, people with disabilities and ethnic minorities at community level has improved due to the affirmative action policy, it is still very low. This is especially so in remote rural localities where culture seems to play a big role in preventing women from participating in the development process. In addition, those who represented women and people with disabilities were not fully equipped to participate and raise relevant issues.

iii. Recommendations

1111. The APR Panel recommends that Uganda should:

- Step up efforts in gender budgeting to increase resource allocation to the gender sector (MGLSD; MFPED; local governments; CSOs);
- Speed up the enactment of the Domestic Relations Bill and the Sexual Offences Bill (government; CSOs);
- Develop a nationwide programme to train and sensitise law enforcement agencies and communities on issues of sexual and gender-based violence (government; CSOs);
- Accelerate implementation of the National Action Plan for Women of 2007 (MGLSD; CSOs);
- Undertake sensitisation and education campaigns to influence traditional norms, values and laws, in order to allow women to own and control land, and to sensitise women on their land rights (government; traditional leaders; CSOs); and
- Provide training programmes that strengthen women politicians' leadership

skills, confidence, networking, advocacy and self-esteem (MGLSD; local governments; Parliament; CSOs).

Objective 6: To encourage broad-based participation in development by all stakeholders at all levels

i. Summary of the CSAR

1112. In Uganda, broad-based participation in national development and policy formulation became more pronounced in the late 1990s. As repeatedly stressed in this report, Uganda has developed a remarkable decentralised system of governance. As a result, there has been a reasonable level of participation in development policy formulation and planning at all levels. Population at grassroots levels participate in priority setting, while designing district development plans, the PEAP and other key interventions is conducted through wide consultation, including participatory poverty assessments.

1113. The 1995 Constitution provides that the citizenry should play an active part in the country's development efforts. At sectoral level, participation has been encouraged through different ways, such as public-private sector partnerships; community participation in water, sanitation, health and education programmes; participation of all main stakeholders in the development of plans, such as the Health Sector Strategic Plans and the Education Sector Strategic Plans, through representation of stakeholders in sector working groups; joint sector reviews; consultative workshops held for the development of the Land Act, population policy, gender policy, national youth policy and others. The liberalisation of the media in Uganda has also given rise to numerous FM radio stations and newspapers.

ii. Findings of the CRM

1114. The CRM is impressed with Uganda's decentralisation policy, as indicated in a previous section. The view among both state and non-state actors was that decentralisation was taking root in the country.

1115. As previously noted, Uganda's decentralisation represents a radical re-engineering of the mechanisms of governance towards political, administrative and fiscal devolution of power. It happened quickly and with strong political commitment from the top. The CRM reiterated the view that the decentralisation process in Uganda is a best practice with lessons for other African countries (Best Practice 9).

1116. The local government system in Uganda can be traced to structures established by the British colonial powers around the 1890s. As noted in Chapter Two, these structures were, in turn, based on "indirect rule", or the chief system of authority mostly in Buganda.

1117. The present system of local government, however, is based on the post-1986 reforms introduced by the NRM government. Chapter Two shows that one of the first reforms of the NRM when it took power in 1986, was the countrywide introduction of the resistance council system. This system was a hierarchical structure of popularly elected councils and committees from village level to district level. The structure was based on experience gained from the NRM's mobilisation of the population during the protracted guerrilla war against the previous regimes (1981 to 1986).

Best Practice 9: The Decentralisation Process in Uganda

The decentralisation system that was established in Uganda in 1993 has increased opportunities for citizens to participate in decision making regarding the type and quality of public services they want. At district level, the District Chairman (LC 5), the political head of the district and the District Council, who execute governance functions, are elected by their communities. The District Council caries out its functions through a number of committees, which include the Production and Marketing Committee; Health and Environment Committee; Education Committee; General Purpose Committee; Finance Committee; and Works and Transport Committee. The District Council performs all the legislative functions of local government, while the local public service headed by the Chief Administrative Officer (CAO) is charged with the responsibility of implementing the decisions of the District Council. Every local government is required to produce a budget framework paper with a clear plan for enhancing local revenue.

Since the decentralisation process began, numerous achievements have been realised in terms of improving governance and service delivery through democratic participation and community involvement. Despite these achievements, Uganda still faces a number of challenges that include, among other things, technical capacity deficiencies in the local governments to undertake required activities adequately; lack of a clear monitoring and evaluation system that feeds into the decision-making process; limited financial resources and devolution of financial resource allocation; and limited effective participation of community members due to lack of capacity.

Source: Compiled by the CRM, February 2008.

1118. In subsequent years, a number of legislative and administrative reforms followed. In 1995, the new Constitution set out explicitly a number of national objectives, including one on the active participation of all citizens in governance (Box 6.9). Two years later, in 1997, the Local Government Act (LGA) was drafted as a document forming the basis for good governance policies.

1119. The cumulative effect of the legislative reforms encompassed by the LGA has been to change the basic responsibilities of central government and local government (Box 6.10). Responsibility for service delivery, such as primary education, health, roads, agriculture extension, and water and sanitation has been decentralised to local governments, while ministries are required to inspect, monitor, offer technical advice and support supervision and training within their respective sectors to ensure the effective implementation of national policies and standards by local governments.

1120. The existing system of local government in Uganda has led to an entrenchment of democracy at the local level. Councils and their chairpersons are directly elected through a competitive system; provision has been made for minimum quotas for women, young people, and people with disabilities. Democratic control of local government affairs is further enhanced through the committee system, which ensures the joint participation of elected councillors and civil servants in decisions on service delivery and management.

1121. During consultations, stakeholders informed the CRM that there was minimal interference in local affairs from the central government. No central appointees or national members of Parliament (MPs) sit in local government bodies; the role and powers of the resident district commissioners have been greatly diminished; and the Ministry of Local Government (MoLG) has no power to approve budgets. However, the CRM noted that the sectoral allocation of funds through the earmarked conditional grant system has ensured detailed control of local governments' adherence to national priorities and targets, especially because the implementation of the fiscal decentralisation strategy has been slow.

1122. There is decentralisation below district levels. Functions and resources are assigned to lower local governments and administrative structures to enable more effective public participation in decision making and monitoring administration.

1123. Local governments also have control over local civil servants. In 1993, local governments – through their DSCs – began to take on direct responsibility for personnel management for all local civil servants deployed at the district level, who are directly hired (and fired) by the District Councils. This step greatly reinforced the local accountability of civil servants.

1124. Despite these achievements, there are also great challenges facing the overall decentralisation process in Uganda. The CRM observed that the recentralisation of some elements of local government personnel administration constitutes a fundamental threat to decentralisation by devolution, for two basic reasons. First, central government appointment of the CAO seems to have cut a crucial accountability link between the elected local councils and local government staff. Secondly, such an approach to solving administrative problems in local governments may undermine the accountability mechanism at local level.

Box 6.9: Constitutional Backing for Local Government in Uganda

The principles of a much decentralised system of local government in Uganda are enshrined in the 1995 Constitution, which describes the system in detail. Chapter 11 outlines the principles and structures of local government, the main functions and finances of local governments (even the types of grant to be transferred to them), the establishment of district service commissions (DSCs) and, among other provisions, the establishment of the Local Government Finance Commission. The Constitution also protects local government against constitutional amendments that may substantially alter the system without the consent of local people.

Source: Fieldwork notes, Uganda, 3–23 February 2007.

1125. The CRM also noted the existence of a series of disconnections between the various government actors both within and across different levels of decentralised government. In consultations with both state and non-state actors, many differences emerged on how government actors saw themselves and how they were perceived by others within the government.

Box 6.10: Role of Local Governments in Service Delivery

Local governments in Uganda have legal status and are formally accountable. They are autonomous corporate bodies, which can thus sue and be sued, manage funds, enter into contracts, employ staff, and be held legally accountable. They have a clear mandate to provide services. The functions and services of central government and those of local governments at various levels are clearly distinguished to minimise overlap and conflict. Local governments have powers to enact local legislation to back up policy implementation. They are also empowered to levy prescribed taxes. Furthermore, the lowest local government level is empowered to retain 65 per cent of all revenue collected.

Source: Fieldwork notes, Uganda, 3–23 February 2007.

1126. It was further observed that bottom-up planning processes were marked by numerous disconnections, one of which was the separation of planning from evidence. Despite the emphasis on participatory planning, interactions with stakeholders in Gulu, Mbale, Mbarara and Mukono suggest the absence of a genuine commitment to consulting with the poor. Rather, it is a process that political actors use to demonstrate their claims to legitimacy as representatives of the people, and that bureaucrats use to align local community issues with those priorities that fall within the guidelines from the centre.

1127. The issue of accountability at local government level is also problematic. The CRM observed that, under the current arrangement, the MoLG was not encouraging accountability to local communities where services are delivered, but "paper accountability" to central government actors where the money comes from.

1128. Numerous institutions exist at central government level which are responsible for supporting local governments in delivering their mandated functions under the decentralised system. Nevertheless, a recurring theme in all the regions visited by the CRM was lack of adequate central government support to local governments.

1129. Paradoxically, the CRM observed that local governments are heavily and increasingly becoming dependent on transfers from central government for their survival. Local governments' share of own-source revenue has declined significantly since 1997/8, when graduated tax was abolished. It contributes only 13 to 15 per cent of all local government revenue, and even less in the rural districts. The grants, most of them conditional, constituted 85 per cent of all local government revenue in 2001/2.

1130. This is another area of concern. In order to implement programmes effectively, local governments need flexibility. However, funding comes with very definite instructions that leave local governments no flexibility. While the MoLG offers a rational explanation for insisting on conditional grant funding to local governments, there is concern that local priorities and needs are not addressed.

1131. The growing heavy dependence of local governments on transfers from central government has raised serious concerns about important issues, such as sustainability and viability of the system of local government. There is also concern about prospects for local government autonomy and the ability to address local priorities and needs.

1132. The proliferation of districts has not helped the situation. In all the regions that the CRM visited, some stakeholders complained about the fast pace at which new districts were being created. In Mukono, one respondent described the whole process as "the balkanisation of Uganda". Several stakeholders expressed some concern about the problem of ethnicity in certain districts (Box 6.11). The issue of the marginalisation of minority tribes was also raised during consultations with stakeholders in various regions.

1133. Officials from the MoLG informed the CRM that there were objective criteria for the creation of new districts in the LGA, and that these focus mainly on economic viability. Apparently not all the criteria have been systematically applied in the creation of new districts. In an interview, officials admitted that the political imperative was paramount in the creation of new districts. They insisted that this was intended to diffuse local political tensions and promote national unity.

1134. Discussions with local officials also brought to light that, with the increase in the number of districts and subsequently of the necessary structures at lower levels, inadequate planning capacity at lower levels has often led to insufficient documentation of programmes and projects agreed upon. In a few cases where further consultations were held with beneficiaries, it has proved to be effective in enhancing their ownership, thus resulting in the reprioritisation of the proposals.

1135. Corruption appears to have become an "accepted" way of life. Although corruption is widely deplored – and publicised – it is often accepted as an inevitable unpleasant fact. It is not surprising, therefore, that international league tables continue to place Uganda among the most corrupt countries in the world. The stakeholders attributed the rampant corruption to a number of factors:

- A corrupt tendering and procurement process;
- Lack of awareness of existing mechanisms for reporting corrupt officials; and
- Lack of a free environment in which to report corrupt practices.

1136. What is worse is that local power holders continually seem to "get away with it". This fact is clearly highlighted in the CSAR.

1137. The CRM was informed that, despite the strong emphasis on decentralisation, it appears that priorities identified at the local level tend to diminish at higher levels of planning and budgeting. As previously noted, the major reasons include reprioritisation by technocrats in local government, and lack of resources to finance all the suggested activities. It was indicated that these issues could be addressed through appropriate consultations, information and training prior to the implementation of approved programmes and projects. The CRM also noted that communication between higher-level policy organs and lower-level planning tiers was extremely weak. In particular, there is a weak feedback mechanism between policy implementers and local communities.

1138. It was generally noted that project implementation was a major problem in all the regions visited by the CRM. According to stakeholders, in addition to the issues of local revenue and corruption, there is also the late release of remittances from the central government.

1139. The CRM was further informed that there was little participation by local people in financial management. Although some stakeholders noted that mechanisms existed for local people to participate in monitoring projects, they generally failed to do so. Apathy among local people was also cited as a problem, especially where the issue facing local people had not been prioritised for implementation. The CSAR noted that local government plans and those of CSOs were not fully harmonised. This was, to a certain extent, confirmed during the visits of the CRM. There is therefore a need to ensure that the activities of CSOs are fully coordinated with those of local governments. The CRM also noted that there is inadequate information and technical training of the local population to monitor delivery of services effectively.

Box 6.11: Decentralisation of Ethnicity, or Ethnicisation of Decentralisation?

In some regions, stakeholders expressed concern that there was a growing problem of ethnicity in newly created districts. This was particularly the case in the recruitment of personnel. Under the LGA, local governments have powers to recruit personnel through their DSCs. However, this mandate is apparently being abused in some districts. The CRM was informed that there was a strong tendency to recruit only people who came from the dominant ethnic group in the area where a new district had been created. The result was a growing ethnicisation of the decentralisation process, which was giving rise to parochial relationships based on primordial loyalties in the district. This phenomenon can lead to a decline in the provision of quality service delivery, especially if ill-qualified people are employed. Significantly, it is a potential source of conflict among ethnic groups that perceive themselves as being marginalised by the dominant groups.

Source: Fieldwork notes, Uganda, 3–23 February 2007.

1140. The CRM noted that the government provides equalisation grants to disadvantaged local governments to enable them to reach the minimum standards of service delivery in health and education. The minimum standards are set by the respective sectors. The CRM found that this was a very innovative strategy for addressing inequities in accessing health and education. However, it noted that the process of setting the minimum standards needs to be expedited and the amount of resources allocated to this type of grant needs to be increased.

1141. At a more general level, however, limited accountability is not the sole prerogative of central government and local councils. In consultations with stakeholders across the country, the CRM was informed that it appears that CSOs, principally NGOs, found it difficult to develop their own mechanisms to be answerable to those they professed to serve. Many NGOs thus appear to be preoccupied with accountability to their donors and their own self-perpetuation, rather than accountability to their local constituencies.

iii. Recommendations

1142. The APR Panel recommends that Uganda should:

- Promote flexibility in handling financial matters at local government level (MoLG; MFPED; local governments);
- Review the tendering and procurement processes in order to make them transparent (local governments; MFPED);
- Undertake capacity-building programmes for local communities to prepare them for effective participation in planning, implementation, and monitoring and evaluation processes (local governments; MGLSD; MFPED; CSOs);

- Ensure that development programmes such as the National Agricultural Advisory Services (NAADS) are fully integrated within district development plans (adopted);
- Harmonise local government plans and those of CSOs through joint review meetings at district level (local governments; CSOs);
- Improve the flow of feedback on the final outcomes of planning processes to local communities to reinforce their ownership and ensure their continued participation in the implementation of programmes and projects (MoLG; MFPED; CSOs);
- Review the existing NGO Act to make it more inclusive (government; CSOs);
- Initiate capacity-building programmes for elected or nominated representatives to ensure that they are able to participate effectively in policy formulation (MGLSD; local government; Parliament; CSOs);
- Step up efforts to ensure representation and participation of all marginalised groups in development processes (MoLG; CSOs);
- Embark on rationalising the number of local districts to contain administrative costs within affordable limits (MoLG; MFPED; Parliament); and
- Strengthen the use of equalisation grants to address inequalities in accessing health and education (MoH; MoES; local governments; MFPED; CSOs).

CHAPTER SEVEN

7. CROSS-CUTTING ISSUES AND CONCLUSION

7.1 Overview

1143. The preceding four chapters appraised Uganda within the framework of the four thematic areas of the African Peer Review Mechanism (APRM), namely democracy and political governance; economic governance and management; corporate governance, and socioeconomic development. These themes constitute the core of the African Union's governance agenda, which is intended to deepen the democratisation process on the continent, thereby promoting sustainable development.

1144. The appraisal of Uganda's performance is informed by the Country Self-Assessment Report (CSAR), the Background Document and the Issues Paper prepared by the APR Secretariat, as well as the information made available to the CRM during the wide-ranging country consultations. It has helped identify where Uganda has made progress and where more still needs to be done in all of the four thematic areas.

1145. This chapter seeks to highlight the major cross-cutting issues identified in this report that featured prominently in all of the thematic areas. These issues are multifaceted in nature and have wider ramifications for the various dimensions of governance in Uganda. They must therefore be addressed and resolved.

7.2. Cross-Cutting Issues

1146. The following are the ten major cross-cutting issues emerging from the report:

- The ratification and domestication of standards and codes
- The high population growth rate;
- Policy implementation gaps;
- Management of political transition;
- The land question;
- Resolution of the conflict in the north;
- Decentralisation;
- Management of diversity;
- Corruption; and
- Overdependence on aid.

7.2.1 The Ratification and Domestication of Standards and Codes

1147. The concept of internationally agreed standards is not new. For many years, standards and codes have provided a context in which policy advice and technical assistance are provided to national authorities. In the last decade, however, the work in developing international standards and codes has accelerated in order to provide policy makers with benchmarks of good practice in key areas of policy.

1148. The term "standards and codes" refers to sets of provisions relating to the institutional environment – the "rules of the game" – within which policies are devised and implemented. Countries with a well-regulated and transparent institutional environment tend to demonstrate better political, economic and corporate governance.

1149. It is in the interest of countries to adopt and implement internationally recognised standards. These standards and codes contain important guidelines that need to be clearly spelt out, particularly for a better understanding at district and lower levels.

1150. Uganda has signed and ratified a number of key standards and codes geared towards promoting good governance and sustainable development, as well as enhancing the country's competitiveness through participation in key economic organisations in the region. However, there is very little discussion about these standards and codes in the CSAR.

1151. It should be noted in particular that, although Uganda has acceded to a number of international standards and codes, many of them have not been systematically recorded for dissemination to state and non-state stakeholders. Some of the ratified codes and standards have not been translated into policy, legislation or specific actions. For example, while Uganda signed the Protocol for Women's Rights in Africa in 2003, which promotes women's rights and gender equality, it has still not been ratified and domesticated.

1152. Domestication of these conventions is therefore critical. In some respects, Uganda has demonstrated this by putting policies, institutions, programmes and other mechanisms in place to ensure that adopted or ratified codes are implemented. More could be done, however, particularly in terms of ensuring meaningful participation and appropriate documentation.

1153. It came to light during the stakeholder consultations that many Ugandans are unaware of many of these conventions. The general lack of awareness has implications for the ability of citizens to exercise these rights. For this reason, it is important that all stakeholders be well informed about the existing instruments that Uganda has acceded to. Moreover, people are more likely to comprehend and appreciate the usefulness of these conventions if they are discussed and translated into implementable programmes and projects.

1154. When international and regional standards and codes are adopted or ratified, it is important that they are made widely known to all stakeholders at all levels. This will particularly enhance the government's capacity in regional and international cooperation.

1155. The APR Panel recommends that Uganda should undertake a comprehensive review of standards and codes identified for ratification and implementation. Uganda should also create an easily accessible database of signed, ratified or domesticated standards and codes for their monitoring.

7.2.2 The High Population Growth Rate

1156. In 1798, Thomas Malthus published his famous Essay on the Principle of Population, describing his theory of quantitative development of human populations. He argued that people's tendency to have children would inevitably place a strain on food supplies and limit the standard of living attainable by the mass of humanity. His pessimistic argument has proved remarkably durable, its influence enduring through the ensuing centuries. In contemporary terms, this contention has been expressed as a "Malthusian population trap". Rapid human population growth has a variety of consequences. Historically, high fertility rates strongly correlate with poverty and high child mortality rates, together with an increased need for food, infrastructure and services. Overpopulation and poverty have long been associated with an increase in disease and a higher overall mortality rate. People tightly packed into unsanitary housing are inordinately vulnerable to natural disasters and health problems.

1157. Rapid population growth can affect both the overall quality of life and the degree of human suffering. It aggravates poverty by producing a high ratio of dependent children for each working adult. This leads to a relatively high percentage of income being spent on immediate survival needs, such as food, housing and clothing, leaving little money for the purchase of elective goods or for investment in the economy, education, government services or infrastructure. The pressure of such a population surge limits employment opportunities, resulting in rising costs of education, health services and imported foods.

1158. Recovering from civil war and an HIV prevalence rate that peaked at 30 per cent in the 1990s, Uganda now has the third highest population growth rate in the world, estimated at 3.2 per cent. Given the inherent demographic momentum, this rate is likely to persist for some time to come. There are twice as many Ugandans today as there were 20 years ago, and there will be twice as many again – about 60 million – by 2030. By 2050, Uganda is expected to have slightly more than 103 million citizens, if current trends continue. The country also has the world's youngest population, with more than half of its people (56 per cent) under the age of 18.

1159. The high population growth rate is driven by the country's high average total fertility rate of 6.9 children, one of the highest in the world. This means that an average Ugandan woman will have seven children in her lifetime.

1160. A variety of sociocultural factors contribute to the high fertility rate, such as a low mean age at first marriage, low educational levels (especially among females), low contraceptive use and the general low socioeconomic status of women in society. Other factors include rapid improvements in health care, hygiene and nutrition, as well as political stability. More recently, political statements encouraging Ugandans to have large families appear to have perpetuated the high fertility rate.

1161. There have been arguments about the population growth in Uganda, with some questioning whether or not the country is underpopulated. The stance of Uganda's political leadership towards population growth seems profoundly ambivalent. The false notion exists that a large domestic market, defined as a large population within the country's borders, will ensure economic prosperity. If this were the case, countries in Africa and across the world with large populations would be rich today, but many are among the least developed.

1162. Admittedly, much of Uganda is not densely populated. The negative consequences of this are well documented. The issue, however, is not the size of Uganda's population, but the rate at which it is growing. For a country that is still in the early stages of economic development and is heavily donor dependent, it is dangerous to urge the population to produce children without cautious consideration of the implications.

1163. The bottom-heavy demographic structure in Uganda means that the country's population has a built-in momentum to increase for some time even after the population growth rate has dropped. The primary reason for this is the large proportion of young people of child-bearing age. Thus, even with a reduced population growth rate, the proportion of the young in Uganda's population will continue to be large relative to other age groups. This will continue to exert tremendous pressure on entry into the labour force and the provision of social services.

1164. The dangers of advocating rapid population growth are therefore obvious, both at aggregate and individual levels. If the population grows unchecked, the country might end up with a mass of poor people who become a burden on the government.

1165. In Uganda, most of the gains in economic growth and service provision continue to be undermined by the high and increasing population growth. Although the incidence of poverty is on the decline, the burgeoning population continues to diminish its impact on human development. Poverty continues to be pervasive. In any case, even as far as income poverty is concerned, the absolute numbers of people in dire poverty continue to rise. Prevailing issues, such as land ownership and distribution; the scarcity of drugs in health centres; the poor quality of school education, as well as high levels of unemployment are all partly due to the population pressure. Over 50 per cent of the Ugandan population is below the age of 15, and this poses serious developmental, social and political challenges, which must be addressed.

1166. Uganda, like the vast majority of African countries, has experienced a very negligible improvement in the maternal mortality rate. It increased from 527 in 1995 to 920 per

100 000 live births in 2005. The country loses more than 6000 mothers annually, meaning that 16 mothers die every day. Reasons for their deaths include conceiving while young, unwanted and poorly spaced pregnancies and the lack of quality maternal care.

1167. It is crucial to ensure that the country checks its rapid population growth. The percentage of women using birth control has remained at 23 per cent over the last decade. Yet the unmet need for birth control has increased from 29 to 41 per cent. This means there are many women who would like to stop falling pregnant or to space their pregnancies, but do not have access to contraceptives. This situation definitely calls for urgent action.

1168. There is an ongoing downward trend in fertility, which started from very high rates, in a growing number of countries in sub-Saharan Africa. Various findings of population and health surveys confirm a drop in fertility in Botswana, Kenya and Zimbabwe, and also indicate a drop in Côte d'Ivoire, Ghana, Guinea and Senegal.

1169. Wealth creation is not important for the reduction of fertility. Nor is a slower pace of population growth enough to secure a higher standard of living, as the cases of the above-mentioned African countries show. Rather, there should be equitable growth, giving priority to providing universal access to education, healthcare and opportunities for economic development.

1170. Lessons should be drawn from the example of the high-performing economies in East and South-East Asia (Hong Kong, Malaysia, Singapore, South Korea and Taiwan). Despite the financial crisis of 1997, these countries have experienced high rates of growth – accompanied not only by significant reductions in poverty, but also by a considerable drop in fertility. They have adopted a policy of "growth with equity", with a strong emphasis on broadening access to education, health and job creation, in other words sustainable human development.

1171. Uganda therefore needs to devise, and strongly enforce the implementation of, a National Population Policy guided by the following five priorities: education for women; empowerment of women, including a change in traditional attitudes towards gender and childbearing; the promotion of scientific and technical development; the promotion of new modes of production (modernisation and commercialisation of agriculture), and the promotion of "growth with equity" and sustainable human development.

7.2.3 Policy Implementation Gaps

1172. At the crux of good governance is the effective implementation of all policies and programmes. In this way, the government's relevance is validated and it is able to fulfil the mandate given to it by the electorate. Governance has no relevance unless it meets the needs and aspirations of the people, especially in the area of service delivery. The effective execution of set programmes is therefore a non-negotiable prerequisite for all government ministries in order to accomplish the cherished vision of prosperity for all.

1173. Uganda has come up with many interventions and policies in an attempt to promote sustainable development and eradicate poverty. In addition, a number of agencies have been put in place to complement efforts at achieving sustainable development in the country.

1174. While policies, legal frameworks and implementation structures might be in place, they can only help reduce poverty and enhance access to basic social services if they are explicitly translated into action, with mechanisms in place to enforce the policy.

1175. The CRM notes that policy implementation in Uganda remains weak. Policies have not been fully mobilised in order to achieve accelerated sustainable development. The major reasons for the implementation gap include the following:

- Lack of resources – the Ministry of Gender, Labour and Social Development (MGLSD) that is responsible for implementing these policies is only allocated 0.3 per cent of the total national budget;
- Limited human resources capacity to implement the policies, especially at local government level;
- Corruption;
- Policy duplication and inconsistencies among government departments;
- Bureaucratic delays and indecisiveness; and
- Overdependence on external funding.

1176. Some sectors, in particular urban housing, agriculture and urban transport, are led by the private sector. In other words, the government only sets the policy and standards and the private sector is directly involved in implementing the policy. There appears to be some confusion regarding the role of neoliberalism in guiding development policy making. While the government seems ill at ease with the label "neoliberalism", it is obvious that the neoliberal ideology has heavily influenced the development of policies.

1177. The extent to which the private sector can effectively implement policies is debatable. As yet, Uganda cannot rely on the private sector to implement policies in certain areas. The state still has a critical role to play in promoting the development process through effective policy intervention. To the extent that policy interventions are necessary, however, they should work with, or through, the private sector rather than against it.

1178. To ensure efficient and effective implementation of public policies, a programme budget must be adopted with an emphasis on output. The authorities might consider strengthening or broadening the current Monitoring and Evaluation Unit in the Office of the Prime Minister to include addressing issues relating to the implementation of policies and strategies. This unit will, among other functions, monitor the achievement of targets set by government ministries and departments, and follow up on the removal of identified bottlenecks. It will also liaise with other ministries and departments to ensure the speedy implementation of Cabinet decisions, as well as undertake field visits to important government projects for onsite inspection.

1179. To facilitate the monitoring of government ministries and departments, the Unit may wish to develop a scorecard. The purpose of such a card would be to summarise all the deliverables of each and every government ministry or department and then report to Cabinet on a quarterly basis regarding the implementation of these deliverables.

7.2.4 Managing Political Transition

1180. The early 1990s witnessed the (re)introduction of multiparty systems in Africa, following increasing demands for the opening up of the democratic space. Unfortunately, the experience of the post-Cold War era has not left democratising states feeling very confident about adopting pluralist multiparty political systems. Even though many African countries have embraced multiparty politics during the last decade of democratisation, the concept of plurality and the rights that underpin it are still hotly contested. African states have been offered a version of liberal democracy reduced to the crude simplicity of multiparty elections rather than a democratic empowerment of the people, in order to satisfy donor conditionality ("donor democracy"). Sustainable democracy must inevitably result in the democratising of the development process.

1181. In societies already preoccupied with ethnic and social divisions and with no clear political platform, voting patterns inevitably still generally reflect ethnic, regional and other primordial loyalties rather than a true exercise in democratic preferences. Patronage, political violence, the absence of a credible alternative to the ruling party, lack of independent media and a weak civil society are some of the major obstacles to the deepening of the democratisation process in Africa. Mounting corruption, weak opposition, the rising cost of living, a general decline in social indicators, political violence and eroding public confidence in politics are all clear signals that more effort is required to dismantle the inherently repressive and antidemocratic state structure that has pervaded much of Africa in the post-independence era.

1182. The challenge facing Uganda is how to exit completely from the monolithic politics, which stifled the diverse voices, into pluralistic politics, which requires multiple players - including state and non-state actors – without reverting to ethnicity and tribalism. For instance, in order to build harmonious relations between the ruling party and the opposition, both parties need to recognise the importance of building and sustaining a democratic culture based on principles of civility and cooperation. Intra-party tensions, which are not necessarily based on ideological differences, present a challenge to enhancing democratic culture.

1183. Closely linked to intra-party relations is the aspect of redefining the roles, powers and limits of the major pillars of the state, in the course of the transition from a monolithic political culture to a pluralistic culture. Issues of the oversight role of Parliament and the independence of the judiciary in relation to the powers of the executive do take time to become institutionalised. The dominance of the executive over the legislature tends to undermine the effectiveness of the latter, while also opening the way for it to become more relaxed regarding accountability and transparency.

1184. The APR Panel considers these issues to be problems of transition that need to be addressed in order to strengthen the pluralistic political culture. While the process of democratisation in Uganda has not been accompanied by, or has not degenerated into, violent conflicts and instability, regionally driven implosion along ethnic lines must be prevented in the aftermath of a return to multiparty constitutional rule.

1185. The opportunity and challenge of the 1995 Constitution, which provides for the separation of powers, the rights of citizens and respect for constitutionalism, must be fully exploited. This is what makes Uganda's democratic gains appear fragile. Democracy, regardless of the absence of a single model, has almost become a synonym for inclusiveness. A democratic society should aim at being an inclusive society.

1186. No doubt political parties occupy a central place in the governance of the modern state. In Uganda, however, this has not been the case since the regime of Idi Amin. The resurrection of the multiparty system is a very recent development. Ugandan political parties, although very active, have yet to become forces for sustainable democratisation and development. Their establishment has not been prompted by ideological considerations and rarely, if at all, have their members been mobilised on the basis of coherent policies. A good number of them are empty receptacles for ethnic barons with no deep resonance with the population. As a result, the ability of political parties to deepen and nurture democratic discourse, though currently very limited, needs to be developed, as the project of democracy requires competent and ideologically sound political parties. The state simply has to create an environment in which a multiparty structure and culture can be developed. Parties under this structure must be internally democratic, with distinctive ideologies, development paradigms and policies, as well as being committed to the political and socioeconomic transformation of the nation, its human rights, gender empowerment and full employment. What will differentiate the parties is how they will bring about this transformation.

1187. The maturation of political parties must be seen as a continuous process that must be embarked upon speedily. Uganda must borrow a leaf from the older democracies whose major political parties have established education, training and research institutions for this purpose.

7.2.5 The Land Question

1188. There is no question that land is very important in Africa for several multifaceted reasons, including social, political and economic development, as well as sustainable resource management. Other integral land issues on the continent are growth and poverty reduction, governance, political organisation and conflict, and migration and demographic developments. For the majority of poor people, their land is their livelihood. However, in Africa land is not just another commodity or a means of subsistence – it is much more than this. It combines being a factor of production with its role as family or community property, a capital asset and a source of cultural identity or citizenship. All the interrelated social, institutional and political factors involved in land make it an asset different from all others.

1189. Despite the fact that land is a sustainable resource and central to peaceful development, land issues have often not received the attention they deserve or been allocated adequate resources. In particular, little attention is devoted to land issues in national development plans and poverty reduction strategies.

1190. The major land issues that must be addressed in Uganda include the following:

- The size of land held by the poor has been diminishing and land is increasingly in the hands of a few.
- Some minority groups have been displaced from their land.
- Existing tenants facing eviction have no land tenure security.
- The number of land disputes needing to be addressed is increasing.
- Clear policy guidelines are absent.
- Financial and technical capacities to fully implement the Land Sector Strategic Plan (2001 to 2010) are lacking.
- Limited land rights exist for women, the poor and urban and peri-urban dwellers.
- Information on land, including a cadastral update, an update of the Land Registry and the systematic production of certified general and thematic maps, is lacking.

1191. The Panel takes the view that, if left unresolved, these factors are likely not only to threaten the sociopolitical stability of Uganda, but also to constrain its development process. Given the emphasis being placed on growth driven by the private sector and foreign investment in Uganda, the land question must be addressed immediately through extensive consultations. These consultations should lead to the adoption of a National Land Policy that takes into account the interests of all parties and guarantees the role of land as an essential productive asset for the economy as a whole.

1192. Land reform is inherently prone to conflict. In this respect, Uganda is no exception. In February 2008, the government tabled a Land Amendment Bill in Parliament to address some of the problems arising from undefined land tenure. The Bill has generated a great deal of controversy across the country, especially in Buganda.

1193. Land reform challenges the established economic and political structures and dominant economic, political and cultural practices. For this reason, it is often rejected by dominant and vested interests in society. Historically, the process of land reform has involved three models of land acquisition, namely the state, market and popular models.

1194. These models are distinguishable by their approach to the following four elements of the land reform process:
- The selection of the land;
- The method of acquisition from the land owners;
- The selection of beneficiaries; and
- The method of transfer to beneficiaries.

1195. The popular model of land reform is the most basic of the three. Landless workers and peasants – often together with the urban poor – choose and occupy land (often illegally), and seek post facto protection or regularisation of title from the state. This appears to be what is happening in Uganda.

1196. The current controversy over the Land Amendment Bill suggests the urgent need to pursue land reform in Uganda. Land reform is a fundamental dimension of the agrarian question in the country. This, in turn, is a fundamental dimension of the industrialisation question, which is ultimately a national question. Industrialisation is critical to the modernisation and transformation of the country. In the absence of reform, production and land use will continue to be restricted by the inequitable land tenure system inherited from the colonial era.

1197. Land reform in Uganda should be accompanied by progressive land tenure reforms to counter the general tenure insecurities and land-grabbing processes in the absence of a National Land Policy and Land Use Policy. Institutional reforms will need to be included that defend the poor against land seizures and accommodate those currently excluded from owning increasingly scarce arable land (women, youth and minorities). The reforms should also be able to prevent and resolve conflicts over competing claims to land rights, in addition to ensuring the fair administration of land rights and land use regulations.

7.2.6 Resolving the Conflict in the North

1198. Experience worldwide demonstrates that violent conflict is detrimental to sustainable human development and adversely affects democracy and good governance. Development cannot take place without peace; neither can democratic governance prevail without political stability. A protracted war in a country accentuates the polarisation of its society. Such polarisation retards efforts towards nation building and sociocultural integration.

1199. Conflict results from, and gives rise to, a variety of cultural, political, social, economic, religious and psychological processes and dynamics. Once initiated, it helps to perpetuate poverty, low growth rates and general underdevelopment. Violence is also typically associated with the collapse of essential infrastructure, social services and institutions, the breakdown of the rule of law, as well as significant reductions in private and public sector investment.

1200. Violence leads to the displacement of people, casualties and even death which, in turn, can result in increased poverty, hunger and deprivation. Violent conflicts often result in the loss of capital and the destruction of houses, land, labour, utensils, cattle and other livestock. Resultant problems, such as the loss of assets, limited access to essential commodities and services, and disruption or loss of livelihoods, can also have a considerable impact on the economic position of both individuals and households. Furthermore, social networks and traditional social protection mechanisms can be destroyed through fighting, migration, death and loss of trust among individuals. The very poor are likely to be the worst affected. This situation can be further aggravated once food aid and medical help (at least for those in refugee camps) is no longer available and displaced people and refugees return to their communities in post-conflict situations.

1201. This impact can be long-lasting, depending on the difficulties faced by communities in the post-conflict integration processes of reintegrating displaced populations and ex-fighters, in particular those who had been abducted to be part of fighting units.

1202. The above predicament applies neatly to Uganda. The CSAR candidly acknowledges that Uganda is ethnically polarised. Both the ethnic and regional diversity have given rise to various types of overt and covert conflicts. Although, fortunately, many of these conflicts have been peacefully resolved by now, the one in Northern Uganda is the most intractable and devastating. Despite current efforts to resolve it, this conflict continues to retard sustainable human development in the affected areas (especially the 24 districts that form the northern region). It constitutes a major political liability to democratic and economic governance, as well as sustainable socioeconomic development in Uganda. It also accentuates the political polarisation in Uganda along the lines of ethnic identity and regional origin, and makes any nation-building project problematic for the government.

1203. Since 1986, the Lord's Resistance Army (LRA) has been conducting an insurgency in the Acholi area of Northern Uganda. This has involved a brutal campaign of atrocities against the local Acholi and Langi population, often in the form of punishment for failing to support the rebel movement's cause.

1204. The cost of this protracted violent conflict on human lives, the economy and the political governance of the country has been immense. Over a period of 16 years until 2002, the net cost of this war was estimated at around US$1.33 billion, representing 3 per cent of the GDP, or US$1000 million, annually. The largest proportion of these costs relates to military expenditure (29 per cent), loss of livestock and crops (24 per cent) and injury and loss of life (21 per cent).

1205. About 1.7 million people have been forced to abandon their normal lives and have become internally displaced persons (IDPs). About 1000 children die every week in the squalid IDP camps. About 40 000 children have been abducted by the LRA and forced to become child soldiers and rebel wives. About 40 000 children have also been forced to become night-time commuters, spending their nights on verandas in town centres, churches or hospital compounds in an attempt to avoid abduction.

1206. The main parties to the conflict, the government of Uganda and the LRA, engaged in negotiations in Juba under the mediation of the government of Southern Sudan, aimed at finding a peaceful political settlement to the conflict. Both within Uganda and from the international community, expectations regarding the outcome of the Juba talks were high. The people of Northern Uganda yearn for peace and a return to a normal life. However, the much-awaited peace agreement failed to materialise as the LRA leader, Joseph Kony, did not show up on 10 April 2008 for the signing of the Final Peace Agreement (FPA), designed to bring a negotiated end to years of brutal violence. According to Ugandan government negotiators, three out of the five complex agreements have been signed and all that remains is for the final two to be signed (the details having been agreed upon by both sides), thus bringing an end to the LRA's 21-year insurgency. The Juba Ceasefire Agreement of August 2006 ended on 16 April 2008, and President Yoweri Museveni has indicated that the Ugandan People's Defence Forces (UPDF) may be ordered to resume operations against the LRA.

1207. Kony has said repeatedly that a peace agreement is only possible if the 2005 International Criminal Court (ICC) indictments against him are dropped. To accommodate Kony and other LRA leaders, Ugandan government negotiators have proposed a mixture of mato oput (the traditional Acholi system of reconciliation rituals) for lesser crimes and recourse to a special Ugandan High Court for more serious offenses. The use of mato oput, which emphasises reconciliation rather than punishment, is favoured by Uganda's Chief Justice, Benjamin Odoki, as well as many Acholi elders who are desperate for an end to the years of LRA terror and often ruthless retaliation by the UPDF.

1208. In 2005, when the LRA began to move out of its traditional area of operations along the Sudanese-Ugandan border, Uganda invited international assistance through the ICC. It responded by issuing indictments for war crimes and crimes against humanity against Kony and four other LRA leaders: Okot Odhiambo, Vincent Otti, Dominic Ongwen and Raska Lukwiya. However, once invited into the process, the ICC was not so easy to dismiss when it became convenient to do so. Official Ugandan efforts to have the ICC drop these charges have failed. Over the last year Kony has typically dealt with these challenges through bloodshed within his own movement, culminating in the massacre in Garamba National Park of his deputy, Okot Odhiambo, and eight other commanders in April 2008. Of the five LRA leaders originally charged by the ICC, only Kony and Dominic Ongwen are still alive.

1209. Kony's failure to turn up to sign the peace agreement is disappointing, to say the least.

Two years of intensive negotiations brokered by Riek Machar, a former Nuer militia leader and current Vice-president of the semi-autonomous government of Southern Sudan should not be wasted. The delayed signing is understandably frustrating, given the hard work and courage of those who have laboured for almost two years to keep the peace process in motion. Although this development presents a setback to the negotiation process, creativity is urgently called for on the part of negotiators and mediators. If Kony still refuses to sign, or reneges on, the peace agreement, the government of Uganda, with the support of the international community, should implement key components of the FPA.

1210. Ultimately, peace in Northern Uganda does not have to depend on the actions of Joseph Kony. If the Ugandan government pledges to uphold the commitments it made during the negotiation process to help redevelop war-affected areas and make amends for the crimes committed during the war, peace can still be achieved. A separate strategy can then be put in place to deal with remaining LRA forces, who are likely to operate in the border regions of the Central African Republic, the Democratic Republic of Congo, and Southern Sudan.

1211. It must be noted that the peace agreement is also about restoring the Ugandan government's relationship with the people of Northern Uganda who have endured the brutal consequences of this war. The international community has a critical role to play in helping Uganda to take such steps towards lasting peace and national healing. Every care must be taken to ensure that the progress made thus far is not reversed.

7.2.7 Decentralisation

1212. Recently, there has been a great push by governments of all political persuasions across the world to introduce decentralisation reforms. Within the last decade, over 65 developing countries have undertaken one form of decentralisation or another. While there are numerous types and sub-types of decentralisation, generally four main types can be identified:

- Federalism: Power is shared and coordinated between central government and semi-independent territorial units or states, whose existence, rights and autonomy are constitutionally protected. There are several types of federalism, of which devolution is the most powerful form.
- Local government decentralisation: This might constitute a whole variety of functions and activities devolving to local governments in rural or urban settings. This devolution draws on local participation from grass-roots structures.
- Mixed deconcentration and devolution: Here line ministries with field officers at local level are mixed with elected local government officials. This form is increasingly popular, because a whole new system of local government does not have to be created and an existing deconcentrated field administration can be used.

- Deconcentrated field administration: This involves the deconcentration of officials and responsibilities to the local area, while remaining under central government control and using central government funding.

1213. In any of the above forms of decentralisation, decentralised government can result in political legitimacy, democratisation, economic efficiency, lean government and poverty reduction. It is not, however, a social engineering tool with a universally applicable blueprint. Decentralisation has its downside – it can foster regional identity and encourage secessionism, and there is potential for the system to revive conflict within multi-ethnic societies. In particular, as long as information is disseminated from the top, there are opportunities for those in power to manipulate and capture more political power. By its very nature, decentralisation is inevitably a political process, because it concerns the redistribution of power and resources and thus alters the balance of power in society.

1214. Uganda has one of the most ambitious decentralisation programmes in Africa. Since the National Resistance Movement (NRM) came to power in 1986, it has developed a clear legal framework for decentralisation. Significant resources have been transferred to local government. The NRM depends on rural political support and has staked its credibility on making the local council system work. Indeed, local health and education initiatives attest to the beginnings of a productive relationship between non-governmental organisations, the local business community and local councils. Conflict resolution is now in local councils' hands and the NRM has succeeded in making them the core of social networks for most Ugandans.

1215. Numerous achievements have been realised in terms of improving governance and service delivery through democratic participation and community involvement. The implementation of the decentralisation programme has widened the political space by deepening the process of democratic participation at local level. This has empowered local communities to manage their affairs in local governments and to take charge of their destiny.

1216. Decentralisation has also allowed for quicker decision making in the formulation and implementation of plans, programmes and projects. Empirical evidence indicates that this has resulted in improved service delivery at local level, particularly for such essential services as education and health.

1217. In addition, decentralisation is helping to resolve Uganda's political problems, which are basically rooted in the centralisation of power and ethnic pluralism. This has caused a major realignment in relations between central and local government. Some of the most important reforms have been led by the District Development Programme and the Local Government Development Programme.

1218. These changes have led to high expectations that decentralisation could institutionalise the participation of local communities and reduce the political dominance of national elites in Uganda. These expectations are, however, in danger of being dampened.

1219. The dramatic transformation created by decentralisation requires a comprehensive approach involving different stakeholders to identify available opportunities and challenges jointly. It also requires improving interaction between policy makers and implementers at different levels in order to ensure the sustainability and institutionalisation of governance initiatives.

1220. These processes have been slow to occur in Uganda, and there is a growing fear that the democratic gains from decentralisation are in danger of being eroded. While democracy is taking root at local government level in a decentralised system of governance, there are indications that the system is becoming vulnerable to internal and external factors.

1221. Internally, many local governments in Uganda face the challenges of insufficient technical and professional capacity. Councils also face problems of declining local revenues. As a result, programmes are poorly implemented, giving rise to poor service delivery. The situation has not been helped by allegations of corruption in procurement and service delivery at local government level.

1222. Externally, the major threat to councils is the role of the central government. A number of government policy-related issues, such as funding, affect the operations of local governments and service delivery. The recentralisation of some aspects of local government, such as the position of the Chief Administrative Officer is another threat. In addition, there is increasing political interference in the identification and implementation of local-level activities. The rapid pace at which new districts are being created has not helped the situation. Some local governments may also be affected by the growing problem of ethnicity and the demands in some regions for federalism.

1223. Addressing the internal and external constraints will be critical to the autonomous existence and viability of local governments. At present, local governments have no capacity for the internal mobilisation of resources in order to implement locally identified activities and projects. As a result, there is a growing perception by local-level stakeholders that priorities are set by the central government.

1224. Addressing internal constraints will, among other factors, require local governments to put in place capacity-building programmes; institute internal measures to curb the waste and leakage of resources; explore innovative ways of generating local revenue, and hold regular meetings with local stakeholders.

1225. Addressing external challenges will mainly require the central government to enhance the performance of decentralisation units in some of the following ways: promoting flexibility in resource allocation to local governments; examining all aspects of the law that impact negatively on service delivery by local governments, and coordinating public statements, especially those concerning local governments, to avoid creating confusion and misunderstandings.

1226. The APR Panel is of the view that decentralisation has the potential of being used to manage diversity, as it could enable communities to deal with matters that are relevant to their particular circumstances and are best dealt with at their level. However, if not handled properly and responsibly, decentralisation could also impede the proper management of diversity. The politicisation of ethnic minority issues could result in increasing tensions and instability. The CRM is of the opinion that the experience gained by Uganda in this area could be put to use in managing diversity.

7.2.8 Managing Diversity

1227. By the very nature of their formation and being, African states have had serious problems with the management of diversity. First, their constituent groups were forcibly and arbitrarily incorporated by colonisation. A major consequence of forced integration, accentuated by state-authored systems of discrimination and inequality, has been the long history of agitation over the right to self-determination by dominated, oppressed and marginalised groups, of which minorities constitute a special category.

1228. Second, and in addition to arbitrary and forcible integration, the colonial authorities – and post-colonial governments – pursued policies of ethnic and racial profiling and classification that reinforced rifts and, in some cases, created divisions that did not previously exist. Third, there are gross inequalities among the constituent groups in many states in terms of development, resource endowment, territorial size and population. This has been one of the major causes of problems amongst minorities. Fourth, there is intense rivalry, competition and conflict among the groups over access to, and benefits from, scarce resources and public goods and services.

1229. Not surprisingly, religious differences, administrative restructurings (especially the creation of so-called autonomous regions), discriminatory colonial policies, some of which still apply (such as the policy of recruitment into the army and police) and the inequitable allocation of resources among subsisting units have all interfered with and aggravated inter-group conflicts. This is the nature of the diversity that is problematic in African states and that triggers state-challenging (self-determination) conflicts between groups that suffer from, or perceive themselves to be victims of, exclusion, domination, marginalisation, and unjust and inequitable power configurations. What makes the issue particularly acute for the continent is that it touches not only on politics, but also on economics and the organisational capacity for self-generating and sustainable development from within. The result is political strife, civil wars, ethnic tensions and tribalism, which have torn many African countries apart.

1230. Uganda, like most post-colonial states in Africa, faces an enormous challenge in managing diversity. Since the country gained independence in 1962, Ugandan politics have been marked by continued tribal and regional divisions, most poignantly the north-south divide. In addition, armed rebellion was widely accepted as the sole and legitimate means for expressing political grievances and attaining political power. Repression and violence, not limited to the notorious reign of Idi Amin, have been a constant feature of the Ugandan political system. This is aptly demonstrated by, among other things, the Buganda crisis, the "Pigeon Hole" Constitution, the Amin coup, the post-Amin regimes and the wars in Acholi, Kasese, Luwero, Teso and the West Nile.

1231. The complex history of Uganda is at the root of both the longevity and magnitude of the war in the north, which has polarised the country along tribal or ethnic rifts and regionalism, coupled with huge social economic inequalities. They are essentially two conflicts in one: first, the fighting of the LRA; and second, the deep grievances of northern Ugandans against the existing government. The war arose out of the divisive political climate that was created by British colonialism, and has been perpetuated by post-colonial politics. The British employed a "divide-and-rule" strategy, pitting southerners against northerners to maintain control. It is generally believed to have been masterminded by one of Uganda's neighbouring countries that was opposed to the emergence of the government of the NRM and in retaliation of the NRM's support for the liberation of Southern Sudan.

1232. The war in the north has also caused structural imbalances, including inequality and poverty, concentrated more in the conflict-prone regions that remain the most underdeveloped parts of the country today, especially Northern Uganda and the Karamoja region. Other parts of the country have also suffered as a consequence of this war.

1233. In addition, there are deep feelings among ethnic minorities, including the Batwa in Western Uganda, the Basongola in the south-west and the Benet in Eastern Uganda, of institutionalised discrimination against them. Such deep-seated feelings of marginalisation and social exclusion have the potential of fanning the flames of ethnic resentment as well as violence.

1234. The growing social inequalities in Uganda in a context of high levels of impoverishment, particularly among unemployed young people, are yet another potential threat that can undermine the credibility of governance structures and processes and the efforts of sustaining democratic gains.

1235. Despite the challenges facing Uganda in managing historical imbalances and diversities, the 1995 Constitution and the expansive legal framework provide it with a firm anchor for managing diversity. The Bill of Rights enshrined in the Constitution, the Equal Opportunity Bill and the plethora of policies, procedures, guidelines and institutions that have been put in place for the protection and promotion of human rights indicate that the government and people of Uganda are determined to reverse the history of social exclusion and marginalisation, and build a robust and sustainable democracy based on principles of inclusion and human rights.

1236. At present, most African countries are addressing diversity, including racial and ethnic identity issues, through a pacifying system of distribution and allocation – a form of ad hoc pragmatic management rather than a strategic approach. Careful, skilled social and political engineering is, however, required to put into practice the constitutional provisions on managing diversity. The government should take the lead in this. The social and political engineering should treat ethnic or regional diversity as an asset with significant potential benefits for the country. All key stakeholders with different interests drawn from different ethnic groups and parts of the country should be brought on board in order to deepen the social and political engineering process.

7.2.9 Corruption

1237. Corruption poses a serious development challenge and, in the political realm, it seriously undermines democracy and good governance. In elections and in legislative bodies, it reduces accountability and representation in policy making; and in the judiciary, it erodes the rule of law. Corruption undermines fair play, justice, equal opportunities, equity and non-discrimination, which are underlying principles of human rights.

1238. In the economic realm, corruption generates economic distortions in the public sector by pulling public investment away from priority sectors and into projects where bribes and kickbacks are more plentiful. Corruption lowers compliance with construction, environmental or other regulations; reduces the quality of government services, and increases budgetary pressures on the government. In corporate governance, it undermines economic development by increasing the cost of business through bribes, the management cost of negotiating with officials and the risk of breached agreements or detection.

1239. Although the Ugandan government has made considerable efforts at reducing corruption, both petty and grand corruption are prevalent and affect every institution in the country, from the private sector through the courts to healthcare. Documentary evidence indicates that corruption is most rife in procurement, privatisation, administration of public expenditure and revenue and in the delivery of public services. For example, Uganda's Public Procurement and Disposal of Public Assets Authority (PPDA) estimates that over USh330 billion (US$184 million) is lost every year to corruption in procurement, which accounts for about 70 per cent of the budget. This is much more than the country receives in aid every year.

1240. In 2004, the Geneva-based Global Fund awarded Uganda US$367 million in grants over a period of two years to fight AIDS, tuberculosis and malaria. The grants, which amount to nearly 20 per cent of the country's annual government spending, were intended to strengthen health systems and pay for diagnostics, mosquito nets and other necessities. In August 2005, however, an audit by PricewaterhouseCoopers found management irregularities serious enough to prompt the Global Fund to suspend the grants, pending a government investigation and housecleaning. An investigation commissioned by President Museveni discovered that the then Minister of Health and two junior ministers had mismanaged the grants, including siphoning off funds for personal and political use. All three officials were subsequently sacked by the President, a move that was welcomed by many Ugandans, and they were ordered to refund the money into a special central bank account.

1241. Uganda has made great strides in formulating the legal framework within which to fight corruption. Comparatively, the framework ranks among the best in Africa. The government has now tabled the Whistle Blowers Bill and the Witness Protection Bill in Parliament, which are intended to protect a person who discloses information against a public official on misconduct or corruption. These Bills, if passed, will further reinforce the fight against corruption together with the Inspectorate of Government Act of 2002, Leadership Code Act of 2003, Access to Information Act of 2005, and Public Procurement and Disposal of Assets Act of 2003.

1242. However, the anticorruption agencies are still poorly resourced. More resources need to be made available to the Auditor-General's office, the Inspectorate of Government, and the Criminal Investigations Department of the Uganda Police in order to enhance their effectiveness in the fight against corruption.

7.2.10 Overdependence on Aid

1243. Grants and concessional loans represent an important source of revenue for low-income developing countries. The assistance that these countries receive redresses the financial gap arising from their development needs. It thus acts as a catalyst and plays a complementary role in the implementation of the national development programmes and strategies.

1244. In Botswana, Korea, Mauritius and Taiwan high levels of aid reinforced local capacity, enabling them to "graduate" from most aid. In many countries, however, the cost of aid dependence has been high. Aid dependence can overload institutions; weaken capacity and ownership; create revenue instability and fragment budgets; lower tax efforts, and undermine accountability and democratic decision making. It can also potentially undermine institutional quality by weakening accountability; encouraging rent seeking and corruption; stirring up conflict over control of aid funds; siphoning off scarce talent from the bureaucracy, and alleviating pressures to reform ineffective policies and institutions.

1245. Aid therefore obviates the need for taxation, and since governments do not need to collect taxes, they do not need voter support either. Other pernicious effects include a lack of initiative in development strategy; weak institutions weighed down by a multitude of donor activities and undermined by technical assistance; policy directed from the outside; the presence and intrusion of donors at every point, and a reactive, rather than proactive, government.

1246. In Uganda, aid dependence is a recurrent concern in all the thematic areas. Many of the country's initiatives, especially its development programmes, are subject to donor funding. Obviously, such dependence could have serious consequences in areas that require domestic assistance or are sensitive to national sovereignty. It could also undermine the sustainability of the results achieved in critical areas, such as education and health, since many of the programmes and projects in these sectors are externally financed. The relative abundance of external resources could also be a disguised incentive to corruption.

1247. Admittedly, development aid in Uganda has helped to redress capital deficiencies (financial, physical and human) and has been used to meet the shortfalls in resources aimed at various investments. The massive improvements in education and health can mainly be attributed to aid. There is a danger, however, that external aid can create a dependency syndrome that weakens the recipient government and its people. Uganda needs to undertake an orderly transition from the current high dependence on foreign aid for financing economic and social development to building up leadership in the political, citizens and civil society arena. Uganda has been blessed with human and natural resources, which it should use to the benefit of all its people.

1248. Greater emphasis on domestic resource mobilisation is required to finance development and reinforce long-term sustainability. In countries that have graduated from aid dependence, such as Chile, India and the Republic of Korea, there has been a deliberate attempt to raise domestic savings so as to reduce the reliance on foreign assistance. This has been accomplished by increasing household income through investments in infrastructure, improving technology, marketing and processing, as well as reforming trade, including the lowering and unifying of tariffs. These countries have also pursued proactive programmes with a view to establishing a high level of connectivity between growth and development, employment, wealth creation and poverty alleviation. In this regard, the private sector should make a significant contribution through its role in institutional development, as well as by simplifying business regulations, strengthening property rights, easing tax burdens and increasing access to credit.

1249. Finally, the diversification of the economy particularly through aggressive industrialisation will ensure that Uganda emerges during the next two decades as a self-reliant economy on the road to realising its vision of achieving prosperity for all (bona bagaggawale).

1250. Fortunately the Ugandan government is fully aware of the challenge, and has already taken measures to increase the mobilisation of domestic resources. The share of donor funding in national development programmes was reduced from 60 per cent in 2004/5 to 40 per cent in 2007/8. Nonetheless, the level of dependence is still very high and more should be done to reduce it.

7.3 The Way Forward

1251. The people of Uganda should be proud of their accomplishments and of how their country has managed to recover from the chaotic and dictatorial situation of the past. Over the last two decades, Uganda has made great strides in restoring political stability and socioeconomic progress.

1252. Numerous challenges, however, have been raised in this report. The APRM has collaborated with Uganda in identifying areas where the country has done well, as well as areas where more still needs to be done. There is no doubt that Uganda can build on the successes highlighted in the report, while addressing the challenges expeditiously and resolutely, in order for the country to rightly deserve its recognised label as the "Pearl of Africa".

1253. Uganda can exploit its abundant natural resources for the benefit of the majority of its people. This will, however, be difficult to achieve in the absence of pragmatic and innovative solutions to the challenges arising from both the thematic and cross-cutting issues identified by this report. This is the essence of the National Programme of Action.

7.4 Uganda's National Programme of Action

1254. The National Plan of Action (NPOA) is intended to guide and mobilise Uganda's efforts in implementing the necessary changes to improve its state of governance and socioeconomic development. It presents Uganda's priorities and the ways in which the country seeks to address the challenges identified in both its CSAR and the Country Review Report.

1255. The lessons emerging from the APRM implementation process in most of the pioneering countries are very encouraging. Where a country has made serious efforts to put its NPOA into action, considerable progress has been achieved in all four thematic areas. Where there has been failure or little effort to do this, little progress has been achieved.

1256. Uganda should make a concerted effort to implement its NPOA. This programme is a demonstration of the collective resolve of Ugandans for a better future. The implementation of the NPOA can help the country to strengthen the democratic process and promote rapid and sustainable development. The challenges that the country faces are real and huge. Any complacency in implementing the NPOA is likely to compromise Uganda's ability to promote rapid development for its people.

APRM COUNTRY REVIEW
REPORT NO. 7

APPENDIX I

UGANDA GOVERNMENT RESPONSE

TO THE APRM COUNTRY REVIEW

REPORT ON UGANDA

APRIL 2008

1.0 INTRODUCTION

The government of Uganda extends its appreciation to the Country Review Mission (CRM) for producing the Country Review Report on Uganda received on 7 April 2008. The report largely commends the government for its efforts in promoting security and stability, good political and corporate governance, economic reforms and socioeconomic transformation.

The government notes the CRM's findings and the APR Panel of Eminent Persons' recommendations. The government commends the APRM process as African leaders' initiative of self-criticism with a view to improving Africa's governance and competitiveness.

The government's response is by way of comments and observations on major areas of agreement and difference. On the whole, the areas of difference are few, compared with the vast scope of agreement. A document on factual revisions is presented separately (Appendix A: Editorial corrections and comments).

Uganda is fully committed to maximising the benefits of the APRM process.

2.0 COMMENTS ON CHAPTER TWO: BACKGROUND

2.1 "There is increasing evidence of mounting authoritarianism and rapidly escalating corruption in the country" (#112).

The report does not illustrate or demonstrate the so-called evidence of increasing authoritarianism. Authority in Uganda is shared among the executive, Parliament, judiciary and local governments. Through its oversight committees, Parliament checks and holds the executive accountable. All oversight committees are chaired by the opposition.

All appointments by the President are vetted and approved by Parliament. On a number of occasions Parliament has declined to approve nominations by His Excellency the President. Through the Public Accounts Committee and the Local Government Accounts Committee, Parliament scrutinises and examines all expenditure of the government and rearranges priorities. The judiciary is not only independent in the performance of its duties, but is also a self-accounting institution. The budget of the judiciary is only commented on by the President.

The Constitutional Court has on a number of occasions taken judicial decisions that are not in favour of the government. The government respects all court decisions and where it is not satisfied, appeals are lodged by the Attorney-General in the Supreme Court.

Section 176 of the Ugandan Constitution devolves and transfers some functions, powers and responsibilities of central government to local governments except defence, police and foreign relations. Through the system of decentralisation, decision making and allocation of resources are being shared between the central government and local authorities.

The establishment of the Office of the Inspector-General of Government (IGG) under section 223 of the Constitution has helped to strengthen the rule of law and the fight against corruption and abuse of office. There is evidence that the Inspectorate of Government has been active in investigating and prosecuting cases of corruption and abuse of office.

2.2 "Despite strong opposition, the Constitution was controversially amended in 2005 to remove limits set on the presidential term" (#112, 260).

The amendments of the Constitution followed the provisions of the Constitution and all the processes and procedures of amendment were done in accordance with the law.

It should be appreciated that the members of Parliament who effected the amendment were people's representatives and engaged their constituents in a series of consultations prior to the amendment. The process of consultation, review and subsequent amendments was conducted throughout the entire country, with an overwhelming majority supporting the amendment to lift the presidential term limits. There was more acceptance of this amendment, with only 52 members of Parliament out of 303 opposing the amendment. There were 38 amendments made to the 1995 Constitution, including the introduction of the multiparty political system and the creation of the official role of the leader of opposition at Cabinet rank.

It is therefore not surprising that Parliament was able to amend that section of the Constitution in fulfilment of the requirement of a two-thirds majority of the entire House. This was a clear reflection of the will of the majority, expressed through the democratic process, as spelt out in section 1 of the Constitution, which confers power on the people to determine by whom and how they should be governed through regular free and fair elections or referenda.

3.0 COMMENTS ON CHAPTER THREE: DEMOCRACY AND POLITICAL GOVERNANCE

3.1 "The fragility of pluralistic politics poses a big challenge to building a democratic culture and practices, in particular harmonious inter-party relations and credible elections. The dominance of the executive over the legislature undermines the oversight of the latter over the former" (#177).

The multiparty system was restored in July 2005 through a democratically held referendum. This system replaced the movement political system and made a significant contribution to entrenching stability and democracy in the country. The multiparty system must be given time to take root. The assertion that the system is fragile is erroneous.

Since the referendum of 2005, the government has taken deliberate steps to make the system work.

The Constitution and all the electoral laws were amended to operationalise the multi-party system. Uganda has a functional multiparty Parliament, with a position of leader of the opposition provided for under section 82A of the Constitution. Parliament, through its accountability committees, exercises oversight over the executive.

The committees consist of the Public Accounts Committee, the Local Government Accounts Committee, the Committee on Government Assurances and the Committee on Commissions, State Enterprises and Statutory Authorities. All these committees are chaired by members of the opposition by virtue of the Rules of Procedure of Parliament. Through these committees, Parliament ensures that the executive is accountable to the electorate in the use of public resources.

Under section 90 of the Constitution, committees have been given powers of the High Court for:

- Enforcing the attendance of witnesses and examining them on oath, affirmation or otherwise;
- Compelling the production of documents; and
- Using a commission or request to examine witnesses abroad.

Similarly, the Appointments Committee has, in some cases, declined to approve presidential nominations because the nominees lacked adequate credentials.

Therefore, the executive cannot undermine the oversight role of Parliament both in law and in practice.

The Auditor-General and Inspector-General of Government report directly to Parliament. All government Bills go through parliamentary committees, which may or may not approve them.

Cabinet has approved the Political Parties and Organisations (Amendment) Bill to provide for government funding for political parties.

3.2 **"The representation of the military in Parliament under conditions of a multiparty democracy, which Uganda has introduced since the 2005 national referendum, undermines the role of Parliament in holding both the executive and the security establishment accountable. As the judiciary exists in parallel with the expansive military court martial, disputes have inevitably arisen over how justice is administered and dispensed by the two parallel systems" (#178).**

The representation of the army in Parliament should be seen in the wider context of representation of special interest groups (women, workers, youth, people with disabilities, and the army) in Parliament.

Representation of the army in Parliament is only 3 per cent, leaving all legislative powers in the hands of the majority who are elected representatives in Parliament. The representation of the army in Parliament was intended to cure the abuse and the misuse of the army in Ugandan politics.

Before 1986, political leaders misused the army to seize political power and to sustain themselves in power. Before 1986, the army was monopolised by people of one particular region. This was a historical mistake made by colonialists when they categorised certain tribes for particular jobs.

However, this mistake has been corrected by operationalising section 210 of the Constitution in the recruitment, appointment and promotion of members of the Uganda Peoples' Defence Force (UPDF) through the district quota system.

The Court Martial is established by the UPDF Act, pursuant to section 210 of the Constitution. The mandate of the Court Martial is distinct from the mandates of other civilian courts. It is a special court for trying military personnel and other persons who engage in illegal military activities, such as possession and use of weapons that are the preserve of the army. The Court Martial is not parallel to the judiciary, but complementary.

3.3 Intra- and inter-state conflict (#231–234)

The general coverage of the intra- and inter-state conflict is appreciated. Uganda's involvement in the inter-state conflicts in the Great Lakes Region should be seen in the context of the historical evolution of these conflicts. In the case of Southern Sudan, the government of Sudan supported the defunct Uganda National Liberation Army (UNLA) in August 1986, the Holy Spirit Movement and the Lord's Resistance Army (LRA) against the government of Uganda.

The government of Uganda had no option but to pursue the rebels into Southern Sudan. However, the government of Sudan subsequently allowed the Ugandan government forces to pursue the rebels in the territory of Southern Sudan.

The report is incorrect in stating that there was great unease about Uganda in the region when the Great Lakes Region has appointed H.E. President Yoweri Museveni to oversee critical initiatives in the region.

IGAD specifically requested President Museveni to provide troops to be deployed in Somalia, long before the United Nations and the African Union became involved.

The contribution of the government of Uganda to the stabilisation of Somalia has cost Uganda the lives of gallant soldiers. Therefore, the issue of saying that Uganda is not at ease with her neighbours is unfounded.

First and foremost, other than Uganda's engagement in the DRC, the country has never intervened militarily in any Great Lakes nation, except by collective invitation of the region.

Secondly, the statement above is not based on fact, but merely a speculative expression with no justification or proper analysis of the situation on the ground, and does not appreciate the geopolitical dynamics of the Great Lakes Region.

The situation in the Great Lakes is much more complicated than the analysis that was done in the report, thereby leading to wrong conclusions.

The government of Uganda has played a crucial role in ensuring that the Great Lakes Region is more peaceful and stable, notwithstanding the challenges. It is on record that the government of Uganda is always available to work out arrangements that ensure inter-state security and, in the case of the DRC, Uganda's intervention was aimed at stopping rebels who were using Congolese territory to destabilise Western Uganda.

On the contrary, there is evidence that Uganda is actually at ease with her neighbours and enjoys cordial diplomatic relations in the region, with full diplomatic representation in 17 embassies in this region, as opposed to four for the rest of Africa. Further, Uganda has been involved in numerous peace initiatives in this region while playing a lead role in a number of them, and these too are clearly recorded and documented, namely:

- Uganda is at the forefront in the process of East African integration as a means of ensuring political, social and economic security of the East African region.

- Uganda is an integral partner in the International Conference on the Great Lakes Region (ICGLR).

- The Tripartite Plus Joint Commission has many Ugandan diplomats and security experts playing a crucial and sustained role.

- In the Somali process and the Regional Peace Initiative in Burundi, H.E. President Yoweri Museveni played a catalytic role in the restoration of peace in the region as chair of IGAD, and he was personally a critical factor in the establishment of the Transitional Federal Government of Somalia.

- Uganda has ratified the Pact on Security, Stability and Development in the Great Lakes Region, and has signed the Dares Salaam Declaration on Peace, Security, Democracy and Development.

- Uganda is viewed as having played a critical role in the implantation of the spirit and letter of the Sudanese Comprehensive Peace Agreement.

- Uganda has been the Chair for the regional initiative that has enabled Burundi to draw up a Constitution, carry out credible elections and establish relative peace.

3.4 "In the past few years, however, there has been growing concern, both within and outside of Uganda, about emerging trends that could undermine or imperil the important progress that the country has been making over the past two decades" (#111).

The statement above is not supported by any empirical data. We request the Panel to expunge it from the CRR.

3.5 "Delays to enact laws that comply with Constitutional Provisions – the case of the Domestic Relations Bill" (#311, #1111 (bullet 2), #319 (bullet 3).

The Uganda Law Reform Commission (ULRC) has carried out wide consultations on the Domestic Relations Bill. The Bill continues to be contentious – drawing strong opposition from religious bodies such as the Uganda Muslim Supreme Council and the Uganda Joint Christian Council. The ULRC is proposing to split the Bill into two pieces of legislation to cater for Muslims and non-Muslims separately. The Domestic Relations Bill seeks to consolidate the laws on marriage and divorce. The need to enact a new divorce law does not arise.

4.0 COMMENTS ON CHAPTER FOUR: ECONOMIC GOVERNANCE AND MANAGEMENT

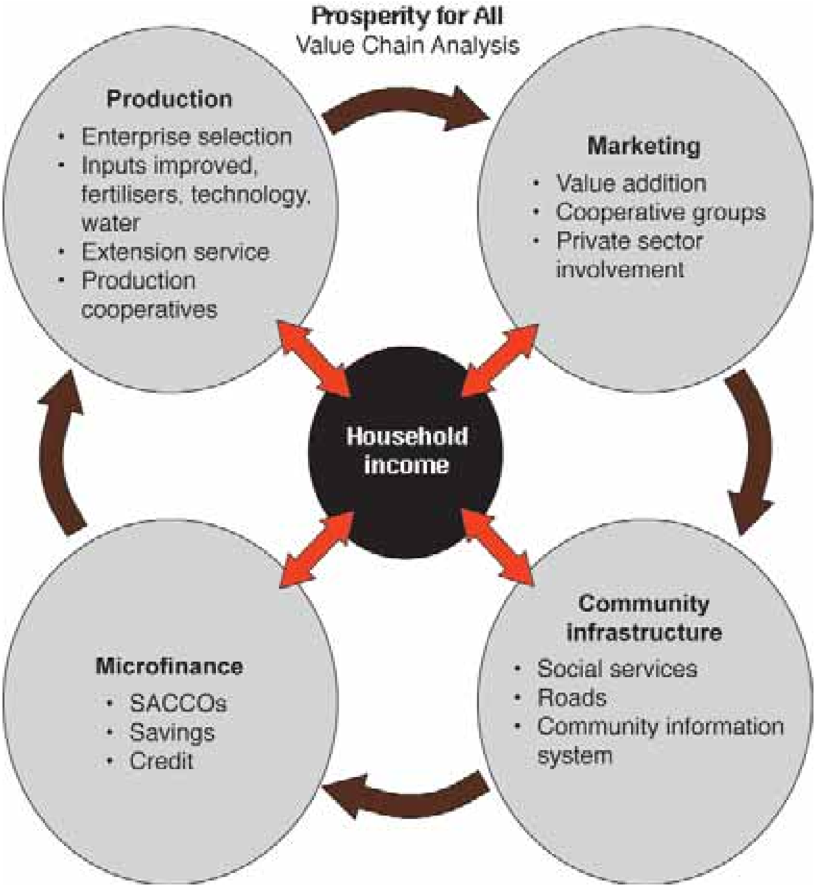
4.1 Prosperity For All (#464)

The Prosperity For All programme is a tool geared towards ensuring that every household is able to earn at least USh20 million (US$12 000) per annum. The main objective of Prosperity For All is to transform the peasant households from subsistence, unplanned production methods and poor unhealthy living conditions, to commercial, industrialised production and healthy living conditions.

In order to achieve the above goal, the strategy is to have each household engage in income-generating activities that enable families to earn sustainable incomes.

To acquire means for income, households can choose to get some credit as jumpstart facilities to enable the families to engage in an enterprise. The households will be assisted to form business groups in which to produce in big volumes, be able to bargain in the marketplace, and access inputs and extension services in an efficient and effec-

The figure below shows how the different components of the programme will be interconnected.



Social and economic transformation

Like all postcolonial economies in Africa, we have not achieved social and economic transformation. However, there has been some progress. The contribution of agriculture to GDP has come down, while that of industry is rising. Uganda, however, has realised that, in order to achieve social and economic transformation, industrialisation and expansion of the service sector is the way to go. This will ensure that the majority of Ugandans are employed in these two sectors.

Industrialisation and investment promotion

The government has a deliberate policy to transform the country from a predominantly subsistence economy to a modern, industrialised country. The contribution of industry to GDP has accordingly increased from 9.9 per cent in 1985/6 to 21 per cent in 2006/7.

The objective of the government is to increase significantly the share of industry in the economy for wealth creation and employment generation. In this regard, the following specific interventions are being undertaken:

- The construction of industrial parks that will increase access to serviced land by investors;
- Provision of tax incentives;
- Export processing zones to facilitate manufacturing;
- Increased access to long-term finance by SMEs for value addition, particularly agro-processing;
- Support by the government of a loan guarantee scheme for commercial banks; this will support value addition by agro-processors outside the industrial parks;
- Construction of hydroelectric power dams in Bujagali, Karuma and Isanga;
- Significantly increased funding for road construction and maintenance, and re-vamping of the railway network; and
- The Uganda Investment Authority as a one-stop centre to facilitate investment.

The service sector

The share of the service sector in total GDP has also increased. To facilitate this sector, Government has made heavy investments in human capital, ICT, infrastructure and tourism. It is our intention to make and encourage more investments in this sector.

Macroeconomic policy, stabilisation and growth

The government accepts the report's recommendations (#506) to continue the fiscal deficit strategy and to consider seriously population control and planning, and to step up targeting broad-based economic growth that reduces inequality. The key aspect to further reduction in poverty and inequality is productivity enhancement, particularly in agriculture, where the majority of the poor are to be found. The government has revised the National Agricultural Advisory Services (NAADS) programme, with a view to making it more effective in enhancing agricultural productivity.

Monetary and financial sector policies

The report recognises Uganda's achievement of monetary and financial sector policies. Through the independent Bank of Uganda (BoU), inflation has been kept low and price and exchange rates kept stable. "The financial sector's soundness, robustness and strength indicators continue to improve through rigorous implementation of the Financial Institutions Act of 2004" (#521).

The government notes the limitations of high interest, and particularly the implications for private sector-led growth. The persistently high interest rates are primarily a result of structural issues. These relate to, among other things, the high overhead costs resulting from infrastructure deficiencies, and the high risk of borrowers owing to problems of identification, realisation of collateral, resolution of commercial disputes, and so on. The government has prioritised infrastructure development in order to reduce the cost of doing business. Also, the BoU will soon introduce an identification mechanism for those who borrow, in addition to reforming relevant laws. Moreover, land registry is being improved through computerisation. Another important aspect that will reduce interest rates is increased competition in the banking sector, and in this regard new banks have been licensed to operate in Uganda. On electricity, the construction of the Bujagali Hydro Power Dam is in progress, and soon the government will embark on Karuma. With the discovery of oil, we will be in a position to generate power using heavy oil to generate thermal power.

"Credit should not only be available but should also be affordable" (#524). The government notes the recommendation that the BoU should build adequate capacity before introducing an inflation targeting framework, and broaden and deepen financial markets to reduce lending interest rates (#526). The BoU is in the advanced stages of shifting to this framework for controlling inflation. It should be noted, however, that regardless of which framework it uses, the Ugandan government is fully committed to controlling inflation. While the current relatively high inflation rate of about 8 per cent per annum is due to supply constraints imposed mainly by external factors, particularly of food items, the government will use both fiscal and monetary means to maintain low inflation.

Fiscal policy: revenue and expenditure

The expenditure framework has been guided by the principle "that government expenditure in any fiscal year cannot exceed the budgetary resources available to it, and so overall expenditure must remain within the resource envelope" (#537).
The government will review the Panel's recommendations and take action to broaden the tax base; to rationalise public administration expenditure; and to allocate more of the national budget to agriculture (#542). It is important to note, however, that while still an important sector, the share of agriculture in Uganda's GDP has declined as a result of the structural transformation of the economy from predominantly subsistence agriculture to services and industry. Broadening the tax base will require economic diversification and therefore reducing the informal sector through industrialisation.

The report endorses Uganda's policy and strategy for industrialisation (#543, #544), pointing out the President's faith in industrialisation.

The government has provided incentives for industrialisation, including access to serviced land. The construction of industrial parks is currently ongoing and there are incentives in the tax code. The government will designate export processing zones to facilitate manufacturing for export. The government is committed to full liberalisation of the economy, including the financial sector. This has helped the economy to be resilient to external shocks. The government recognises the importance of the Uganda Development Bank in our development process. In this regard, the government is in the process of recapitalising the Uganda Development Bank to the tune of Ush100 billion over five years, starting in financial year 2007/8. This will provide funds for long-term lending to SMEs for value addition, including agro-processing.

The government notes concerns raised about disincentives to Ugandan investors and the need for a level playing field. Measures will be taken to "support young industries against the onslaught of "unfair" competition from counterfeit or fake foreign products" (#555). However, it is important to state that there is no government policy that discriminates between foreign and local investment, although there could be issues in the application of incentives and other facilities.

The government notes that the report affirms the government's policy and strategy on investment promotion (#551).

4.3 "Fiscal independence [of the judiciary] is non existent" (orig. #xxxix).

The judiciary, like any other arm of the government, is responsible for preparing its budget which, when approved, it is solely responsible for the expenditure. No one determines how the judiciary spends the funds allocated to it.

4.4 Implement transparent, predictable and credible government economic policies

Institutional arrangements for national planning

The government notes the Panel's assessment of inadequacies in the institutional arrangements for rational planning. Although the National Planning Act of 2002 created and mandated the National Planning Authority to conduct integrated long-term planning, the NPA's capacity to plan is severely limited. The government will take steps to rectify this situation by fully capacitating the NPA and by Parliament reviewing the NPA reporting mechanism to make it more autonomous and efficient (#563).

4.5 Promote sound public finance management

Revenue administration

The report confirms that "Uganda has developed and implemented a sound tax framework" (#592). The revenue performance (proportion of tax to GDP) has increased from 7.6 per cent in 1990/1 to 14.4 per cent in 2007/8; the compliance rate has increased; gross revenue has increased; and collection cost has stabilised at below 3 per cent. The Uganda Revenue Authority (URA) has been undergoing reform to professionalise its operations. The centrality of these reforms is building human capacity development, including developing the right attitudes. This is being augmented by computerisation and investment in equipment. The government recognises the capacity limitations in the management and taxation of oil resources, and has been building local capacity in this area. This will continue until adequate capacity is in place.

Expenditure management

The report has identified several limitations of expenditure management: a rapid growth in public expenditure, lack of budget discipline, and persistent accumulation of expenditure arrears. The government is committed to expenditure management as a central pillar in maintaining macroeconomic stability, while directing resources to productive sectors. As a ratio of GDP, government expenditure has declined from about 22 per cent of GDP five years ago to 20 per cent of GDP for the financial year 2007/8. As regards domestic arrears, the government has published its debt strategy, which details ways in which previous arrears will be cleared and accumulation of new ones prevented. Measures have been put in place to make accounting officers more accountable. The issue of creation of districts and a large Parliament is mainly related to our political past, and to ensuring political stability and harmony. The government recognises that this is expensive in terms of the budget, but it is a much smaller cost compared with the political unrest and instability that would otherwise ensue.

Budget deficit management

The reliance of the government on donors is reducing, who now support about 37 per cent of our budget, compared with 60 per cent in the mid-1990s. The recent discovery of oil in Uganda will significantly reduce our dependency on donors. It is important to note that, while in the past the government waited for donors to approve expenditure before we embarked on a project, we have now set aside resources for priority projects, especially in infrastructure, to start even when donor money is not available. This method was applied for kick-starting the construction of Bujagali Hydro Power Dam. We intend to use the same method for the development of Karuma Hydro Power Dam.

Fiscal decentralisation

The report recognises that Uganda has chosen the development path of devolution of decision making and fiscal decentralisation. As of 2006 there were 81 districts, 100 town councils, nine municipal councils and 1 000 sub-counties. The government allocates directly on average 33 per cent of the annual national budget to local authorities. Government allocations to local authorities constitute 90 per cent of their annual budgets.

While the system of decentralisation in Uganda is recognised as a best practice, there are a number of recommendations identified by the Panel for its improvement.

The government notes the report's recommendations on implementing transparent, predictable and credible government economic policies, and will review them and take appropriate action.

4.6 "Dependence on external sources appears to be a major constraint to genuine ownership of the development process in Uganda" (#915).

The government of Uganda reiterates that it has full ownership of Uganda's development process, notwithstanding the contribution of donor funds. Ownership is a responsibility and a moral function. Government policy emphasises budget support as opposed to project support when donor funds are provided.

While the country's dependency on donor resources to finance the budget accounted for over 60 per cent at the peak of economic reforms in 1994/5, donor contribution has reduced significantly in recent years to 37 per cent of the total expenditure in 2007/8 and a further reduction to 29 per cent projected for the next fiscal year. Meanwhile, domestic revenue has increased significantly to about 14 per cent of GDP currently.

5.0 COMMENTS ON CHAPTER FIVE: SOCIO-ECONOMIC GOVERNANCE

5.1 "Law infringement by Ugandan companies is seldom penalised and foreign investment has often been promoted at the expense of workers' rights and environmental protection" (#lxxvi).

On 7 August 2006, four revised labour laws came into force. The new laws, which include the Employment Act No. 6 of 2006, the Labour Unions Act No. 7 of 2006, the Labour Disputes (Arbitration and Settlement) Act No. 8 of 2006 and the Occupational Safety and Health Act No. 9 of 2006, apply universally to both national and foreign investors. The government is committed to the full enforcement of these laws.

5.2 "... the issue of unemployment of young people is still not adequately addressed" (#lxxvii).

The government has drafted a National Employment Policy whose overall goal is to promote opportunities for men and women to obtain decent work in conditions of freedom, equity, security and human dignity. The Policy stresses the importance of maintaining macroeconomic stability; creating an enabling environment for private sector investment and development; involving the poor in the growth process; protecting and assisting those who are unable to cope with the demands of the market forces and who are thus more likely to be marginalised.

Once approved by Cabinet, the National Employment Policy will provide a framework for creating a sufficient numbers of jobs; reducing youth unemployment; improving labour productivity; safeguarding the rights of the workers; and promoting the involvement of employers and workers in the national decision-making process through their institutions and representatives.

5.3 "Land reform in Uganda should be accompanied by progressive land tenure reforms to counter the general tenure insecurities and land-grabbing processes in the absence of a National Land Policy and Land Use Policy" (#cxxxiii).

The Land Use Policy has been launched. The ongoing land reform process is expected to address many of the issues of ownership, access and security of tenure.

5.4 **“Workers who have expressed their interests through their unions ... have often been suppressed by employers who are also supported by the government” (#310).**

The government has never sided with any employer; on the contrary, it has played a mediating role to ensure that industrial unrests are peacefully resolved in the interests of both employers and workers. For instance, when the workers of Tri-star Apparels went on strike, the government intervened and all the people who had been summarily dismissed were compensated and given adequate facilitation for transport to their districts of origin. The government continues to play a mediation role in disputes between employers and the unions.

5.5 **“… it has left a vacuum for the protection of women from discriminatory practices embodied in customary laws and practices in matters of marital rights” (#311).**

The government is doing everything to promote women’s rights, but the biggest hindrance is a negative and retrogressive culture, which requires relentless sensitisation of the communities and provision of basic education to change the attitudes of the population. A significant impact in changing the attitudes of the population has been achieved through the Universal Primary Education (UPE) programme implemented by the Ministry of Education and Sports, as well as the Functional Adult Literacy Programme implemented by the Ministry of Gender, Labour and Social Development.

5.6 **“… patriarchal values influence law enforcement and affect fairness in justice delivery” (#318).**

Everyone is equal under the laws of Uganda. Culture still remains the major obstacle to access to justice by women.

5.7 **“In the area of economic rights, little has been done to improve the condition of Ugandan women … most of them are found in the informal sector” (#407).**

The informal sector is a major employer for both women and men in Uganda. There are relatively fewer women in the formal sector owing to historical reasons, which the government has tried to address through affirmative action designed to improve access to education for the girl-child and women, right from primary school level to higher institutions of learning. The UE and USE programmes, and the extra points awarded to girls at tertiary school level, have drastically increased the enrolment of girls at all levels.

5.8 "The Land Act of 1998 only addresses woman's right of access to, and use and occupancy of, land but denies them the right to ownership" (#407).

It is inaccurate to say that the Land Act denies women the right of ownership of land. This may suggest that there is a particular clause in the Act that prohibits women from owning land. On the contrary, the Land Act is a progressive law and gives women protection, especially in the marital home, whereby a man cannot dispose of family property without the consent of his spouse. In recent years, Uganda has witnessed an increase in the number of women who buy and own land.

5.9 "Gender-based violence, particularly violence against women, is widespread in various forms ..." (#410).

The government is implementing a Sexual and Gender-Based Violence (SGBV) programme. Its activities include the training of police officers attached to Family and Children's Protection on the SGBV; creating community capacity to confront the social evil; establishing recovery centres for victims of the crime in health facilities in the districts; and formulating a National SGBV Policy.

5.10 "The national machinery responsible for gender issues … remains one of the least-resourced ministries … This is a pointer to the level of political commitment …" (#413).

While it is imperative to facilitate every sector of the government to function optimally, the challenge of a limited resource envelope affects all sectors. The budgeting process is highly consultative and involves stakeholders at all levels, including technocrats, local government authorities, civil society organisations, development partners, members of Parliament and Cabinet ministers. Inadequate funding of any sector should be considered on its own merit and not be construed as a pointer to the level of political commitment to the sector's mandate. The Poverty Eradication Action Plan emphasises gender mainstreaming.

5.11 "Embark on institutional reforms to ensure that increased participation of women in central and local government is balanced …" (#414, bullet 2).

Uganda is one of the Commonwealth countries that has fulfilled 30 per cent of the participation of women in key positions of governance and decision making. The proportion of women in local councils increased to 44 per cent after the elections conducted in 2006.

5.12 "Policies and legislation that protect the rights of children do exist, but … mechanisms for their operationalisation are either weak or non-existent" (#420).

Adequate mechanisms have been established for the enforcement of policies and legislation that protect the rights of children. For instance, the Family and Children's Courts have been gazetted to implement and enforce the Children's Act of 2000, and they are very effective in the administration of justice concerning children. The Uganda Police Force has also set up a Family and Children's unit in every police station. There is also the National Council of Children and the Department of Child Affairs in the MGLSD for political guidance.

5.13 "Orphans are not budgeted for in the core budget" (#427).

The national response for addressing the plight of Orphans and Other Vulnerable Children (OVC) in Uganda is contained in the National OVC Policy, which was approved by Cabinet in October 2004. This Policy was developed concurrently with the National Strategic Programme Plan of Interventions (NSPPI) for OVC, after a participatory process that involved consulting stakeholders at national, district, sub-county and community levels.

The government has mobilised resources from development partners and is implementing OVC programmes through public-private sector partnerships. Under this arrangement, CSOs that have demonstrated adequate capacity to deliver services effectively to OVCs receive grants to implement the interventions identified in the NSPPI. With support from USAID, under the President's Emergency Plan for Aids Relief (PEPFAR), the government has contracted CSOs in all the sub-regions of the country to deliver quality services to OVC.

It suffices to note that the government has contained the influx of children onto the streets of major urban centres from time to time. Every financial year, the government has provided a budget line for rescuing, rehabilitating and resettling vulnerable children in their families and communities.

5.14 "A specific National Youth Policy should be designed ..." (#785).

The National Youth Policy is already in place. The government is in the process of approving the National Employment Policy, which covers and gives emphasis to youth employment.

5.15 "The government still has not approved 1998 minimum wages scheme, resulting in underpayment of workers" (#796, bullet 4).

The government is considering setting up a sector-specific minimum wage.

5.16 "Review the National Child Labour Policy …" (#809, bullet 2).

The National Child Labour Policy was approved by Cabinet in November 2006. It has barely been in place for 15 months.

5.17 "More recently, political statements encouraging Ugandans to have large families appear to have perpetuated the high fertility rate" (#1160).

Attributing the high fertility rate in Uganda as a whole to political statements suggests that the government condones the current fertility rate, which has been at almost the same level since independence. It should be noted that most cultures in Uganda consider children a source of labour, wealth and social security in old age. Cabinet has recently adopted the revised National Population Policy to address population issues.

5.18 "Draft Labour Expatriation Policy" (orig. p. 297, Objective 5, bullet 3).

The government has put in place Statutory Instrument No. 62 of 2005, "The Employment (Recruitment of Ugandan Migrant Workers Abroad) Regulations, 2005", to facilitate the expatriation of labour to other countries where opportunities exist for Ugandans to be engaged in decent work.

6.0 COMMENTS ON CHAPTER SEVEN: CROSS- CUTTING ISSUES

6.1 "... insufficient resources are allocated to fight corruption" (#384).

The anticorruption institutions are the IGG, DEI, Criminal Investigations Directorate, Office of the Auditor-General and PPDA. The government, working with the Millennium Challenge Corporation, has provided additional funding to these institutions. This is for addressing issues related to training, staffing and retooling.

6.2 "... interference by the executive organ of the state hampers the application of penalties against officers in high positions" (#384).

Prosecutions of high-profile anticorruption cases are currently ongoing, such as former Ministers of Health who are charged with diversion of GAVI funds, and army commanders who are charged with the creation of "ghost" soldiers on the payroll.

The government has strengthened the various anticorruption agencies. The Inspectorate of Government, the Office of the Auditor-General and the Directorate for Public Prosecutions were granted constitutional status and independence in the performance of their functions, in order to ensure their effectiveness.

6.3 "... political commitment to, and effective leadership against, corruption were lacking" (#388).

The NRM government was voted into power in 2006 on the platform of revising the government's approach to fighting corruption, moving from an eradication approach to a zero tolerance approach.

There are still resource constraints and lack of capacity to investigate corruption. There is a need to note that, in Uganda, there is a problem with lack of resources and not lack of political will. There are inadequate resources to fund investigations and anticorruption organisations.

6.4 "Harmonise all laws, policies and institutions established to fight corruption within and outside the state with a view to ensuring coordination, collaboration and consultation among them" (#393, bullet 1).

The government perception of the need to coordinate and harmonise the activities of the various anticorruption institutions led to the birth of the Directorate for Ethics and Integrity (DEI). As a coordinating hub, the DEI plays a crucial role as Secretariat to the Inter-Agency Forum (IAF), a policy-developing and enforcing association of the anticorruption agencies.

The IAF is a coalition of 18 national institutions that collaborate in the fight against corruption. It has been the chief architect of the National Anti-Corruption Strategy (NACS) that has been adopted and implemented by the government in its fight against corruption.

Among the new proposed legislations are the Anti-Corruption Bill and the Whistleblower Protection Bill. The Anti-Corruption Bill is currently before Parliament. It seeks to introduce the international legislative innovations agreed under the African Union Convention on Preventing and Combating Corruption, and the United Nations Convention against Corruption, into Uganda's domestic legal framework. It also seeks to do the following:

- Provide for the widening of the scope of corruption offences;
- Provide for stronger sanctions;
- Provide for new offences, such as illicit enrichment and conflict of interest; and
- Provide for the confiscation of the proceeds of corruption.

The Whistleblower Protection Bill addresses the issue of evidence gathering in the process of investigations and prosecutions of anticorruption cases, by seeking to put mechanisms in place to protect persons who draw attention to unlawful practices.

In addition, the Directorate of Public Prosecutions is currently developing witness protection legislation. The draft Anti-Money Laundering Bill is being tabled in Cabinet.
The government recently enacted the National Audit Bill. This legislation is designed to secure greater autonomy and independence of function of the Office of the Auditor-General – one of the institutions that operate as a national vanguard to ensure transparency, integrity and accountability in the management of public finances.

The Constitution also provides for the Anti-Corruption Court, which will be operational in July 2008, as a division of the High Court of Uganda.

6.5 “Enforce compliance with the Leadership Code of Conduct” (#393, bullet 3).

There have been increased prosecutions under the Leadership Code Act, conducted by the Inspectorate of Government. An example is the barring of former MP Ken Lukyamuzi from recontesting on the grounds of his non-compliance with the Leadership Code of Conduct.

The Leadership Code Act of 2002 is currently undergoing review by the Inter-Agency Anti-Corruption Law Reform Task Force, with a view to harmonising its provisions with the other laws comprising the anticorruption framework. As required by the Constitution, the government is also in the process of introducing legislation to operationalise the Leadership Code Tribunal.

6.6 “... lack of public interest and support” (#476).

The government has developed a Communication Strategy to enhance public awareness and support in the prevention of corruption. The Directorate for Ethics and Integrity has operationalised a website that acts as a public interface for information dissemination. Civic education on the negative consequences of the perpetuation of corruption is ongoing. The DEI is working in collaboration with CSOs and the private sector to organise a countrywide programme this year.

The National Values in Education system consists of the inculcation of an ethics-based curriculum to rebuild the moral fibre of the upcoming generation.

6.7 “Inherent weaknesses in the public procurement system” (#628, bullet 3).

The Public Procurement and Disposal of Public Assets Authority (PPDA) was established in 2003 and functions as a supervisory and regulatory body for the procurement and disposal practices of procuring and disposing entities. The PPDA has made a number of interventions to minimise corrupt practices in public procurement in the areas of training, capacity building, compliance monitoring, procurement audits, development of standards, and investigation of complaints related to public procurement.

The PPDA conducts compliance checks on the procurement and disposal entities to monitor their compliance with the provisions of the Act, regulations, guidelines and solicitation documents issued by the Authority. It also regularly conducts administrative reviews to hear appeals from aggrieved bidders and, in some cases, it has cancelled procurement bids. It is also carrying out training programmes. The PPDA Act is currently undergoing amendments to remove identified loopholes.

6.8 “Weak information management systems without a coordinated tracking and information-sharing mechanism” (#628, bullet 4).

APPENDIX II

UGANDA APRM NATIONAL PROGRAMME OF ACTION

APRIL 2008

The government is developing a high-profile corruption case tracking and information-sharing mechanism. The mechanism enables anticorruption institutions to ensure maximum information sharing and speedy disposal of corruption cases. A framework and proposal for the operationalisation of the mechanism has been prepared.

6.9 "Role of civil society and the public [not adequately supported]" (#633).

The government is involving CSOs, private sector and faith-based organisations in the fight against corruption. The DEI is coordinating CSOs' capacity-building programme with support from the Millennium Challenge Account.

6.10 "Need to allow effective prosecution of culprits/to allow recovery of funds and assets lost through corruption" (#).

Recovery of funds and assets lost through corruption is one of the fundamental purposes of the United Nations Convention against Corruption to which Uganda is signatory. The Anti-Corruption Bill domesticates the requirements of this treaty and, to this end, contains provisions to allow for the "restraining" and "confiscating" of assets believed to have resulted from acts of corruption.

The government is also carrying out studies that will lead to a law that will facilitate the tracing of proceeds of corruption within and outside Uganda.

1.0 INTRODUCTION

The Uganda APRM National Programme of Action (NPOA) is a major output of the country's review process. It is thus an integral part of the Country Self-Assessment Report (CSAR).

As indicated in the guidelines for countries to prepare for, and to participate in, the African Peer Review Mechanism (APRM):

The primary purpose of the National Programme of Action is to guide and mobilise the country's efforts in implementing the necessary changes to improve its state of governance and socioeconomic development. In addition, the National Programme of Action is the key input delivered by the country into the peer review, and it therefore serves to present and clarify the country's priorities; the activities undertaken to prepare and participate in the APRM; the nature of the National Consultations, as well as to explain explicitly the responsibilities of various stakeholders in the government, civil society and the private sector in implementing the programme.

The Country Self-Assessment was conducted using a comprehensive approach, which included desk research, 200 expert panel interviews, 96 focus group discussions and a national sample survey involving 1 588 households. In addition, the Commission carried out wide consultations in all regions of Uganda involving, among other things, public hearings and submission of memoranda from various interest groups.

A total of 307 recommendations addressing the gaps identified were made, as documented in the CSAR. An additional 156 recommendations were made by the APR Panel of Eminent Persons, making a total of 463. However, to avoid the NPOA being overly ambitious, prioritised actions based on some 200 selected recommendations have been adopted and costed for implementation in the first three years.

Costing the Programme of Action

The Commission worked with the Head of the Public Service and nominees of each ministry to undertake the costing of the NPOA. In addition, the Commission utilised professional cost accountants and technical experts from the Bank of Uganda and various sector ministries.

The total amount required to implement the NPOA came to US$4 857 102 574. To arrive at this figure, the required actions under each specific objective were analysed and broken down into achievable tasks within the period of three years. The tasks were considered to be cost drivers, and the required inputs were ascertained and the associated costs determined. In determining the costs, reference was made to the Public Procurement and Disposal of Assets (PPDA) budget guidelines for the financial year 2008/9 and the Budget Framework Paper for 2008/9 to 2010/1. Reference was also made to the Michael Page International web page in arriving at market remuneration rates for consultancy services from conducted salary surveys. Where costs would best be ascertained at implementation stage, nominal figures were provided.

Totals have been adjusted to take into account inflation and contingency at a rate of 10 per cent each.

Implementation, Reporting, Monitoring and Evaluation Mechanism

The government has the primary responsibility for implementing the NPOA. However, implementing, monitoring and evaluation agencies have been indicated for every action, including non-state actors, where applicable. The lists are in no way exhaustive, as they will be fully determined in the process of implementing the POA.

Efforts are being made to integrate the identified priority actions into the ongoing national programmes and planning processes.

The NPOA reflects upstream governance catalytic actions which, if addressed would lead to more effective implementation of downstream activities. Each priority action has an assigned institutional responsibility for its effective implementation. Responsible institutions include government ministries, departments and agencies, as well as private sector and civil society actors, with the latter playing service delivery, advocacy and watchdog roles. This is to recognise the fact that this NPOA is a country rather than a government-only programme.

The NPOA is not Medium-Term Expenditure Framework (MTEF) constrained, but consists of required actions to bolster economic growth. It is expected that partners will come in to close the gap between the resources available and what has been identified to fill the critical gaps.

To implement the NPOA effectively, the following institutional mechanisms will be maintained and/or further strengthened:

- The Focal Point will provide political oversight.
- The National Planning Authority, as the focal point institution, will provide coordination and reporting.
- An APRM Commission, with the requisite capacity and legal mandate, and reflecting the diverse range of stakeholders, will provide oversight and monitoring.

A progress report will be submitted to the APR Forum annually by the President of the Republic of Uganda.

Perceived Risks

Potential risks to full implementation of the NPOA include:

- Failure to mobilise the additional funding beyond currently available resources.
- Inability to build the requisite capacity in time to implement the POA fully.

2.0 DEMOCRACY AND POLITICAL GOVERNANCE ACTIONS

Codes and standards

- Sign, ratify, accede to, domesticate and popularise democratic principles, codes and standards.
- Identify African values to be codified by the African Union.
- Strengthen the capacity of the Department of Multilateral Organisations and Treaties of MoFA as the lead agency.
- The government fulfils its reporting requirements and informs the international supervisoryauthorities and local stakeholders of progress made in domesticating international conventions, standards and codes.

Objective 1: To prevent and reduce intra- and interstate conflicts

- Ensure that ongoing efforts towards land reform through amendment of the 1998 Land Act are geared towards, among other things, amicable resolution of land disputes and conflicts.
- The government to provide adequate resources for establishing the Land Fund and for land tribunals to ensure that they are able to carry out their constitutional mandate.
- Commit to implement fully the Peace, Recovery and Development Plan (PRDP) of Northern Uganda over the next three years.
- Ensure that, in the process of resolving the armed conflict and post-conflict reconstruction and development programmes, specific interests and human rights of vulnerable groups are addressed and promoted, including children, orphans, the elderly, IDPs, refugees, ethnic minorities and people living with HIV/AIDS.
- Support local initiatives aimed at institutionalising an alternative justice system through the utilisation of informal mechanisms for managing microlevel conflicts as part and parcel of broader programmes aimed at post-conflict reconstruction and development.
- Intensify current efforts aimed at promoting inclusiveness, redressing marginalisation and managing diversity by establishing the Equal Opportunities Commission and providing resources for the Commission to carry out its mandate effectively.

Objective 2: To foster constitutional democracy, including periodic competition and opportunity for choice, rule of law, a Bill of Rights and the supremacy of the Constitution, as firmly established in the Constitution

- Establish a national code of ethics and values as a basis for developing standards of integrity and ethical behaviour in all public and professional services.
- Review the existing laws regarding press freedom and their implementation, with a view to removing contradictions and undue restrictions.
- Review curricular content of media training institutions and programmes to ensure professional quality.
- Review the Constitutional amendment that removed the two-term limit for the Office of the President.
- Enhance the credibility of the electoral process and legitimacy of electoral outcomes, in particular addressing contentious issues including the voters' register, disenfranchisement, boundary demarcation, voter intimidation, vote-buying, election violence, and access to the media during elections.
- Review the current First-Past-The-Post electoral model with a view to injecting the element of proportionality through the proportional representation model as part of broadening representation in governance, and managing diversity and

reintegration on a national scale.

- Enact a Code of Conduct for Political Parties in a participatory manner and formalise the National Consultative Forum.
- Review the representation of special interest groups, especially the army in a multiparty Parliament.
- Repeal Statutory Instrument No. 15 of the Police Act, which places restrictions on meetings of more than 25 people with a view to conforming to the Bill of Rights and allowing multiparty democracy to flourish.
- Devise a system for appointing the Electoral Commission following the pattern of the judiciary so that the President is assisted by an appropriate institutional setup.

Objective 3: To promote and protect economic, social, cultural, civil and political rights as enshrined in all African and other international human rights instruments

- Review current institutional mechanisms that promote and provide for the interests and welfare of vulnerable groups with a view to making them more effective and responsive.
- Provide adequate resources and build the requisite capacity of human rights institutions to make them more effective in carrying out their mandate.
- Enact the Domestic Relations Bill and the Sexual Offences Bill into enforceable law.
- Review land laws that contain clauses limiting the constitutional rights of citizens.

Objective 4: To uphold the separation of powers, including the protection of the independence of the judiciary and of an effective legislature

- Strengthen the capacity of Parliament to exercise its oversight function over the executive within a multiparty dispensation.
- Ensure the independence of the judiciary by eliminating undue political influence and pro viding the courts of judicature with requisite resources for the judiciary to carry out its mandate effectively.
- Reduce the overwhelming donor dependence of the judiciary, as it has implications for judicial independence and national sovereignty.
- As a matter of urgency, provide adequate financial resources for building the Supreme Court, which is a national edifice. Every effort must be made to ensure that the financing of the building is from domestic resources and not foreign aid.

Objective 5: To ensure accountable, efficient and effective public officeholders and civil servants

- Streamline the public service by eliminating redundant public service institutions in order to ensure coordination, enhance productivity, and create a professional and effective public service.
- Adopt an integrated approach to the implementation of the third phase of the PSRP for the transformation of the public service and poverty eradication.
- Evaluate the effectiveness of local government structures and strengthen the capacity of sub-counties for better service delivery.
- Step up efforts to strengthen the capacity of District Service Commissions to implement their roles and mandates effectively.
- Review the salary structure, incentives and sanction schemes of the public sector in order to build a professional cadre of public servants.

Objective 6: To fight corruption in the political sphere

- Harmonise all the laws, policies and institutions established to fight against corruption within and outside the government, with a view to ensuring coordination, collaboration and consultation among them.
- Enhance the institutional capacity of the IGG and other relevant anticorruption institutions to carry out their mandate effectively.
- Enforce compliance with the Leadership Code of Conduct.
- Develop guidelines governing disbursement and appropriate use of the Constituency Development Fund (CDF).

Objective 7: To promote the rights of women and mainstream gender equality

- Reform laws that promote gender equity, such as the Land Act, Registration of Title Act, Micro-Deposit Taking Institutions Act, as well as the Mortgage Act.
- Embark on institutional capacity building to ensure that increased participation of women in central and local government is balanced with qualitative changes in institutions to guarantee that women are adequately empowered to promote and protect their rights.
- Enhance implementation of the policy of affirmative action, especially regarding the girl-child.
- Step up the capacity of gender focal points in sectoral ministries with a view to main streaming gender in plans and the national budget.

Objective 8: To promote and protect the rights of children and young people

- Develop a policy and strategy to address youth under- and unemployment.
- Integrate the rights of children in existing post-conflict reconstruction and development programmes, such as food, health, shelter and education.
- Build and strengthen institutions that promote and protect children's rights as part of a civic education programme.

Objective 9: To promote and protect the rights of vulnerable groups, including displaced persons and refugees

- Develop a policy and strategy for addressing the under- and unemployment of people with disabilities.
- Enhance the capacity of institutions with the mandate to promote and protect the rights of vulnerable social groups with a view to developing and designing tailor-made service delivery programmes that target the specific rights of vulnerable groups.
- Mainstream the rights of vulnerable groups in peace-building initiatives and post-conflict reconstruction and development programmes.

3.0 ECONOMIC GOVERNANCE AND MANAGEMENT ACTIONS

Codes and standards

- Ensure the signing, accession to, ratification, domestication and popularisation of economic governance and management principles, codes and standards.

Objective 1: To promote macroeconomic policies that support sustainable development

- Build capacity within the government to monitor the volume of oil reserves and production.
- Build capacity within the government to collect revenue from the oil industry.
- Establish mechanisms to ensure transparency in the management of oil resources.
- Broaden the tax base.
- Strengthen the government's capacity to collect non-oil tax revenue.
- Review existing policies and laws enabling fiscal decentralisation.
- Allocate more resources to agriculture, industry and infrastructure in line with agreed targets.
- Develop a strategy to transform the economy by emphasising industrialisation.
- Revamp and recapitalise the Uganda Development Bank to provide affordable

medium and long-term credit to industry and agriculture.

- Put in place an operational population planning and management programme as one of the strategies in the fight against poverty.
- Enhance the Prosperity For All programme for greater effectiveness.

Objective 2: To implement transparent, predictable and credible government economic policies

- Enhance the capacity of central government to monitor and evaluate budgets.
- Build the capacity of local governments to plan and budget, and perform monitoring and evaluation.
- Enhance the capacity of the National Planning Authority (NPA) to enable it to discharge its statutory mandate.
- Develop and implement a comprehensive communication or dissemination strategy to inform the public on major government policies and programmes.
- Increasingly involve the private sector in policy formulation and implementation.
- Provide an enabling legal and regulatory framework for public-private partnerships.

Objective 3: To promote sound public finance management

- Build the capacity of the government and major institutions in public finance regulations and management.
- Make a legal provision to ensure that the Parliamentary Accounts Committee (PAC) conducts its business on a timely basis.
- Review policy on the expansion of administration and legislative units in order to reduce expenditure on public administration.

Objective 4: To fight corruption in public administration, and money laundering

- Establish and capacitate separate anticorruption courts.
- Develop an institutional framework with a partnership approach to fighting corruption.
- Operationalise the Leadership Code tribunals.
- Expedite the enactment of the anti-money laundering law.
- Implement recommendations of the Anticorruption Commissions and enforce existing rules and regulations.

Objective 5: To accelerate regional integration by participating in the harmonisation of monetary, trade and investment policies among the participating states

- Review membership in regional economic blocs to eliminate duplication.
- Expedite the implementation of agreed-upon regional protocols through greater resolve and effectiveness.
- The Ministry of East African Community Affairs to undertake public sensitisation work shops and seminars on regional integration across the country.
- Empower the Ministry of East African Community Affairs through human and financial ca pacity development.
- Step up efforts to develop regional transport infrastructure, especially the road and rail way networks.

4.0 CORPORATE GOVERNANCE ACTIONS

Codes and standards

- International Accounting and Auditing Standards: Build capacity of the ICPAU to strengthen enforcement.

Objective 1: To promote an enabling environment and effective regulatory framework for economic activities

- Fast-track enactment of new proposed laws designed to facilitate business, such as the Companies Act, Competition Bill, Insolvency Bill, Consumer Protection Bill, and copyright and patent laws.
- Simplify the registration process by reducing procedures.
- Computerise the registration process.
- Establish a regulatory framework for unregulated sectors, including pensions, in-house provident funds, and tier-4 microfinance institutions.
- Provide incentives for small businesses to become formal.
- Develop a strategy to decentralise and build capacity of the Office of the Registrar of Companies and the Commercial Courts.
- Improve coordination of enforcement institutions and reduce bureaucracy.
- Develop a strategy for sensitising the public on the economic benefit of the Uganda Stock Exchange, and the government to utilise the Stock Exchange in the privatisation process.
- Rationalise and create a mechanism for awarding tax incentives in a transparent

and strategic manner.

- Establish a national business skills training institution for providing appropriate skills training for business practitioners.
- Establish a forum for interface between training institutions and the business community for identifying and matching skills requirements.
- Establish a policy framework for non-deposit taking microfinance institutions and the informal sector.
- Create a harmonised regulatory framework for capital markets, insurance and pensions.
- Capacitate CADER to roll out the ADR promotion programme.
- The UBOS to introduce innovative statistical methodologies to capture data on the informal sector.
- PERDS to adopt suitable communication and disclosure strategies for addressing public concern about the privatisation process.
- The government and private sector organisations to develop simplified corporate governance guidelines and simplified accounting standards for SMEs and informal sector businesses.
- The government to evaluate and review the Prosperity For All programme to be demand driven and benefit all regions by supporting productive activities better in a sustainable framework.
- Private sector organisations to establish a permanent dialogue framework to harmonise positions when engaging the government.
- The government to revitalise and strengthen the role of Uganda Development Bank.
- The government to establish a fully fledged one-stop facility at the UIA to address investors' formalities.

Objective 2: To ensure that corporations act as good citizens with regard to human rights, social responsibility and environmental sustainability

- Facilitate a fully fledged industrial court.
- Build institutional mechanisms for enforcing labour laws and creating public awareness about the rights of workers.
- Regulate the registration of labour unions.
- Review and strengthen staffing of the labour department.
- Put in place a policy and plan to promote and enforce the adoption of the minimum wage.
- Create a mechanism that obligates corporations to provide for corporate social responsibility.
- Strengthen the capacity of NEMA to coordinate and enforce corporate and industrial compliance with environmental laws, policies and standards.
- Revise and harmonise laws to enhance sound environmental management.
- Strengthen the capacity of local governments to enact environmental bylaws.

- Private sector organisations to promote the adoption of codes of good business ethics among their members.
- The government to launch a specific programme to sensitise local businesses, also in the public and informal sector, to encourage them to adopt ILO-recommended strategies to fight HIV/AIDS in the workplace.

Objective 3: To promote the adoption of codes of good business ethics in achieving the objectives of the corporation (inclusive of Objective 4)

- Develop mechanisms that ensure the development and enforcement of codes and ethics in the private sector.
- Promote awareness campaigns for business stakeholders on productivity and competitiveness.
- The government to enhance the capacity of regulatory and enforcement agencies to investigate complex white-collar crime (including IT-based crime).
- The government to establish institutional mechanisms for strengthening and monitoring adherence to corporate governance standards.

Objective 4: To ensure that corporations treat all stakeholders fairly, including shareholders, employees, communities and suppliers

- The government, relevant agencies, the donor community and the private sector to work together to enhance financial literacy (support the Financial Literacy Foundation).
- The government to improve law enforcement, especially when it comes to protecting stakeholders' rights when engaging private companies.
- Strengthen the UNBS to fight against counterfeit goods, including teaming up with other regulatory and enforcement agencies.
- The government to allocate adequate resources to the UNBS to allow it to carry out its mandate.

Objective 5: To provide for the accountability of corporations, directors and officers

- Review relevant laws on the accountability of corporations, in particular the Companies Act, to make it more effective.
- Put in place a mechanism to ensure the establishment of standards for procurement procedures in the private sector.

5.0 SOCIO-ECONOMIC DEVELOPMENT ACTIONS

Codes and standards

- Sign standards that the country has not yet signed within socioeconomic development, and ratify others.
- Increase awareness among stakeholders about standards and codes.

Objective 1: To promote self-reliance in development and build capacity for self-sustaining development

- Review and streamline the government's planning processes with a view to strengthening the NPA's lead role in national planning.
- Issue a Presidential directive in recognition of the NPA's autonomy, as proclaimed in the NPA Act.
- Build information and communication mechanisms that ensure that gender-disaggregated data of the UBOS informs policy formulation, implementation, and monitoring and evaluation.
- Undertake a thorough review of the effectiveness of aid to Uganda.
- Put in place a strategy for further reduction of the country's dependence on donors overtime.
- Prudently harness the expected oil revenue into productive sectors and infrastructure development in order to integrate the national economy further and contribute to enhancing socioeconomic development.

Objective 2: To accelerate socioeconomic development to achieve sustainable development and poverty eradication

- Develop an integrated strategy for human and institutional capacity for the delivery of basic social services.
- Enhance an enabling environment for promoting PPPs for the delivery of basic social services.
- Streamline and simplify procedures for establishing business and social enterprises.
- Create institutional arrangements to support SMEs' access to development financing.
- Formulate a comprehensive agricultural policy that facilitates optimal agricultural productivity and food security.
- Promote value addition, commercialisation, agro-processing, marketing and negotiation for markets.
- Promote eco-friendly utilisation of land.

- Promote tree planting, sustainable wetland management, restoration of degraded ecosystems, effective use of weather and climate information, and integrated water resources management.
- Widen the scope of measurement of poverty through a composite index that takes into account both per capita income or the consumption index, and captures the non-income elements of poverty.
- In collaboration with other stakeholders accelerate the development and implementation of a comprehensive strategy for social protection.
- Design and implement policies that address regional and social inequalities.
- As a matter of urgency, develop a National Population Policy that will address the high fertility rate comprehensively.

Objective 3: To strengthen policies, delivery mechanisms and outcomes in key social development areas, including providing education for all and combating HIV/AIDS and other communicable diseases

- Make UPE compulsory, enact laws and bylaws to enforce UPE, and develop a strategy for ensuring quality, retention and completion.
- Develop a comprehensive strategy for resourcing USE.
- Promote the use of ICT in schools, in particular rural schools, and strengthen policy and strategy for investment in ICT infrastructure; strategies that are important in improving access to ICT.
- Establish policy instruments to ensure qualified health workers and appropriate equipment in all health centres at levels II–IV.
- Enforce existing policy and strategy on the availability of VCT and PMTCT centres at national, district and level IV health centres.
- Build capacity and strengthen inspectorate mechanisms to ensure quality and safety in service delivery.
- Improve the conditions of service for teachers in terms of salary and living conditions, and facilitate deployment of teachers to regions other than their home districts, in order to improve the quality of education, especially in rural areas.
- Give greater emphasis to business, technical and vocational training in the framework of the Ugandan Industrial Policy, adopted in January 2008.
- Address the problem of rampant corruption in the health sector, especially in the supply chain of essential drugs and equipment intended for health centres and hospitals.
- Improve the conditions of service for health personnel through strategies that sustain their productivity, and attract and retain them to under-serviced areas.
- Step up efforts to reduce the prevalence of malaria, which is the leading cause of morbidity and mortality in Uganda.
- Speed up the setting up of national social health insurance.
- Put in place mechanisms and strategies to sustain gains made in the reduction

of the prevalence of HIV/AIDS and ensure further reduction.
- Strengthen the country's preparedness to handle epidemics and outbreaks, such as Ebola.

Objective 4: To ensure affordable access to water, sanitation, energy, finance (including microfinance), markets, ICT, shelter and land to all citizens, especially the rural poor

- Review policies and strategy to ensure increase of water supply and sanitation coverage, as well as water for production.
- Strengthen policy and strategy for enhanced investment in national roads, railways and water transport.
- Coordinate development and maintenance of urban infrastructure to address congestion and population growth.
- Strengthen policy and strategy for investment in ICT infrastructure and services, increase skills and promote utilisation.
- Audit the progress made so far on MDGs.
- Prioritise the promotion of alternative and renewable sources of energy.
- Speed up the formulation and implementation of the policy on solid waste management.
- Prioritise sanitation in the national budget in order to ensure dramatic acceleration in the provision of improved services required to achieve the MDG target for sanitation.
- Strengthen and enforce regulation of microfinance institutions.
- Expedite the formulation of a National Land Policy, which will provide overall guidance on land ownership and the utilisation of land.
- Speed up formulation and implementation of a national housing policy that takes into account the needs of the poor.
- Prioritise the development and implementation of an urban physical planning and development policy to reverse urban decay.
- Mobilise additional resources for community and feeder roads, in particular in rural areas.
- Assist in the development of a transit bus system that can be taken over by the private sector.

Objective 5: To make progress towards gender equality in all critical areas of concern, including equal access to education for all girls at all levels

- Review policy and strategy on employment opportunities for the youth (wage and self-employment).

- Draft a Labour Expatriation Policy.
- Develop or review strategy on civic education and training youth on reproductive health issues.
- Fully implement the Equal Opportunities Act.
- Review the NGO Act with a view to enhancing NGOs' multiple roles in development, including advocacy, service delivery, transparency and accountability of public institutions.
- Step up efforts in gender budgeting.
- Speed up the enactment of the Domestic Relations Bill and the Sexual Offences Bill.
- Develop a nationwide programme to train and sensitise law enforcement agencies and communities on issues of sexual and gender-based violence.
- Undertake sensitisation and education campaigns to influence traditional norms, values and laws to allow women to own and control land; and sensitise women on their land rights.
- Provide training programmes that strengthen women politicians' leadership skills, confidence, networking, advocacy and self-esteem.

Objective 6: To encourage broad-based participation in development by all stakeholders at all levels

- Review the tendering and procurement processes in order to make them transparent.
- Develop a strategy for capacity building of local communities for their effective participation in planning, implementation and monitoring and evaluation processes.
- Improve the flow of feedback communication on the final outcomes of the planning processes to local communities to reinforce their ownership and ensure their continued participation in the implementation of programmes and projects.
- Initiate capacity-building programmes for elected or nominated representatives to ensure that they are able to participate effectively in policy formulation.
- Step up mechanisms to ensure representation and participation of all marginalised groups in development processes.
- Embark on rationalisation of the number of local districts in order to contain administrative costs within affordable limits.
- Strengthen the use of equalisation grants to address inequalities in accessing health and education.

6.0 COST OF THE NATIONAL PROGRAMME OF ACTION

Below is a summary of the cost of the NPOA.

	Components	Total US$ (1US$=UGX 1650)	Total Adjusted for Inflation 10% & Contingency 10%	Total US $
DEMOCRACY AND POLITICAL GOVERNANCE				
	Codes and Standards	260 708		
			312 850	
	Objective 1	22 619 252	27 143 103	
	Objective 2	14 240 127	17 088 153	
	Objective 3	1 352 414	1 622 896	
	Objective 4	8 316 998	9 980 397	
	Objective 5	2 470 412	2 964 495	
	Objective 6	6 889 301	8 267 161	
	Objective 7	2 403 088	2 883 705	
	Objective 8	29 738 355	35 686 026	
	Objective 9	1 651 182	1 981 419	
	Sub-Total	89 941 838	107 930 205	
				107 930 205
ECONOMIC MANAGEMENT AND GOVERNANCE				
	Codes and Standards	175 127		
			210 153	
	Objective 1	272 784 152	327 340 983	
	Objective 2	4 219 907	5 063 888	
	Objective 3	10 212 215	12 254 658	
	Objective 4	16 554 440	19 865 328	
	Objective 5	20 643 064	24 771 676	
	Sub-Total	324 588 905	389 506 686	
				389 506 686
CORPORATE GOVERNANCE				
	Codes and Standards	11 914 242	14 297 091	
	Objective 1	88 071 047	105 685 257	
	Objective 2	58 997 174	70 796 609	
	Objective 3	45 442 797	54 531 356	
	Objective 4	55 667 676	66 801 211	
	Objective 5	10 215 309	12 258 371	
	Sub-Total	270 308 246	324 369 895	
				324 369 895

	Components	Total US$ (1US$=UGX 1650)	Total Adjusted for Inflation 10% & Contingency 10%	Total US $
SOCIO-ECONOMIC DEVELOPMENT				
	Codes and Standards	198 353	238 023	
	Objective No. 1	867 928	1 041 514	
	Objective No. 2	739 720 838	887 665 006	
	Objective No. 3	933 586 304	1 120 303 565	
	Objective No. 4	1 171 317 848	1 405 581 417	
	Objective No. 5	515 426 125	618 511 351	
	Objective No. 6	1 629 093	1 954 912	
	Sub- Total	3 362 746 490	4 035 295 788	
				4 035 295 788
	GRAND TOTAL			4 857 102 574

1. THEMATIC AREA: DEMOCRACY AND POLITICAL GOVERNANCE

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
Sign, ratify, accede to, domesticate and popularise democratic principles, codes and standards	Identify relevant codes and standards Determine stages of each code and standard Develop a time frame Create awareness and popularise codes and standards Implement the remaining codes and standards	Number of codes and standards signed, ratified, domesticated and popularised	Signing and ratifying are ongoing activities	MoFA, all relevant ministries		3 years	Codes and standards signed, ratified, domesticated and popularised	Requirements for democratic governance codes and standards	93 008	NEPAD/APRM, NIMES (PMO)
Identify African values to be codified by the African Union	Undertake a study to identify African values to be codified by the African Union	Draft convention submitted to the AU summit		MoFA, all relevant ministries		3 years	Convention on African Values drafted and submitted	All African countries bound by common values in order to improve on the moral turpitude and ethic of society	14 153	

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
Strengthen the capacity of the DMOT of MoFA as the lead agency	Establish a centralised inventory for all standards and codes that the country has signed, ratified and/or domesticated	Functional inventory established		MoFA, MFPED, MJCA, ULRC		1 year	Accessible inventory of all standards and codes established	DMOT made more efficient	45 272	
	Set up an inter-ministerial committee to work with the lead agency to monitor and ensure compliance	Inter-ministerial committee set up and facilitated				1 year	Relevant ministries coordinated		8 379	
	Create awareness within relevant ministries	Number of desk officers established in each relevant ministry				3 years	Desk officers in all relevant ministries established	Relevant ministries are actively involved in the implementation of codes and standards	6 626	
	Upgrade the Division of Legal Affairs in the MoFA to department level; Recruit and train staff	Legal Affairs Department formed				1 year	Legal Affairs Department established in the MoFA	Improved coordination and monitoring of implementation of codes and standards	48 000	

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
	Recruit Desk Officers in the relevant ministries to liaise with the lead agency	Appropriate staff recruited and existing staff trained				1 year	Desk Officers in the relevant ministries recruited	Relevant ministries are actively involved in the implementation of codes and standards		
The government fulfils its reporting requirements and informs the international supervisory authorities and local stakeholders of progress made in domesticating international conventions, standards and codes	Implement the seven major instruments identified in the CSAR	Number of instruments implemented		MoFA MFPED MJCA ULRC		3 years	Reporting requirements prepared on time and submitted	The government is up to date with its reporting requirements	The cost of this activity is under standards and codes in the MoFA, which is the lead agency	
	Pass the enabling laws made by Parliament			MoFA (lead agency), relevant sector ministries, Parliament		3 years				
	Identify international conventions that need to be reflected in national legislation and pass the relevant Acts (domestication)	Number of Acts of international conventions identified and reflected in national laws					International conventions translated into national laws	National laws are aligned and in harmony with international laws to which Uganda is a signatory		
SUBTOTAL									**280 708**	
OBJECTIVE 1: TO PREVENT AND REDUCE INTRA- AND INTERSTATE CONFLICTS										

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
Ensure that on-going efforts towards land reform through amendment of the 1998 Land Act are geared towards, among other things, amicable resolution of land disputes and conflicts. The government to provide adequate resources for establishing the Land Fund and for land tribunals to ensure that they are able to carry out their constitutional mandate	Review and amend the 1998 Land Act Consult with all stakeholders countrywide through workshops, seminars, public hearings, to support the review process Create awareness through media and publicity materials	1998 Land Act amended Level of consensus built within key stakeholders towards land reform Level of consensus built within key stakeholders towards land reform		MLHUD, CSOs, ULRC, Parliament		1 year	**1998 Land Act amended**	Reduced land conflict	10 966 753	
	Increase funding for implementing the Land Fund and land tribunals	Increased resources to support the implementation of the Land Fund and land tribunals Reduced levels of land disputes		MFPED		3 years	Land Fund established and land tribunals made operational	Reduced levels of land disputes and conflicts		
Commit to implement fully the PRDP over the next three years	Mobilise funds for implementing the PRDP	Number of PRDP programmes successfully implemented		PMO , MoLG Parliament		1 year	PRDP programmes successfully implemented	Consolidation of peace and recovery in Northern Uganda	9 560 435	

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
	Build and strengthen the capacity of the PMO and LGs to ensure effective coordination of all relevant institutions in implementing the PRDP	Number of PRDP programmes successfully implemented		PMO, MoLG, Parliament, all relevant ministries		3 years	PRDP programmes effectively monitored and implemented			
Ensure that in the process of resolving the armed conflict and post-conflict reconstruction and development programmes, specific interests and human rights of vulnerable groups are addressed and promoted including children, orphans, the elderly, IDPs, refugees, ethnic minorities and people living with HIV/AIDS	Complete the National Policy on Peaceful Conflict Resolution	A functional monitoring mechanism in place		PMO, MoD		1 year	National Policy on Peaceful Conflict Resolution formulated and implemented	Consolidation of peace and recovery in Northern Uganda	605 365	
	Set up a National Truth and Reconciliation Commission	Reduced levels of human rights violation of the vulnerable groups in conflict areas		MJCA, MoD, ULRC, UHRC		1 year	National Truth and Reconciliation Commission set up and made fully operational Justice dispensed and perpetrators of crime identified and held accountable	Consolidation of peace in Northern Uganda		

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
	Set up a monitoring mechanism that involves CSOs for implementing the PRDP	Reduced levels of human rights violation of the vulnerable groups in conflict areas		**PMO**, MoD, CSOs, UHRC		1 year	Mechanism that involves civil society for the implementation of the PRDP setup	Participation of civil society in implementing the PRDP		
Support local initiatives aimed at institutionalising an alternative justice system through utilisation of informal mechanisms for managing microlevel conflicts as part and parcel of broader programmes aimed at post-conflict reconstruction and development	Enact a law that integrates traditional judicial mechanisms in the existing justice system	Appropriate law in place Number of cases resolved through the informal mechanism of resolving conflicts		**MJCA**, MoLG, UHRC, CSOs, ULRC, traditional leadership institutions		1 year	Integration of the traditional judicial mechanisms into existing justice systems	Effective and timely dispensation of justice	21 913	

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
Intensify current efforts aimed at promoting inclusiveness, redressing marginalisation and managing diversity by establishing the EOC and providing resources for the EOC to fulfil its mandate effectively	Operationalise the EOC	EOC established and fully funded Regular reports from the EOC		**MGLSD**, MoLG, PMO		3 years	EOC established and made operational	Effective and equal distribution of resources	1 464 787	
	Carry out sensitisation of the public on the work of the EOC	Number of people accessing services of the EOC				3 years	Increased public awareness of the work and mandate of the EOC			
SUBTOTAL									**22 691 252**	
OBJECTIVE 2: TO FOSTER CONSTITUTIONAL DEMOCRACY, INCLUDING PERIODIC COMPETITION AND OPPORTUNITY FOR CHOICE, RULE OF LAW, A BILL OF RIGHTS AND THE SUPREMACY OF THE CONSTITUTION, AS FIRMLY ESTABLISHED IN THE CONSTITUTION										
Establish a national code of ethics and values as a basis for developing standards of integrity and ethical behaviour in all public and professional services	Codify ethics and integrity values and their promotion through national consultation	Number of copies of the National Code of Ethics and Conduct produced and distributed		**DEI**		3 years	Ethics and integrity values codified and promoted	Institutions guided by the ethics and integrity values that are in place	1 187 048	

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
	Finalise and operationalise the National Code of Ethics and Conduct (Cabinet and Parliament debates on codes)				**DEI**, Parliament	2 years	National Code of Ethics and Conduct finalised and made operational			
	Popularise the National Code of Ethics and Conduct through sensitisation and publicity				**DEI**, all ministries	3 years	Increased public awareness of the National Code of Ethics and Conduct	Behaviour of leaders and citizenry guided by the National Code of Ethics and Conduct		
	Integrate the National Code of Ethics and Conduct into school curricula				**MoES**, DEI	3 years	National Code of Ethics and Conduct integrated into school curricula	National Code of Ethics and Conduct inculcated in the children and youth		
Review existing laws regarding press freedom and their implementation, with a view to removing contradictions and undue restrictions.	Amend the law on press freedom Hold consultations and workshops with key stakeholders	Amended media law in place			**MJCA**, ULRC, DoI, media, Media Council, CSOs	1 year	Media-friendly laws enacted and implemented	Improved press freedom	38 032	

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
Review curricular content of media training institutions and programmes to ensure professional quality	Consultancy to review and develop new curricula; Hold consultations with key stakeholders	Curricular content of media training institutions and programmes reviewed Increased number of media practitioners trained Improved public opinion about the media Increased media sales/listenership/viewership		**MJCA**, ULRC, DoI, media, Media Council, CSOs		1 year	Curricular content of media training institutions and programmes revised	Professionalised media	100 262	
Review the Constitutional Amendment that removed the two-term limit for the President's Office	Initiate national consultations to generate consensus (sensitisation workshops)	Consultations conducted and consensus secured		**MJCA**, President's Office, PMO, Parliament		1 year	Review the Constitutional Amendment on term limits with the view of reinstating it (or not)	National consensus on term limits generated to deepen democracy	120 335	
Enhance the credibility of the electoral process and the legitimacy of electoral outcomes, in particular	Train electoral officials Develop a comprehensive Civic Education Programme Increase funding	Free and fair electoral process, with voters' register cleaned and updated Increase funding		**MJCA**, EC, CSOs, ULRC	EC, CSOs, ULRC	3 years	An effective EC established to guarantee fair and free elections	Free and fair elections	2 231 891	

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
addressing contentious issues including the voters' register, disenfranchisement, boundary demarcation, voter intimidation, vote-buying, election violence, and access to the media during elections	of the EC and ensure timely disbursement	of the EC								
Review the current First-Past-the-Post electoral model with a view to injecting the element of proportionality through the proportional representation model as part of broadening representation in governance, managing diversity and reintegration on a national scale	Carry out a consultative process to review the current FPTP electoral model with a view to addressing the shortcomings	Consultations conducted and findings implemented		**MJCA**, EC, CSOs, ULRC	EC, CSOs, ULRC	2 years	An assessment of the current FPTP electoral model and options for the introduction of elements of the proportional representation model	A more appropriate electoral system that combines the good features of both electoral systems	2 105 455	

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
Enact a Code of Conduct for Political Parties in a participatory manner and formalise the National Consultative Forum	Finalise and operationalise the National Consultative Forum Develop a Code of Conduct for Political Parties Consult with party leaders and create awareness within leaders through consultative and sensitisation workshops	Code of Conduct for Political Parties enacted		**MJCA**, political parties, EC, DEI	Political parties, EC, DEI	2 years	Code of Conduct for Political Parties enacted	Democratic and vibrant political parties	2 140 742	
Review the representation of special interest groups, especially the army, in a multiparty Parliament	Conduct national consultations with all stakeholders (public hearings, workshops, sensitisation)	Consultations conducted and findings implemented		**MJCA**, MoD, Parliament	MoD, Parliament		Recommendations on justification of army representation in Parliament implemented	Rationale for special interest ratified	4 210 909	
Repeal Statutory Instrument No. 15 of the Police Act which places restrictions on meetings of more than 25 people with a view to conform	Consult Conduct workshops (sensitisation and consultations)	Statutory Instrument No. 15 of the Police Act repealed		**MoIA**, Parliament, political parties	Parliament, political parties	1 year	Statutory Instrument No. 15 of the Police Act repealed	Protection of freedom of assembly to allow multiparty democracy to flourish		

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
ing with the Bill of Rights and allow multiparty democracy to flourish										
Devise a system of appointing the EC following the pattern of the judiciary so that the President is assisted by an appropriate institutional setup	Initiate a process of review of the Electoral Commission Act with a view to addressing issues of composition of the Electoral Commission to fit a multiparty dispensation	Electoral Commission Act and other related laws and regulations amended		**MJCA**, political parties, EC, DEI		2 years	Electoral Commission Act and other related laws reviewed to strengthen the EC's composition	Credible electoral process and outcomes	2 105 455	
SUBTOTAL									**14 240 127**	
OBJECTIVE 3: TO PROMOTE AND PROTECT ECONOMIC, SOCIAL, CULTURAL, CIVIL AND POLITICAL RIGHTS AS ENSHRINED IN ALL AFRICAN AND OTHER INTERNATIONAL HUMAN RIGHTS INSTRUMENTS										
Review current institutional mechanisms that promote and provide for the interests and welfare of vulnerable groups with a view to making them more effective and responsive	Conduct a study and implement a protective programme (consultations and workshops with key stakeholders)	Study conducted and implemented (number of identified problems)		Parliament, PMO, CSOs, **MGLSD**	Parliament, PMO, CSOs	3 years	Study on protective programme for vulnerable groups conducted	Institutions that promote the interests of vulnerable groups are streamlined and made more effective	138 141	

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
Provide adequate resources and build the requisite capacity of human rights institutions in order to make them more effective in carrying out their mandate	Train and equip UHRC staff Increase funding of the UHRC	Quantity of resources allocated to human rights institutions Number of special programmes introduced Number of people engaged	MJCA, MFPED			3 years	Manpower trained to uphold human rights effectively	Human rights institutions made more effective	1 214 273	
Enact the Domestic Relations Bill and the Sexual Offences Bill into an enforceable	Lobbying Support the redrafting of the Bills for separation along different religious convictions to take into account differences in religions	Domestic Relations Bill and Sexual Offences Bill enacted and enforced Reduced level of violence		**MGLSD**, Parliament		1 year	Domestic Relations Bill and Sexual Offences Bill enacted	Reduced level of domestic violence	The Bill is already in Parliament and most of the preparatory activities have been completed	
Review land laws that contain clauses limiting the constitutional rights of citizens	Support the identification of clauses in laws that limit the rights of citizens	Number of land laws reviewed		**MJCA**, ULRC		1 year	Land laws and other legislations without clauses that limit citizens rights	Citizens' land rights upheld and protected	150 350	
SUBTOTAL									**1 352 414**	
OBJECTIVE 4: TO UPHOLD THE SEPARATION OF POWERS, INCLUDING THE PROTECTION OF THE INDEPENDENCE OF THE JUDICIARY AND OF AN EFFECTIVE LEGISLATURE										
Strengthen the capacity of Parliament to exercise its over-	Increase funding and resourcing of Parliamentary Committees	Percentage increase of budget to Parliament		**MJCA,** MFPED, Parliament, judiciary, Cabinet	MFPED, Parliament, judiciary, Cabinet	3 years	Increased funding for accountability committees	Up-to-date accountability Reduced	1 353 226	

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
sight function over the executive within a multiparty dispensation	Set up mechanisms to ensure that Parliamentary Committees' recommendations are implemented Create awareness of and publicise Parliamentary reports Train MPs and staff (study tours/ Parliament) Recruit staff Upgrade existing library Recruit specialised researchers (research facilities, equipment)						Effective implementation mechanisms set up Increased awareness and distribution of reports Adequate staff support Adequate sources of information Parliament's oversight function strengthened to support the multiparty dispensation	corruption Reduced financial waste Multiparty dispensation strengthened with support of Parliament, judiciary and executive	1 353 226	
Ensure the independence of the judiciary by eliminating undue political	Increase the budget of the judiciary Create aware-	Reduced occurence of conflicts and confrontation between		**MJCA**, MFPED, Parliament, judiciary, Cabinet			Assured source of the budget Rule of law practices widely	Reduced job insecurity Reduced conflict between	2 115 287	

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
influence and providing the courts of judicature with requisite resources for the judiciary to carry out its mandate effectively	ness and improve civic education on the rule of law Create a mechanism for periodical consultations between the three arms of the government	judiciary and executive and Parliament					understood and appreciated Periodic consultations between the three arms of the government take place Improved independence of the judiciary in relation to the other two arms of the government	the three arms of government Three arms of government operating independently and harmoniously		
Reduce the overwhelming donor dependence of the judiciary, as it has implications for judicial independence and national sovereignty	Increase the budget of the judiciary under the MTEF	Increased proportional funding from the government		**MFPED**, MJCA, judiciary	MJCA, judiciary	3 years	Increased budget allocation to the judiciary	Increased government direct funding of the judiciary Reduced dependency on donors Independence of the judiciary enhanced	1 200 000	
As a matter of urgency, provide adequate financial resources for building the Supreme Court, which is a national edifice; every effort	Construct the Supreme Court (purchase of land, construction costs, equipment, staffing)	Supreme Court constructed		**MJCA**, MFPED, Parliament, judiciary, Cabinet MFPED, Parliament, judiciary, Cabinet		3 years	Supreme Court housed in its own buildings New Supreme Court opened and made operational	Supreme court working in a conducive environment that facilitates decision making Supreme Court effectively executing its	4 848 485	

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
must be made to ensure that the financing of the building is from domestic resources and not foreign aid								mandate		
SUBTOTAL									**8 316 998**	
OBJECTIVE 5: TO ENSURE ACCOUNTABLE, EFFICIENT AND EFFECTIVE PUBLIC OFFICEHOLDERS AND CIVIL SERVANTS										
Streamline the public service by eliminating redundant public service institutions in order to ensure coordination, enhance productivity, and create a professional and effective public service	Launch a study to review the public service (identify redundant institutions, duplications, relevant laws that need to be amended, gaps, manpower training, ICT, salary structures)	Study done		**MoPS**, PMO, PSC	PMO, PSC	3 years	Redundant and wasteful institutions rationalised and streamlined	Improved coordination and effective service delivery Improved coordination and guidance of the public service Professionalised and effective public service	363 636	
	Support the MoPS in implementing recommendations of the study and the PSRP	Recommended programmes implemented				3 years	Increased capacity of the **MoPS** Public service streamlined to discharge its duties effectively (service delivery)			
Adopt an integrated approach to the implementation	Set up a coordination structure within the MoPS for	Coordination structure established		**MoPS**, PSC	PSC	1 year	Integrated and coordinated integration of the PSRP	Improved achievement's of the PSRP objectives	1 216 473	

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
of the third phase of the PSRP for the transformation of the public service and poverty eradication	implementing the PSRP (staffing, equipment, vehicles) Train manpower to monitor and coordinate implementation of the PSRP effectively Create a mechanism for periodical consultations between the MoPS and relevant ministries and LGs	Manpower trained and equipped Periodic consultation forums undertaken					Capacity to monitor and coordinate the PSRP Periodic consultation between the public service and relevant ministries and LG A coordination mechanism put in place and capacity built for implementation, monitoring and evaluation of PSRP programmes	PSRP effectively monitored and coordinated PSRP objectives shared and understood by all stakeholders PSRP programmes implemented and poverty reduced among the beneficiaries		
Evaluate the effectiveness of LG structures and strengthen the capacity of sub-counties for better service delivery	Undertake the evaluation of LG structures to assess their effectiveness (training, manpower, ICT, equipment, retirement packages)	Evaluation mission conducted Number of LG personnel trained Equipment provided		**MoLG**, MoPS	MoPS	2 years	LG structures rationalised and streamlined LGs equipped and staff trained	Effective service delivery	795 758	

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
Step up efforts to strengthen the capacity of District Service Commissions to implement their roles and mandates effectively	Conduct a performance audit of District Service Commissions and implement findings	People's opinion on service delivery Number of civil servants educated		**MoLG**, PSC	PSC	2 years	Competent DSCs	Effective staffing and high standards of performance and productivity	23 636	
Review the salary structure, incentives and sanction schemes of the public sector in order to build a professional cadre of public servants	Develop and implement a new pay policy Review the pension legislation and existing pension structures Implement the IPPS	New pay policy developed and implemented Pension legislation and existing pension structures reviewed IPPS implemented		**MoPS**, MFPED	MFPED	2 years	New pay policy developed and implemented Pension legislation and existing pension structures reviewed IPPS implemented	Increased performance Increased job satisfaction and highly motivated public service	47 272	
SUBTOTAL									**2 470 412**	
OBJECTIVE 6: TO FIGHT CORRUPTION IN THE POLITICAL SPHERE										
Harmonise all the laws, policies and institutions established to fight against corruption within and outside the government with a view to ensur	Support the Inter-Agency Forum against Corruption (DPP, CID, Auditor-General, Inspectorate, PPDA) through training, equipping, facili			**DEI**, MFPED, IGG, MJCA	MFPED, IGG	3 years	Increased resources to the Inter-Agency Forum	Increased effectiveness of the Inter-Agency Forum in the fight against corruption Reduced levels	3 683 187	

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
ing coordination, collaboration and consultations among them	tation/funding, transport, allowances for meetings Periodic reports of the Inter-Agency Forum							of corruption		
	Support the process of originating new legislation on witness protection and proceeds of crime	Bills drafted				3 years	Increased enforcement of measures against corruption			
	Enact and implement the Anti-Corruption Act of 2008 Popularise the Act through sensitisation (printing copies, translating it into five major languages, simplification)	Anti-Corruption Act of 2008 enacted and implemented				3 years	Anti-Corruption Act of 2008 enacted and implemented			

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
Enact and implement the Whistleblowers Act. Popularise the Act through sensitisation (printing copies, translating it into five major languages, simplification)	Whistleblowers Act enacted and implemented					3 years	Whistleblowers Act enacted and implemented	Increased availability of information on corruption Increased capacity to investigate and prosecute culprits		
Enhance the institutional capacity of the IGG (and other relevant anti-corruption institutions) to effectively execute its mandate	Train and equip the Leadership Code Unit Manpower Introduce incentives and reward mechanisms Increase funding of the IGG	Number of culprits prosecuted Percentage of reported cases successfully prosecuted Reduced instances of corruption Quantity of assets recovered from convicted culprits		**DEI**, MJCA, MFPED, Parliament, judiciary	MJCA, MFPED, judiciary	3 years	Increased successful prosecutions Reduced number of instances of corruption Lost assets and money recovered	Reduced corruption	1 300 043	
Enforce compliance with the Leadership Code of Conduct	Train and equip the Leadership Code Directorate under the IGG	Number of leaders declaring their wealth Percentage of reported cases of culprits brought to book		**DEI**, IGG, Anti-Corruption Coalition of Uganda, Centre for Corporate Governance	IGG, Anti-Corruption Coalition of Uganda, Centre for Corporate Governance	3 years	Increased declaration of wealth by leaders	Improved accountability by leaders Incidents of corruption prevented	1 659 831	

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
Develop guidelines governing disbursement and appropriate use of the CDF	Review procedures of disbursement of the CDF			**Parliament**, CSOs	CSOs	1 year	New procedures for disbursement of CDF developed and implemented	Proper utilisation of the CDF	246 240	
	Establish a monitoring mechanism on utilisation of the CDF			**MFPED**	Parliament, CSOs	3 years	CDF utilisation effectively monitored			
SUBTOTAL									**6 889 301**	
OBJECTIVE 7: TO PROMOTE THE RIGHTS OF WOMEN AND MAINSTREAM GENDER EQUALITY										
Reform laws that promote gender equity, such as the Land Act, Registration of Title Act, Micro-Deposit Taking Institutions Act, as well as the Mortgage Act	Review the laws and remove discriminatory clauses by the Law Review Commission through national consultations	Number of laws reviewed and reformed		**MJCA**, ULRC, Parliament, JLOS	Parliament, JLOS, ULRC	3 years	Laws without discriminatory clauses repealed	Gender equity in legal provisions	1 058 776	
Embark on institutional capacity building to ensure that increased participation of women in central and local government is	Build capacity of women representatives to perform their roles (lobbying, training, networking, creating awareness/ sensitisation)	Increased effective participation of women in decision-making bodies		**MGLSD**		3 years	Improved welfare and status of women in society	Women empowerment and meaningful participation in national development promoted	938 080	

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
balanced with qualitative changes of institutions to guarantee that women are adequately empowered to promote and protect their rights										
Enhance the implementation of the affirmative action policy, especially regarding the girl-child	Make UPE and USE compulsory	Reduction in dropout rates for the girl-child		**MGLSD**		3 years	UPE and USE made compulsory and enrolment enforced	Affirmative action for the girl-child mainstreamed and entrenched	212 273	
	Popularise the public university affirmative action	Number of girls participating in the government programme		**MoES**, MFPED		3 years	Public university affirmative action popularised through civic education	Enrolment and completion rates gender balanced		
Step up the capacity of gender focal points in sectoral ministries with a view to mainstreaming gender in plans and the national budget	Train gender focal point persons in the 18 planning sectors and all LGs, and monitor them	Facilitation of gender focal points		**MGLSD**, CSOs			Gender focal point persons adequately facilitated (gender desegregated budgeting)	Gender equity integrated in sectoral and ministry budgets and plans	193 959	
SUBTOTAL									**2 403 088**	
OBJECTIVE 8: TO PROMOTE AND PROTECT THE RIGHTS OF CHILDREN AND YOUNG PEOPLE										

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
Develop a policy and strategy to address youth under- and unemployment	Develop a youth employment policy Hold national and regional consultations (national consultations with key stakeholders, youth and employers)	Number of youth employed Number of youth participating in decision making Number of youth self-help support projects established		**MGLSD**		1 year	Youth employment policy developed and implemented Increased job creation and youth employment	Youth empowerment and meaningful participation in national development promoted Self-help projects established	1 870 408	
	Establish Excellent Talent Centres in five regions Rehabilitate Excellent Talent Centres (Mukono is operational but needs funding for management and staff recruitment; Moroto needs reconstruction UG x 459 m, Mubuku needs renovation UG x 150 m, Masindi and Apac)					1 year	Excellent Talent Centres in the five regions established and existing ones rehabilitated			

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
Integrate rights of children in existing post-conflict reconstruction and development programmes, such as food, health, shelter and education	Continue support of UPE and USE; Increase enrolment, reduce dropout rate and improve quality Sensitise and popularise the Child Act Train child protection officers Rehabilitate children's institutions Train Child Protection Committees at parish levels Train Committee Secretaries for children's affairs at village level (bicycles) Monitor and provide technical advice by the ministries			**MoH**, MoES, MoLG, CSOs		3 years	Special needs of children and youth in conflict and post-conflict and peace-building situations determined and solutions implemented Needs are mainstreamed in reconstruction and development programmes	Improved welfare of children and youth in conflict and peace building	4 274 958	

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
	Advocate publicity materials			UHRC, CSOs, MoIA (Police Juvenile Section)		1 year	Capacity of relevant institution strengthened	Reduced violation of the rights of children	23 592 989	
Build and strengthen institutions that promote and protect children's rights as part of a civic education programme	Conduct a study to identify the capacity needs of the existing institutions	Study conducted and findings implemented					Citizenry and leaders adequately informed about the legal provisions protecting the rights of children			
	Train and equip the relevant institutions	Institutions trained and equipped				3 years				
	Sensitise about rights and obligations under the law through civic education					3 years				
SUBTOTAL									**2 403 088**	
OBJECTIVE 9: TO PROMOTE AND PROTECT THE RIGHTS OF VULNERABLE GROUPS, INCLUDING DISPLACED PERSONS AND REFUGEES										

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
Develop a policy and strategy to address the under- and unemployment of people with disabilities (PWDs)	Conduct a study to identify key interventions for addressing PWDs' under- and unemployment Hold consultations and workshops with key stakeholders	Study conducted and findings and recommendations made Percentage of vulnerable groups participating in decision making Number of PWDs in self-help support projects established Number of schemes for vulnerable groups set up		MFPED, MJCA, Parliament, CSOs		2 years	Policy and strategy to address PWDs' under- and unemployment established and implemented Increased number of vulnerable groups participating in decision making Increased number of schemes for vulnerable groups set up	Reduced unemployment of vulnerable groups Increased incomes for vulnerable groups Reduced vulnerability	1 519 868	
Enhance the capacity of institutions that have the mandate to promote and protect the rights of vulnerable social groups with a view to developing and designing tailor-made	Train and retool manpower Consult with key stakeholders	Number of service delivery programmes introduced Number of CSOs engaged Number of vulnerable people accessing services		MFPED, MJCA, Parliament, CSOs		3 years	Increased number of services set up to meet the needs of vulnerable groups Increased number of vulnerable groups accessing services	Reduced violation of rights of vulnerable groups	52 364	

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
service delivery programmes that target the specific rights of vulnerable groups Mainstream the rights of vulnerable groups in peace-building initiatives and post-conflict reconstruction and development programmes	Conduct a study to facilitate mainstreaming Equip the Inter-Ministerial Committee handling these rights	Violation of rights of vulnerable groups reduced Study carried out and findings implemented Inter-Ministerial Committee equipped and facilitated		MGLSD UN agencies involved CSOs		3 years	Needs of vulnerable groups in post-conflict and peace-building setting determined Strategies to meet the needs of vulnerable groups mainstreamed in post-conflict projects and programmes Inter-Ministerial Committee set up and facilitated	Vulnerability in post-conflict and peace-building settings minimised	78 951	
SUBTOTAL									**1 651 182**	
GRAND TOTAL									**89 941 838**	

1. THEMATIC AREA: DEMOCRACY AND POLITICAL GOVERNANCE

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
PRINCIPLES, CODES AND STANDARDS										
Ensure the signing, accession to, ratification, domestication and popularisation of economic governance and management principles, codes and standards	Identify relevant laws and standards Determine the status Develop a timeframe for implementation Implement remaining stages Create awareness of financial codes and standards	Number of economic governance and management codes and standards ratified, domesticated and popularised		**MoFA**, MFPED	CSOs, international agencies	3 years	Codes and standards signed, ratified, domesticated and popularised	Improved economic governance in line with international standards	**175 127**	NEPAD/ APRM, NIMES (PMO)
SUBTOTAL									**175 127**	
OBJECTIVE 1: TO PROMOTE MACRO-ECONOMIC POLICIES THAT SUPPORT SUSTAINABLE DEVELOPMENT										
Build capacity within the government to monitor the volume of oil reserves and production	Assess the existing capacity within the government Review and develop a plan to address the gaps identified	Number of technical staff trained Number of staff accessing ICT in government	None	**MEMD**, PMO, MFPED, MICT, MoPS, BoU, URA, PSC BoU, MEMD, MoES, URA, MFPED, MJCA, MICT, MoPS, PMO, PSC, URA		3 years	Increased technical capacity in monitoring and managing oil resources	Improved revenue collection	7 939 060	MFPED, URA, President's Office

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
	(consultancy, training, ICT) Implement the plan Put in place a technical staff retention policy Create public awareness of aspects of oil resource management and utilisation **(newsletters, talk shows, road shows)**	Number of collaborative institutions Budget available for the sector								
Build capacity within the government to collect revenue from the oil industry	Assess the existing capacity within the government Review and develop a plan to address the gaps identified Implement the plan Put in place a technical staff retention policy	Number of technical staff trained Number of staff accessing ICT Number of collaborative institutions Budget available for the sector	Oil exploration Oil and gas policy	PMO, MFPED, MEMD, MICT, MoPS, BoU, URA, PSC	BoU, MEMD, MoES, URA, MFPED, MJCA, MICT, MoPS, PMO, PSC, URA, tertiary institutions	3 years	Increased technical capacity in collecting revenue from oil resources		**4 721 960**	MFPED, President's Office, MFPED, MEMD, URA

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
Establish mechanisms to ensure transparency in the management of oil resources	Review existing oil and gas policy to identify gaps Enact and enforce laws on oil and gas Join the Extractive Industries Transparency Initiative	Gaps in oil and gas policy identified Number of laws on oil and gas enacted Number of reports published and disseminated		MEMD, Parliament, PMO, MFPED, URA	MEMD, Parliament, PMO, MFPED, URA, MoLG, LGs, CSOs	3 years	Mechanisms in place to ensure transparency Transparency	Improved public accountability	**40 765**	President's Office, PMO, MFPED, URA
Broaden the tax base	Review existing tax sources Determine revenue potential Identify the tax gaps Consult the relevant government departments (central and local governments) Consult the public	Number of new tax sources reviewed Percentage growth of tax revenue determined Number of stakeholders consulted Number of policies on tax prepared Number of new tax laws enacted		URA, MFPED, Parliament, LGs, judiciary		3 years	New tax sources	Self-reliance	**78 548 848**	MJCA, judiciary, Parliament, MoLG

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
	Prepare a policy Enact appropriate laws Sensitise stakeholders Enforce laws	Number of sensitisation initiatives implemented								
Strengthen the government's capacity to collect non-oil tax revenue	Assess the existing capacity within the government (human and technical) Review and develop a plan to address the gaps identified Implement the plan Put in place a technical staff retention policy Number of technical staff trained	Number of staff accessing ICT Number of collaborative institutions Budget allocation Rate of payment compliance Rate of filing compliance Rate of detection and prosecution of tax evasion and fraud		MICT, MEMD, MFPED, MJCA, MoPS, URA, PSC	URA, MICT, MEMD, MFPED, MJCA, MoPS, PSC, MoLG LGs/Councils	3 years	Increased technical capacity to collect non-oil tax revenue	Empowered districts determining their fiscal affairs	5 574 970	URA, MFPED

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
		Percentage of revenue collected from enforcement activities								
Review existing policies/laws enabling fiscal decentralisation	Carry out a SWOT analysis Formulate a policy Number of consultations done	Number of policies formulated Number of laws enacted and enforced		MFPED, MoLG, Parliament, URA, LGs/Councils, judiciary, President's Office		3 years	Fiscal decentralisation framework in place		**425 424**	
Allocate more resources to agriculture, industry and infrastructure sector in line with agreed targets	Identify the resource needs in the agriculture, industry and infrastructure sector Establish current provision to the sector Prioritise the intervention activities Allocate available resources according to the priorities	Percentage of the budget allocated to the agriculture, industry and infrastructure sector		MFPED, MAAIF, MTTI, MoWT, MLHUD	Parliament, MEMD, URA, private sector, CSOs	3 years	Increased budgetary allocation to the agriculture, industry and infrastructure sector	Increased productive capacity of the economy through value addition Increased household income	**See above on broadened tax base**	Parliament, MAAIF, MTTI, MoWT

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
Develop a strategy to transform the economy by emphasising industrialisation	Review the government's role in economic governance and management to ensure strategic government interventions in industrial development Re-establish the UDC to support industrial development Develop Export Processing Zones to facilitate manufacturing for export				MFPED, MAAIF, MTTI, BoU		Interventions in industrial development developed UDC re-established Export Processing Zones set up Increased volume of exports	Expanded industrial production Feasibility studies of viable industries conducted Increased rate of investors in the industrial sector Incubation of industries	**170 107 879**	

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
Revamp and re-capitalise the UDB to provide affordable medium and long-term credit to the industry and agriculture sector	Assess the UDB's available human and technical resources Assess the medium and long-term needs of the industry and agricultural sector Provide medium-term credit to the UDB incrementally Set up a supervisory function in the MFPED for the UDB	Number of technical staff available Lines of credit created in the industry and agriculture sector		MFPED, BoU, MAAIF, MTTI, UDB	Parliament, CSOs, private sector	3 years	Revamped and recapitalised UDB	Access to term finance	**See above on broadened tax base**	MFPED, Parliament

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
Put in place an operational population planning and management programme as one of the strategies in the fight against poverty	Review current population planning and management programmes Consult the public Enact a law Develop an implementation strategy Develop a sensitisation strategy	Number of review/consultancy reports Number of national consultations Number of laws enacted		MFPED, Population Secretariat, MoES, MoH	UBOS, MoLG, LGs/Councils, NPA	3 years	Operational population planning programme	Controlled population growth rate	**3 400 427**	Population Secretariat, NPA
Enhance the Prosperity for All programme for greater effectiveness				MFPED, Office of the President, LGs, PMO			Development taken to parish and village levels Development resources provided to groups (SACCOs)	Higher income to households Agriculture transformed, modernised and commercialised Structural transformation of society	**2 024 818**	
SUBTOTAL									**272 784 152**	
OBJECTIVE 2: TO IMPLEMENT TRANSPARENT, PREDICTABLE AND CREDIBLE GOVERNMENT ECONOMIC POLICIES										

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
Enhance the capacity of central governments to monitor and evaluate budgets Build capacity of LGs for planning, budgeting, monitoring and evaluation	Develop a training of trainers (ToT) course for planning and budgeting, including gender budgeting Develop a ToT manual Develop an implementation strategy	Number of central and local government planners trained Level of improvement in central and local government planning, budgeting, monitoring and evaluation		MFPED, MoLG, NPA MFPED, MoLG,	NPA, LGs	3 years	Increased capacity for monitoring and evaluating government programmes	Efficacy of public spending	**966 364**	MFPED, MoLG, NPA
Enhance the capacity of the NPA to enable it to discharge its statutory mandate	Review the NPA Act Restructure the NPA and carry out an HR audit Implement the HR audit report	NPA Act amended Number of technical staff at the NPA audited Budget allocation		MoPS, MFPED, MoLG, Parliament	NPA, LGs	3 years	Institutional setup on the NPA reviewed Capacity of the NPA to formulate national plans enhanced	Harmonised framework for national planning	**2 929 115**	
Develop and implement a comprehensive communication and dissemination strategy to inform the public on major government	Review the current communication and dissemination strategy to determine its adequacy	Number of communication strategies for all stakeholders Level of public awareness		MING	Electronic and print media, all ministries	3 years	Strategies for communication to the public	Increased public awareness and appreciation of government programme	**201 765**	President's Office

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
policies and programmes	Identify the gaps Consult the public on a comprehensive strategy Develop and disseminate a strategy							Participation of the population		
Increasingly involve the private sector in policy formulation and implementation Provide an enabling legal and regulatory framework for PPPs	Consult the private sector during policy formulation and implementation	Number of joint consultations with the private sector		Line ministries, UMA, PSFU, CSOs	Line ministries, UMA, PSFU, CSOs	3 years	Framework for partnerships Increased collaboration between public and private sectors Partnership risk sharing in infrastructure development	Joint venture investments Catalyst for private sector financing Increased investments	**122 663**	Line ministries, UMA, PSFU, CSOs
SUBTOTAL									**4 219 907**	
OBJECTIVE 3: TO PROMOTE SOUND PUBLIC FINANCE MANAGEMENT										
Build the capacity of the government and major institutions in public finance regulations and management	Review the existing funding sources Review the capacity to manage available	Number of courses developed Number of technical people trained	Budget conferences Reviews of finance and planning communication plan	MFPED, PPDA, MoLG, NPA, LGs	MFPED, PPDA, MoLG, NPA, LGs	3 years	Improved technical capacity in public finance regulations and management	Increased accountability and effectiveness in the use of public funds	7 384 848	MFPED, PPDA, MoLG, NPA, LGs

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
	public finances Identify alternative funding sources at local government level Develop and implement a strategy for utilising identified funding sources; sensitise the relevant stakeholders Establish short-term courses for technical personnel on management of public finances (effectiveness of regulatory framework, HR capacity, ICT – hardware, software, transmissions)	Increased adherence to public finance regulations					Enforcement of public finance regulations			

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
Make a legal provision to ensure that the Parliamentary Accounts Committee (PAC) conducts its business on a timely basis	Consult stakeholders on the causes of delays in the preparation and submission of financial reports at all levels of government Consult stakeholders on a proposed Bill that imposes enforceable deadlines for the submission of PAC financial reports Equip the PAC with adequate human and technical resources in carrying out its duties (train PAC Secretariat, members; **recruit professional staff to support the PAC)**	Number of consultation reports Number of laws enacted PAC Secretariat set up and facilitated Number of PAC members trained in accountancy		Parliament, Parliamentary Service Commission	LGs, statutory institutions, CSOs, Parliamentary Budget Office, Auditor-General	3 years	Statutory provision for PAC	PAC business conducted on time	**1 929 442**	Parliament, Auditor-General

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
Review policy on expansion of administration and legislative units in order to reduce expenditure on public administration	Engage a consultant to review the policy Discuss the findings of the consultancy report with stakeholders Disseminate the recommendations for implementation	Number of consultancy reports New policy on expansion of administration and legislative units		MoLG, MFPED, CSOs, President's Office		3 years	New policy on expansion of administrative and legislative units Budgeting within available domestic resources	Reduced expenditures on public administration Self-reliance	**897 924**	
SUBTOTAL									**10 212 215**	
OBJECTIVE 4: TO FIGHT CORRUPTION IN PUBLIC ADMINISTRATION, AND MONEY LAUNDERING										
Establish and capacitate separate Anticorruption Courts	Appoint at least four judges for the Anticorruption Courts Recruit at least five judicial officers and staff for the Anticorruption Courts Build or rent premises for the Anticorruption Courts and	Judges appointed Anticorruption Courts established Number of judicial officers recruited Anticorruption Courts furnished and equipped	Debate on rationale	Executive, MJCA, Parliament, judiciary, JSC, IGG, LGs, CSOs	Executive, MJCA, Parliament, judiciary, IGG, LGs, CSOs	3 years	Adequate number of Anticorruption Courts Technical capacity provided for courts	Strengthened legal framework for dealing with corruption	**7 411 098**	Executive, MJCA, Parliament, judiciary, IGG, LGs, CSOs

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
	equip them (premises, personnel, equipment)									
Develop an institutional framework with a partnership approach to fight corruption	Constitute an anticorruption forum composed of the government, civil society and the private sector **Create public awareness of corruption (workshops, seminars and training)** **Hold meetings** **Compile reports (stationery and printing)**	Number of reports on forum proceedings		MEI, Inspectorate of Government, LGs, CSOs		3 years	An institutional framework Collective action against corruption	Significant reduction in corruption	**646 545**	
Operationalise Leadership Code Tribunals	Appoint members to Leadership Code Tribunals Provide sitting allowances		Number of cases reported and prosecuted		MEI, IGG, LGs, CSOs	3 years	Operational Leadership Code Tribunals	Accurate asset declarations by leaders	**3 066 525**	

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
	(personnel, transport) **Provide seven regional centres with premises and ICT**	Accurate asset declarations by leaders								
Expedite the enactment of the Anti-Money Laundering Law	Follow up with Parliament on Anti-Money Laundering Bill	Number of status reports		Parliament, MFPED, BoU		3 years	Statute on Anti-Money Laundering	Compliance with international standards on money launderin	**260 695**	Executive, MJCA, Parliament, judiciary, JSC, IGG, LGs, CSOs
Implement recommendations of the Corruption Commission and enforce existing rules and regulations	Follow up with Cabinet	Number of recommendations implemented		Cabinet, UPF, MJCA, judiciary, IGG, MoD		3 years	Implement a number of recommendations from the Corruption Commission	Significant reduction of corruption in the public sector	**5 169 576**	IGG, Uganda Police Force, MJCA, judiciary, IGG
SUBTOTAL									**16 554 440**	
OBJECTIVE 5: TO ACCELERATE REGIONAL INTEGRATION BY PARTICIPATING IN THE HARMONISATION OF MONETARY, TRADE AND INVESTMENT POLICIES AMONG THE PARTICIPATING STATES										
Review membership in regional economic blocs to eliminate duplication	Engage a consultant to review membership	Recommendations made and implemented	EAC	MoFA, MEACA, Parliament	Executive, MoFA, MEACA, Parliament, private sector	3 years	Membership rationalised in regional economic blocs	Duplication eliminated Implementation of regional protocols expedited	**43 491**	MoFA, MEACA, Parliament

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
Expedite the implementation of the agreed regional protocols through greater resolve and effectiveness	Follow up on the status of implementation	Number of protocols implemented		MoFA, MEACA		3 years	Number of regional protocols implemented	Regional integration	**249 767**	
MEACA to undertake public sensitisation workshops and seminars on regional integration across the country	Develop sensitisation workshops and seminar programmes	Number of seminars conducted Level of public awareness		MEACA		3 years	Technical capacity Nationally carried out public sensitisation	Economic benefits realised from regional integration	**585 394**	
Empower the MEACA through human and financial capacity development	Follow up on the status	Adequacy of staffing Size of budget		MEACA		3 years			**19 203 539**	
Step up efforts at developing regional transport infrastructure, especially roads and railway networks	Follow up on the status	Adequacy of infrastructure		MoWT, MoFA, MEACA, MFPED		Ongoing	Develop regional framework for implementation of transportation infrastructure	Economically viable regional transport system	**560 873**	
SUBTOTAL									**20 082 191**	
GRAND TOTAL									**152 456 208**	

3. THEMATIC AREA: CORPORATE GOVERNANCE

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
PRINCIPLES, CODES AND STANDARDS										
International Accounting and Auditing Standards: Build capacity of the ICPAU to strengthen enforcement	Review and amend the existing Accountants Act to incorporate clauses empowering the ICPAU to monitor and discipline all employed accountants Require organisations to file periodic reports on the performance of their accountants	Revised Accountants Act Strengthened Regulatory Authority for Accountants Periodic returns by companies	Policy discussions on various international instruments	ICPAU, Accountant-General, Auditor-General	NEPAD, APRM, CSOs, international agencies, regional governments	3 years	Standards adopted and enforced	Institutions guided by International Accounting and Auditing Standards	3 333 333	MFPED, MoFA
Core Principles on Effective Banking Supervision: Amend legislation to strengthen supervision of MDIs under the BoU	Establish a mechanism to regulate and supervise non-MDIs Review and amend the existing MDI Act to strengthen monitoring of MDIs	Revised MDI Act Improved mechanism for monitoring MFIs	Some laws have been enacted, such as the Financial Institutions Act	BoU, MFPED	MFIs, commercial banks	2 years	Revised laws	Institutions guided by International Banking Standards	1 636 364	MFPED

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
Core Principles on Securities Regulation: the government to liberalise the pension sector and adopt supporting regulatory framework for the sector (NSSF is not regulated, while the institution collects employers' and workers' contributions which constitute a form of savings)	Parliament to enact the law for regulating pensions and social security sector Provide funding for infrastructure for automation of the Securities Exchange to enable it to be compliant with other East African Securities Exchanges	Independent regulatory body Law for regulating pensions and social security sector Integrated regulation framework	Stakeholders' consultation on pensions reform carried out, paper produced and submitted to the government	Parliament, MFPED, CMA, USE	BoU, Insurance Commission, pension bodies, trade unions, non-MDIs	3 years	Independent regulatory body Law for regulating pensions and social security sector Integrated regulation framework	Regulated non-banking financial sector	3 942 424	CMA
Insurance Core Principles: the government to expedite the revision of the Insurance Act		Revised insurance law	Proposed amendment to the Insurance Act prepared and sent to Cabinet	MFPED	Insurance companies, BoU, Insurance Commission, MoFA	1 year	Revised insurance law	Institutions guided by International Insurance Standards	60 606	APRM, MoFA
The government to strengthen the capacity of enforcement and regulatory bod	Review Regulator's laws to ensure compliance with international standards (en	Revised Regulator's laws and regulations Increased funds allocation to		MWE, MTTI, MFPED, NEMA, UNBS	CSOs, lobby groups, private sector	3 years	Revised Regulator's laws and regulations Increased funds allocation to	Improved environmental management and industrial standards	1 030 303	PMO, MoFA, APRM

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
ies (NEMA, UNBS)	gage two lawyers) Allocate funds to NEMA to build capacity to educate and sensitise the population through mass/print media; enforce compliance with standards Allocate funds to UNBS to build capacity to educate and sensitise the population through mass/print media; enforce compliance	with standards	NEMA and UNBS					NEMA and UNBS	Improved public awareness	
Uganda to accede to EITI	Assess the requirements for acceding to the EITI, and accede to the EITI (engage two lawyers)	EITI signed, ratified, domesticated and popularised Oil and Gas Laws for Pro	Policy passed	MoFA, MEMD, Parliament, BoU, MFPED	Private sector, oil companies, ULRC	2 years	Signed, ratified, domesticated and popularised EITI Oil and Gas Laws for Pro	Institutions guided by International Accounting and Auditing Standards	877 879	MoFA, APRM, PMO, MEMD

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
	Enact the Oil and Gas Laws and establish oil and gas regulations (production regulation and revenue management)	duction, Regulation and Revenue Management					duction, Regulation and Revenue Management			
Sign, ratify, domesticate and adopt all relevant ILO standards	Review and extract relevant sections of the ILO standards (engage two lawyers) Hold a workshop for key stakeholders to internalise and own the amendments (30 participants) Minister of MGLSD presents report to Cabinet and Parliament	Number of ILO codes and standards signed, ratified, domesticated and popularised		MGLSD	FUE, trade unions, ULS	2 years	ILO codes and standards adopted	Institutions guided by ILO codes and standards	487 879	MoFA, ILO
SUBTOTAL									**11 308 182**	
OBJECTIVE 1: TO PROMOTE AN ENABLING ENVIRONMENT AND EFFECTIVE REGULATORY FRAMEWORK FOR ECONOMIC ACTIVITIES										
Fast-track enactment of new proposed laws designed to	Create an inter-agency committee to Identify delayed	Number of laws enacted	Reform of Commercial Laws under the Justice Law and	JLOS/MJCA, ULRC, Parliament, Registrar of Companies,	Registrar of Companies, ULRC, lawyers, judges, Parlia	3 years	New laws in place	Business entities guided by the new laws	70 121 JLOS, MJCA	

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
facilitate business, such as the Companies Act, Competition Bill, Insolvency Bill, Consumer Protection Bill, copyright and patent laws	policies, regulations, and laws and expedite their enactment		Order Sector (JLOS) Ministries and key government agencies have identified laws for revision	Land Registry, NGO Board, LGs, MoLG, judiciary, JSC JLOS/MJCA, line ministries and government agencies,	ment, business community, UIA, MTTI, UNBS					
Simplify registration process by reducing procedures Computerise registration process	Procure consultancy services to review and recommend reform of the companies' registration process Implement automation of the companies registry (recruit technical staff, train existing staff, procure and install ICT equipment) Hire consultancy firm to clear backlog	Number of days it takes to register a business	ULRC has revised some laws and proposed new laws Harmonisation of laws and standards within the EAC	Registrar of Companies Registration Services Bureau	Private sector, URA	2 years	Quicker and simpler registration process Automated processes	Streamlined registration processes and procedures	533 530	ULRC, Registrar of Companies, EAC Secretariat

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
Establish regulatory framework for unregulated sectors, including pensions, in-house provident funds, and tier- 4 MFIs	Establish an independent regulator to implement the reform of the Pensions and Social Security Sector	Independent Regulator for Pensions and Social Security sector established	Ongoing policy discussions on regulating pensions, MFIs and the informal sector Establishment of the Uganda Registration Services Bureau Restructuring the land and company registries to make them more efficient Decentralisation of registration services Computerising the Registrar of Companies' database	MFPED, Parliament, MTTI, MJCA, NSSF, MoPS	MFPED, NSSF, corporations, business associations, UIA, URA, regulators, Registrar of Companies, NGO Board, MJCA, MFPED, MoLG	2008/9–2010/11	Unregulated sectors and informal sector registered and regulated Regulatory authorities	Streamlined registration and regulation of the informal sector and unregulated sectors Increased number of businesses registered	330 027	MFPED, business associations, JLOS, MJCA, UIA
Provide incentives for small businesses to become formal	Support Enterprise Uganda to carry out countrywide training of owners of small businesses	Number of businesses registered	Training by Enterprise Uganda	Enterprise Uganda, MFPED, PSFU, UNCCI, Registrar of Companies	Informal sector, URA, private sector	3 years	Incentives policy	Formalisation of small businesses	1 403 030	MFPED

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
	(training, mentoring, seminars, advertising, public awareness, monitoring and follow-up) Tax incentives and exemptions/waivers (for processing equipments, tax arrears)									
Develop a strategy to decentralise and build capacity of Office of the Registrar of Companies and the Commercial Courts	Procure consultancy services to develop strategies (contract two retired judges) Create five regional offices for the Registrar of Companies (office buildings, staff recruitment, training, office equipment and furniture, ITC integration with Headquarters) Create five regional commer-	Decentralisation strategy for the Office of the Registrar of Companies and Commercial Courts Increased number of companies registered Reduced backlog		MJCA, judiciary, MFPED, JSC, Public Service Commission	Private sector	1 year	Decentralisation strategy Regional offices for the Registrar of Companies and Commercial Courts	Efficient and effective registration of businesses and arbitration of commercial disputes	13 687 697	APRM, PMO

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
	cial courts and appoint more commercial court judges to expedite the cases (office buildings, support, staff recruitment, training, office equipment and furniture, ITC integration with Headquarters)									
Improve coordination of enforcement institutions and reduce bureaucracy	Develop institutional benchmarks and standards (consultants to draft the benchmarks, pass regulations) Periodic (quarterly) monitoring and auditing to ensure compliance with benchmarks and standards	Published institutional benchmarks Published institutional reports Efficient regulatory bodies					Institutional benchmarks and compliance reports	Improved coordination of enforcement institutions and reduced bureaucracy	1 853 726	
Develop strategy for sensitising the public on the economic benefit of USE; the	Continue to build the capacity of the CMA to regulate and develop the Stock Exchange	Strengthened Stock Exchange Public sensitisation strategy		Privatisation Unit, CMA, MFPED, USE	Private sector	3 years	Increased public involvement in Stock Exchange Market	A vibrant Stock Exchange	8 845 182 MFPED, CMA	

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
government to utilise the Stock Exchange in the privatisation process	and to increase public awareness (increased funding) Procure consultancy services to review and develop strategy for sensitising the public on the economic benefit of USE; the government to utilise the Stock Exchange in the privatisation process (engage a consultant) Provide funding for infrastructure for automation of the Stock Exchange to enable it be compliant with other East-African Securities Exchanges	Increased number of corporations privatised through USE Central Securities Depository automated					Central Securities Depository			
Rationalise and create a mechanism for awarding tax	Develop policies and guidelines for awarding incentives to investors	Established policies and guidelines		MFPED, URA, UIA	Private sector	3 years	Policies and guidelines in place	Transparency in awarding tax incentives	2 994 909	UIA

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
incentives in a transparent and strategic manner	in strategic sectors (engage a tax lawyer) Establish a Technical Vetting Committee to award incentives to be appointed by MFPED (five people)	Technical Vetting Committee List of beneficiaries of incentives awarded					Technical Vetting Committee			
Establish a national business skills training institution for providing appropriate skills training for business practitioner	Prepare a curriculum tailored to business practitioners (allocate funds to the MUBS and PSFU to develop)	Curriculum prepared Institution established		MUBS, PSFU, UNCCI, Enterprise Uganda, MTTI	Private sector	3 years	National curriculum Training capacity developed	Knowledgeable business people	1 704 242	Enterprise Uganda, APR, PMO
Establish a forum for interface between training institutions and the business community for identifying and matching skills requirements	Carry out a needs assessment survey (engage a consultant) Conduct a national workshop to inform stakeholders of the needs assessment survey results and recommendations (200 Nrs)	Needs assessment survey report Workshop held Regulator		Sector ministries			Needs assessment survey report Framework for interface Improved curriculum	Skilled graduates and relevant to the needs of the market	907 273	

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
Establish a policy framework for non-deposit taking MFIs and the informal sector	Procure consultancy services for the development of policy framework (engage a consultant)	Policy framework in place for non-MDIs, as well as the informal sector		MFPED, CMA, USE, UIC, independent regulator above	Non-MDIs	1 year	Policy framework Regulated non-MDIs	Increased formal sector	74 848	APRM, PMO
Create a harmonised regulatory framework for capital markets, insurance and pensions	Develop an integrated regulation framework where pensions, capital markets and insurance are regulated by one body (non-bank institutions) Hold ten consultative workshops	Framework for integration		MFPED, CMA, USE, UIC, independent regulator above	Private sector, pension sector, insurance companies	2 years	Centralised regulatory authority for capital markets, insurance and pensions	Well-regulated and coordinated non-banking financial sector	355 758	CMA
Capacitate CADER to roll out the ADR promotion programme	Train, recruit and fund the activities Sensitise stakeholders (business community)	CADER Zonal Centres established		CADER, MJCA, judiciary			Operational CADER	Efficiently functional CADER	3 145 909	
UBOS to introduce innovative statistical methodologies to capture data on the informal sector	Train staff Collect data on the informal sector	Produce reports Trained staff reports		UBOS			Documented methodology for capturing data on the informal sector	Comprehensive coverage of statistical data	1 506 061	

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
PERDS to adopt suitable communication and disclosure strategy to address public concern about the privatisation process	Identify and analyse the public concerns and document them (engage a consultant) Develop a communication strategy and inform the public (engage a consultant)	Report Transparent communication strategy adopted		MFPED, PERDS	Private sector, CMA, USE	1 year	Communication strategy in place Public sensitised	Transparent and increased public awareness on the privatisation process	259 697	APRM
The government and private sector organisations to develop simplified corporate governance guidelines and simplified accounting standards for SMEs and informal sector businesses	Hire a consultant to develop guidelines and simplified accounting standards Stakeholders' seminar and adoption of the report	Guidelines and accounting standards developed (Code)		MTTI, UIA, PSFU, UNCCI	Private sector, business community, ICPAU, audit firms	1 year	Corporate governance guidelines developed Simplified accounting standards for SMEs and the informal sector developed	Increased compliance with corporate governance standards	164 848	ICPAU
The government is to evaluate and review the PFA programme to be demand driven and benefit all	Carry out a monitoring and evaluation exercise of the PFA programme (Household Survey)	Survey report Increased productivity from the PFA programme activities		MFPED, Post Bank, UBOS, selected MFIs, sector ministries	SACCOs, private sector	1 year	Increased household income	Effective PFA programme	276 667	MFPED

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
regions by better supporting the productive activities in a sustainable framework										
Private sector organisation to establish a permanent dialogue framework to harmonise positions when engaging the government	Establish a strategy on issues for discussion Hold regular stakeholder workshops	Strategy concept papers Recommendations/ resolutions Frequency of dialogues		PSFU, UMA, UNCCI, UIA, sector ministries			Forum for dialogue established	Harmonised voice from the private sector	1 120 606	
The government to revitalise and strengthen the role of the UDB	Recapitalise the UDB	UDB operational		MFPED	BoU, business community	3 years	Operational UDB	Development funding available	47 444 242	MFPED
The government to establish a fully fledged one-stop facility at the UIA to address investors' formalities	Develop a needs assessment data bank Build capacity (human and structure)	Operational data bank established Periodic progress reports		UIA, sector ministries, UMA, PSFU, UNCCI	Investors (foreign and local)	2 years	Operational one-stop centre	Investment framework Increased investment	1 392 673	APRM, PMO
SUBTOTAL									**88 071 047**	
OBJECTIVE 2: TO ENSURE THAT COPORATIONS ACT AS GOOD CITIZENS WITH REGARD TO HUMAN RIGHTS, SOCIAL RESPONSIBILITY AND ENVIRONMENTAL SUSTAINABILITY										

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
Facilitate a fully fledged Industrial Court	Acquire premises, staff, office equipment and assets	Established Industrial Court Number of completed cases		MJCA, judiciary, MFPED	Business community, private sector, workers	3 years	Operational Industrial Court established	Compliance with ILO labour standards and domestic labour laws promoted	3 256 515	APRM
Build institutional mechanisms for enforcing labour laws and creating public awareness about the rights of workers	Facilitate a fully fledged Labour Court Create a compendium of labour legislations Hold sensitisation workshops about the rights and obligations of workers and employers	Number of cases reported and prosecuted Increased compliance with labour laws		Ministry of Labour, NOTU, COFTU, other registered workers' trade unions		3 years	Institutional mechanisms established for the enforcement of labour laws		10 519 364	MoLG
Regulate the registration of labour unions	Appoint a permanent committee for vetting and approving applications for registration (similar to the NGO Board system)	Number and quality of labour unions registered according to law		MGLSD		3 years	Registration of labour unions regulated		71 364	MDLD
Review and strengthen staffing of the Labour Department	Increase the number of labour officers and inspectors	Number of skilled labour officers and inspectors recruited at LGs		MGLSD, MoLG, UBOS	Workers	3 years	Structure reviewed Improved skills	Effective labour department in LGs	5 003 788	MGLSD

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
	Build the capacity of labour officers	Periodic labour returns (numbers and categories of employees and sectors)					Periodic and regular labour returns			
Put in place a policy and plan to promote and enforce adoption of the minimum wage	Procure consultancy services for a minimum wage policy Hold debates with national stakeholders, Cabinet and Parliament to adopt a minimum wage policy	Minimum wage established and enforced		MGLSD, Federation of Uganda Employers, legally established labour unions	Workers	2 years	Minimum wage policy in place	Employees receive a fair pay	2 044 848	MGLSD
Create a mechanism that obligates corporations to provide for CSR	Establish annual CSR awards for companies Develop subsidiary legislation on CSR	Budget lines in corporations for corporate social responsibility Frequency of corporation involvement in community development initiatives		CMA, ICGU, PSFU, UNCCI, UIA	The public	2 years	Policy for CSR Increased participation of corporations in social responsibility	Increased social benefits from corporations	1 998 235	
Strengthen the capacity of NEMA to coordinate and enforce corporate	Recruit skilled personnel Provide sufficient funding	Increased compliance with environmental standards;		Sector ministries, NEMA, MFPED	The public, pressure groups	3 years	Increased funding to, and skilled staff for, NEMA	Increased compliance with environmental standards by	24 356 136	NEMA, CSOs

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
and industrial compliance with environ-mental laws, policies and standards	for NEMA	Number of compliance cases handled and enforced by NEMA						corporations and industries		
Revise and har-monise laws to enhance sound environmental management	Provide consul-tancy services to review exist-ing laws	Number of laws to enhance sound environ-mental man-agement revised and harmonised		Sector min-istries, NEMA, environmental NGOs	The public, CSOs	2 years	Laws revised and harmonised	Increased com-pliance with the laws	75 000	NEMA
Revise and har-monise laws to enhance sound environmental management	Provide consul-tancy services to review exist-ing laws	Number of laws to enhance sound environ-mental man-agement revised and harmonised		Sector min-istries, NEMA, environmental NGOs	The public, CSOs	2 years	Laws revised and harmonised	Increased com-pliance with the laws	75 000	NEMA
Strengthen ca-pacity of LGs to enact environ-mental bylaws	Recruit skilled personnel Sensitise LGs on environmen-tal issues	Number of en-vironmental by-laws enacted by LGs		MoLG, NEMA, sector min-istries, environ-mental NGOs	The public	2 years	Environmental by-laws enacted at LG level	Increased number of skilled staff Sensitised LGs Increased compli-ance with the law	10 209 424	NEMA

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
Private sector organisations to promote the adoption of the Code of Good Business Ethics among their members	Hire a consultant to develop a Code of Good Business Ethics Hold consultative meetings to agree on and adopt the Code of Good Business Ethics Print and publish the Code of Good Business Ethics Establish a permanent committee to enforce the Code of Good Business Ethics	Code of Good Business Ethics published Committee reports		PSFU, UNCCI, UMA, UIA, URA, MTTI			Code of Good Business Ethics in place Enforcement committee	Improved business ethics	970 000	
The government to launch a specific programme to sensitise local businesses, including the public and informal sector,	Hire a consultant to develop a specific programme (including media strategy Hold regional sensitisation	Programme and media strategy developed ILO strategies to fight HIV/AIDS in the workplace adopted by		MGLSD, PSFU, MoH, Uganda AIDS Commission, TASO, MoLG, MoPS	The public	3 years	Sensitisation programme developed and implemented Media strategy in place	Increased compliance with ILO standards	492 500	Uganda Aids Commission, MoH

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
to encourage them to adopt ILO-recommended strategies to fight HIV/AIDS in the workplace	seminars with local businesses, the public and the informal sector	local businesses, the public and the informal sector								
SUBTOTAL									**58 997 174**	
OBJECTIVE 3: TO PROMOTE THE ADOPTION OF CODES OF GOOD BUSINESS ETHICS IN ACHIEVING THE OBJECTIVES OF THE CORPORATION (INCLUSIVE OF OBJECTIVE 4)										
Develop mechanisms that ensure the development and enforcement of Code of Good Business Ethics in the private sector	Establish a permanent committee to develop and enforce the Code of Good Business Ethics	Periodic committee reports Permanent desk established Number of private sector defaulters exposed		DEI, PSFU, ICGU	Civil service, the public	3 years	Code of Good Business Ethics in place Enforcement committee	Improved business ethics	931 455	ICGU
Staff training (formal courses and tailor-made courses) Develop an exposure strategy of private sector codes and ethics defaulters (compliance reports)	Create a permanent desk in the DEI dedicated to private sector codes and ethics Develop an exposure strategy for private sector codes and ethics defaulters (compliance reports)	Number of staff trained A strategy to expose defaulters		MGLSD, DEI	Community, private sector, enforcement and regulatory authorities, CSOs	3 years	Staff trained and strategy to expose the defaulters in place	Skilled staff A transparent society that observes codes and ethics	14 467 764	PMO, MGLSD

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
Promote awareness campaign for business stakeholders on productivity and competitiveness	Carry out a study of factors that enhance productivity and competitiveness Carry out a comprehensive sensitisation of business stakeholders	Volume and quality of tradable products		UNBS, MFPED (CICS)	Business community	3 years	Information materials developed and disseminated	Improved awareness on productivity and competitiveness	1 975 918	UNBS
The government to enhance regulatory and enforcement agencies' capacities to investigate complex white collar crime (including IT–based crime)	Capacity building of CID and IGG officers Procure IT-based technology Increase funding for regulatory and enforcement agencies	Number of specialised skilled investigators Investigation equipment upgraded		MoIA, MoFA	Investigative and regulatory agencies	3 years	Capacity of IGG and CID officers built	Reduced incidence of white collar crime and IT-based crime	27 930 091	CID, Regulatory
The government to establish institutional mechanisms for strengthening and monitoring adherence to corporate	Appoint an inter-sectoral team to carry out regular monitoring and evaluation of adherence to corporate gov	Committee established Regular reports with recommended actions		PMO, MoPS, ICGU	Private sector, public service, enforcement and regulatory agencies	2 years	Committee established and made operational Regular reports	Increased adherence to corporate governance standards	137 570	ICGU

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
governance standards	ernance standards and codes Develop a corporate governance curriculum in business institutions									
SUBTOTAL									**45 442 797**	
OBJECTIVE 4: TO ENSURE THAT CORPORATIONS TREAT ALL STAKEHOLDERS FAIRLY, INCLUDING SHAREHOLDERS, EMPLOYEES, COMMUNITIES AND SUPPLIERS										
Government, relevant agencies, donor community and private sector to work together to enhance financial literacy (support Financial Literacy Foundation)	Appoint a joint committee to develop a financial literacy strategy, and disseminate and coordinate its implementation Create a permanent discussion forum for continuous dialogue	A joint operational committee established Continuous dialogue		PSFU, Donor's Sector Working Group, MoFA, MFPED, Institute of Bankers	Private sector	3 years	Joint operational committee in place Financial literacy strategy designed and implemented Discussion forum established	Increased financial literary within the public	8 934 767	PSFU
The government to improve law enforcement, especially when it comes to	Appoint an ad hoc committee to develop criteria and guidelines for PPP	Guidelines established		PSFU, MFPED	Parliament	3 years	Ad hoc committee established and operational Guidelines established	Stakeholder rights protected	991 697	IGG

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
protecting stakeholders' rights when engaging private companies										
Strengthen the UNBS to fight against counterfeit goods, including teaming up with other regulatory and enforcement agencies	Recruit skilled personnel Provide sufficient funds and equipment for UNBS activities Create a forum for joint regulatory and enforcement initiatives	Number of skilled and competent staff recruited		MTTI, URA, CID	Enforcement agencies		Forum for joint regulatory and enforcement initiatives established UNBS capacity built	Reduced cases of counterfeit goods	45 730 303	UNBS
The government to allocate adequate resources to the UNBS to allow it to fulfil its mandate	Develop a strategic plan and a comprehensive budget	Budget approved		MFPED, UNBS, MTTI	Private sector, public	3 years	Increased budgetary provisions	Reduced funding gap	90 909	UNBS
SUBTOTAL									**55 667 676**	
OBJECTIVE 5: TO PROVIDE FOR THE ACCOUNTABILITY OF CORPORATIONS, DIRECTORS AND OFFICERS										

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
Review relevant laws on the accountability of corporations, in particular the Companies Act, to make it more effective	Consult to review existing legislation and procedures Build capacity of the Registrar of Companies Develop an electronic annual register	Number of regular, timely and audited accounts and reports of directors submitted to the Registrar of Companies		MJCA, URA, PPDA			Existing laws and regulations reviewed Periodic audited accounts and reports of directors submitted regularly Capacity built	Improved accountability by corporations	5 730 303	
Put in place a mechanism to ensure the establishment of standards for procurement procedures in the private sector	Constitute an inter-sectoral technical committee to develop, disseminate and enforce standards	Operational inter-sectoral technical committee		PPDA, UNCCI, UNBS, sector ministries	Parliament	1 year	Inter-Sectoral Technical Committee established Standards for procurement developed, disseminated and enforced	Improved procurement procedures in the private sector	4 485 006	PPDA, UNBS
SUBTOTAL									**10 215 309**	
GRANDTOTAL									**270 308 246**	

4. THEMATIC AREA: SOCIOECONOMIC DEVELOPMENT

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
PRINCIPLES, CODES AND STANDARDS										
Sign standards that the country has not yet signed within socioeconomic development, and ratify others	Identify relevant codes and standards Review and develop a plan to identify gaps Implement the plan	Number of codes and standards identified in the gap signed, ratified and domesticated	The country is a signatory to many international instruments, including CEDAW, CRC, UDHR, ICESCR, ICCPR, Maputo Protocol, Education for All, etc.; the country is also carrying out consultations on a number of other standards	MGLSD, relevant sector ministries	NPA; private sector, Parliament, communities	1 year	All pending socioeconomic codes and standards signed, ratified and domesticated	Uganda complies with international codes and standards Improved delivery and quality of services	95 661	MGLSD, MoFA, CSOs, TUs
Increase awareness of standards and codes	Create awareness of existing standards and codes	Number of codes and standards popularised		MGLSD, CSOs, relevant sector ministries, labour unions and other agencies	NPA, private sector, Parliament, communities, CSOs	2 years	Public awareness of codes and standards increased	Public demand of their rights and quality services improved	102 691	MGLSD, MoFA, CSOs, TUs
SUBTOTAL									**198 353**	
OBJECTIVE 1: TO PROMOTE SELF-RELIANCE IN DEVELOPMENT AND BUILD CAPACITY FOR SELF-SUSTAINING DEVELOPMENT										
Review and streamline government planning processes with a view to strengthening	Review and amend the NPA Act	ACT amended		MFPED, NPA, PMO, Parliament	Communities, LGs	1 year	NPA Act amended and national planning streamlined	NPA strengthened, and planning co-ordinated and strategic (long-term planning)	294 770	PMO, CSOs

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
the NPA's lead role in national planning										
Issue a presidential directive in recognition of the NPA's autonomy proclaimed in the NPA Act	Fully implement the amended NPA Act Facilitate role delineation Issue Presidential directive to effect change of roles	Presidential directive NPA exercising its mandate		MFPED, NPA, PMO, President's Office, MoPS		1 year	Key government spending agencies comply with NPA agencies	Streamlined planning	NIL	PMO, APRM, Parliament
Build information and communication mechanisms that ensure that UBOS gender-disaggregated data informs policy formulation, implementation, monitoring and evaluation	The UBOS to compile gender-disaggregated data and information Distribute UBOS gender-disaggregated data and information to relevant end users MoLG and sector ministries revise evaluation reports to reflect usage of	Gender-disaggregated data by sector Gender disaggregated requirements by sectors		UBOS, MFPED, MoLG, MGLSD, relevant sector ministries		1 year	Electronic and hard copies of gender-disaggregated data and information	Usage of gender-disaggregated data and information in evaluation reports	257 394	MGLSD, CSOS, MoLG

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
	gender-disaggregated data and information									
Undertake a thorough review of the effectiveness of aid to Uganda	Conduct a study from May	A study with clear policy recommendations		PMO, MFPED		1 year	Assessment of aid effectiveness concluded	Policy options on reduction of aid dependency	43 333	CSOs, APRM, Parliament
Put in place a strategy for further reduction of the country's dependence on donors over time	Intensify the administration and collection of revenue Finalise the Local Government Service and Hotel Tax Bill	Strategy for increased revenue put in place Domestic revenue strategy adopted Local Government Service and Hotel Tax Act implemented		MFPED, BoU, MoLG, LGs, LGFC, Parliament		1 year	Local Government Service and Hotel Tax Act implemented	Increased domestic oil and non-oil revenue	278 939	CSOs, PMO, APRM, Parliament
Prudently harness the expected oil revenue into productive sectors and infrastructure development to further integrate the na	Enact a plan to invest oil revenues in infrastructure and productive sectors	Volume of oil revenue Distribution to the different productive sectors		MEMD, MFPED, NPA, relevant sector ministries		3 years	Percentage of oil revenue channelled to productive sectors	Improved service delivery	36 824	Parliament, PMO, CSOs, APRM

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
tional economy, and contribute to enhancing socioeconomic development										
SUBTOTAL									**867 928**	
OBJECTIVE 2: TO ACCELERATE SOCIOECONOMIC DEVELOPMENT TO ACHIEVE SUSTAINABLE DEVELOPMENT AND POVERTY ERADICATION										
Develop an integrated strategy for human and institutional capacity for delivery of basic social services	NPA to produce a national HR plan	National HR plan produced		NPA, MoPS, relevant sector ministries		1 year	Integrated strategy developed	Increased institutional and human capacity to deliver basic social services	139 200	Sectors, Parliament
Enhance enabling environment for promoting PPP for delivery of basic social services	Review the framework for PPPs	Transparent and equitable PPP framework	UIA, BUDS	MFPED, PSFU, business associations, relevant sector ministries	PSFU, UMA, Uganda National Chamber of Commerce and Industry, UIA, Institute of Corporate Governance	3 years	Modalities for PPP adhered to	Adequate collaboration between public and private actors in innovation and service delivery established	39 024	PSFU, CSOs
Streamline and simplify procedures for the establishment of business and social enterprises	Reduce the number of procedures for establishing business and social enterprises	Procedures for establishing business and social enterprises streamlined and simplified	Legislative Best Practice	MFPED, UIA, URA, PFSU, Registrar of Companies, business associations	MFPED, MJCA, MTTI, UIA	1 year	Procedures for business and social enterprises simplified and streamlined		142 400	PSFU, CSOs

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
	Create awareness of procedures for establishing business and social enterprises	Level of awareness of procedures for establishing business and social enterprises								
Create institutional arrangements to support SMEs' access to development financing	Establish a development financing facility	Facility for development financing established Number of loans accessed by SMEs	Nil	MTTI, UIA, Parliament, BoU	SMEs, PSFU, CSOs	3 years	Private actors mobilised and facilitated	119 407	MFPED, Parliament, CSOs	
Formulate a comprehensive agricultural policy that facilitates optimal agricultural productivity and food security	Formulate a policy and incentives that support agro-processing	Agricultural policy formulated Areas for support in agricultural productivity and food security	Agricultural census, PMA, Agriculture Act, CAADP, MTCS, Export Promotion Board, provision of water for production infrastructure	MAAIF, MTTI, MoFA, Parliament	Communities, MLHUD, NEPAD (CAADP), World Bank, MWE, CSOs, MFPED, MTTI, NARO, BoU, private sector	1 year	Comprehensive agricultural policy formulated	Improved productivity and food security	33 605	Parliament, PMO, BoU
Promote value addition, commercialisation, agro-processing, marketing and negotiation for markets	Formulate a policy and incentives that support agro-processing Provide support	Number of agro-processing facilities supported Volume of trade		MAAIF, MTTI, MoFA, Parliament, UIA, URA		3 years	Commercialisation, agro-processing and marketing promoted Percentage	Improved quality of agricultural production Market availability	50 073 404	MFPED, CSOs

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
	to facilitate access to agro-processing facilities Identify markets and promote access to them						firms with agro-processing facilities Increased volume of trade			
Promote eco-friendly utilisation of land	Operationalise the land-use policy Finalise the Land Amendment Act Implement the land-use policy and Land Amendment Act	Number of sensitisation activities Demonstration schemes	Empowerment of communities to harness natural resources in a sustainable manner National Adaptation Plan of Action (NAPA) put in place	MAAIF, MLHUD, MWE, NEMA, CSOs, Parliament	NEMA, LGs, CSOs	3 years	Increased number of families using eco-friendly methods of land utilisation	Clean, healthy, productive environment and natural resource base promoted	281,945	NEMA, CSOs, Parliament
Promote tree planting, sustainable wetland management, restoration of degraded ecosystems, and effective use of weather and climate infor	Percentage contribution of natural resources to the household income Functional meteorological agency in place	Empowerment of communities to harness natural resources in a sustainable manner National Adaptation Programme of Action (NAPA)		MWE	NEMA, LGs, CSOs	2 years	Tree planting, sustainable wetland management, restoration of degraded ecosystems, and effective use of weather and climate information, and in		38 561 590	NEMA, CSOs, LGs

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
mation, and integrated water resources management		put in place					tegrated water resources management promoted			
Widen the scope of measurement of poverty through a composite index that takes into account both per capita income or the consumption index, and captures the non-income elements of poverty	Develop a composite index Adopt the composite index	A study on tools to measure poverty conducted		MFPED, UBOS, CSOs, EPRC		1 year	Composite index developed	Composite index used to measure poverty	131 391	Sectors, APRM, CSOs
In collaboration with other stakeholders, accelerate the development and implementation of a comprehensive Social Protection Strategy	Finalise the Social Protection Strategy Roll out the Social Protection Strategy	Districts in which the Social Protection Strategy is rolled out	MGLSD is piloting social protection	MGLSD, MFPED, LGs, CSOs		1 year	Social Protection Strategy rolled out Number of districts in which Social Protection Strategy is rolled out	Vulnerable groups supported	104 871	CSOs, MoLG

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
Design and implement policies that address regional and social inequalities	Operationalise the EOA	EOA made operational		MFPED, MGLSD, LG, CSOs, PMO		1 year	Guidelines for planning and budgeting for addressing inequality made operational	Improved services	NIL	Sectors, CSOs, PMO
	Implement the Northern Uganda PRDP	Northern Uganda PRDP implemented				3 years	Share of resources allocated to marginalised groups and Northern Uganda		650 000 000	
As a matter of urgency, develop a national population policy that will address the high fertility rate comprehensively	Develop a national population policy Popularise the national population policy	Progress in policy formulation	Unresolved debate on the optimal population and its implications	Population Secretariat, MGLSD, MoLG,, CSOs	Communities, LGs, MoH, President's Office, development partners, CSOs	1 year	National population policy	Current population growth rates reduced to sustainable levels	94 000	MFPED, sectors, CSOs, APRM
SUBTOTAL									**739 720 038**	
OBJECTIVE 3: TO STRENGTHEN POLICIES, DELIVERY MECHANISMS AND OUTCOMES IN KEY SOCIAL DEVELOPMENT AREAS, INCLUDING PROVIDING EDUCATION FOR ALL AND COMBATING HIV/AIDS AND OTHER COMMUNICABLE DISEASES										
Make UPE compulsory and enact laws and bylaws to enforce UPE, and	Enact laws and bylaws making UPE compulsory	Laws and bylaws enacted Number of children of school	UPE under implementation	Parliament, MoES, MJCA, MoLG, school boards, PTAs	Educational institutions, MoLG, other MDAs	3 years	Number of bylaws enacted at national, higher and lower LG levels	Increased access to primary education	95 719 922	Parliament, ESA, CSOs

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
develop a strategy for ensuring quality, retention and completion	Determine needs Set up and stock school libraries with essential scholastic resources Determine teacher training needs and carry out in-service training Determine teacher incentives and review salary structure	going age in school								
Develop a comprehensive strategy on resourcing USE	Enact laws and bylaws making USE compulsory Determine needs Set up and stock school libraries with	Critical aspects of an efficient USE identified Preparation process for the strategy on resourcing USE put in place		Parliament, MoES, MJCA, MoLG, PTAs, TUs, school boards		3 years	Strategy on resourcing USE	USE resourced	101 517 323	MFPED

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
	essential scholastic resources Review USE curriculum and update USE textbooks Determine teacher training needs and carry out in-service training Determine teacher incentives and review salary structure									
Promote use of ICT in schools, in particular rural schools, and strengthen policy and strategy for investment in ICT infrastructure; strategies that are important in improving access to ICT	Determine ICT needs in all schools Supply ICT facilities in all schools Train teachers to operate and maintain ICT facilities	Report of ICT requirements in all schools Number of schools supplied with ICT facilities Number of teachers trained to operate and maintain ICT facilities	Pilot e-schools	MICT, PSFU, MoES	MICT, educational institutions	3 years	All rural schools with an operational ICT	Increased access to information and effective communication	15 173 561	MoES, NEPAD, private sector

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
Establish policy instruments to ensure qualified health workers and appropriate equipment in all level II–IV health centres	Determine requirements and develop strategies Train all health workers, especially in the treatment of malaria and safe delivery of babies Supply equipment and facilities, especially installations of operating theatres at level IV health centres Determine requirements of ICTs in health facilities and supply, operate and maintain them	Number of health centres supplied with equipment and facilities Number of level IV health centres with operating centres	Construction and equipping ongoing Mosquito spraying Distribution of mosquito nets	MoH, MoLG, MoES, Health Service Commission	LGs, communities, CSOs, PMO, development partners	3 years	Policy instruments to ensure qualified health workers and appropriate equipment in all level II–IV health centres established	Reduced mortality from malaria and complicated deliveries Maternal and infant mortality rates reduced	623 493 045	MoH, LGs, communities, CSOs
Enforce existing policy and strategy on availability of VCT and PMTCT	Increase VCT and PMTCT centres	Number of health facilities with VCT and PMTCT centres		MoH, MoLG		3 years	Modalities to enforce VCT in place	Reduced PMTCT cases Citizens' knowledge of their	10 909 091	UAC, CSOs

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
centres at national, district and level IV health centres		Mortality for enforcing existing policies Number of people coming for VCT						status of HIV/AIDS		
Build capacity and strengthen inspectorate mechanisms to ensure quality and safety in service delivery	Implement citizen charters on service delivery Determine inspection standards and conduct inspections frequently Revise and update annual performance assessment of LG and extend the system to central government	Number of inspections conducted Number of inspection reports submitted Number of units accessed Capacity-building initiatives undertaken Inspectorate mechanisms put in place		MFPED, MoPS, MoLG, relevant sector ministries, statutory agencies, inspection units in the government, IGG, Auditor-General, NIMES		3 years	Number of staff trained or oriented A strong inspection mechanism	Improved quality in service delivery	3 556 538	Sectors, Parliament, CSOs
Improve the conditions of service for teachers in terms of salary and living conditions, and fa	Review and implement salaries and incentives for teachers Post teachers to	Number of teachers recruited outside their home district Number of		MoES, MoLG, PSC, TUs, PSFU, PTAs		3 years	Better living conditions for teachers	Reduced teacher turnover and brain drain	167 433	TUs, Uganda Parents and Teachers Association, PSC

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
cilitate hiring of teachers to regions other than their home districts in order to improve quality of education, especially in rural areas	regions other than their home districts to improve quality of education	teachers' houses constructed or provided Salary enhancement levels								
Give greater emphasis to business, technical and vocational education and training in the framework of the Ugandan industrial policy, adopted in January 2008	Develop a policy and strategy (update) Determine demand, supply and institutional capacity to meet the demand Allocate and commit resources	Policy guidelines on BTVET Resource allocation to BTVET Number of students on BTVET	Number of polytechnics in place	MoES, MoLG, MFPED, NPA, relevant sector ministries, BTVET	Vocational institutions, LGs	3 years	Policy guidelines on BTVET Increased allocation of resources to BTVET	Undertaking self-employed ventures of employment-generating investments	20 524	MoES, PSFU CSOs, MGLSD
Address the problem of rampant corruption in the health sector, especially in the supply chain of essential drugs and equipment	Set up a system to track movement and storage of essential drugs and equipment Set up a system to track diversion of essen	Investigation of essential drugs and equipment kept at public health centres, hospitals and clinics Number of diversions		MoH, LGs, MoH, MoLG, intelligence agencies, UPF		3 years	A system to track the supply chain of essential drugs and equipment	A smooth flow of essential drugs and equipment to health centres and hospitals	21 736	MoLG, Parliament, CSOs

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
intended for health centres and hospitals	tial drugs and equipment to private pharmacies and clinics	detected and stopped Number of health establishments prosecuted for engaging in corruption Drugs and equipment to the health centres and hospitals								
Improve the conditions of service for health personnel through strategies that sustain their productivity and attract and retain them to underserviced areas	Review terms and conditions of health workers Implement the new terms and conditions of service (increased salaries and incentives)	New salary scales and wages Percentage in wages and salaries Reduced brain drain of health workers Intervention to sustain health workers' productivity and conditions of service identified		MoH, LGs, MFPED		3 years	Strategies to sustain productivity and retain health personnel	Improved quality of service delivery in the health sector Better utilisation of health centres	34 710	MoPs, MoLG, CSOs, APRM

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
		Number of patients visiting health units								
Step up efforts to reduce the prevalence of malaria, which is the leading cause of morbidity and mortality in Uganda	Review methods of controlling malaria and implement them (the insecticide DDT, mosquito nets, etc.) Increase capacity of health centres in rural areas to test for malaria, and to know when malaria cases are getting complicated and to refer them	Use of malaria nets Number of families clearing the bush and stagnant water around their homesteads	Mosquito spraying Distribution of mosquito nets	MoH, LGs	LGs, CSOs, communities, PMO, development partners	3 years	Mechanisms to reduce the prevalence of malaria	Reduced mortality from malaria	72 742 782	Communities, MoLG, CSOs
Speed up the setting up of the National Social Health Insurance	Finalise legislation on National Social Health Insurance Operationalise the scheme	National Social Health Insurance Act Operational guidelines for National Social Health Insurance put in place		Parliament, MoH, NSSF, LGs, MFPED, MoPS, CSOs		1 year	Operational National Social Health Insurance	Increased access to health services	2 551 819	PMO, CSOs

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
Put in place mechanisms and strategies to sustain gains made in reducing the prevalence of HIV/AIDS and ensure further reduction	Intensify prevention strategies Increase access to the variety of HIV/AIDS treatments Intensify awareness campaigns, especially in rural areas	Reduction of the prevalence of HIV/AIDS Process of developing mechanisms and strategies to sustain the gains List of gains from reduction in the prevalence of HIV/AIDS identified		MoH, LGs, CSOs, UAC		3 years	Effective mechanisms and strategies to sustain gains made from the reduction in HIV/AIDS	Increased well-being and quality of life of the population	7 581 910	PMO, CSOs
Strengthen the country's preparedness to handle epidemics and outbreaks, such as Ebola	Determine the tools and resources required to handle epidemics and outbreaks safely	Mechanisms to respond to epidemics and outbreaks outlined		MoH, LGs, CSOs, Department of Disaster Preparedness		1 year	Mechanisms to curb epidemics and outbreaks	Quick national and local response to epidemics	95 909	PMO, CSOs, MoLG
SUBTOTAL									**933 586 304**	
OBJECTIVE 4: TO ENSURE AFFORDABLE ACCESS TO WATER, SANITATION, ENERGY, FINANCE (INCLUDING MICROFINANCE), MARKETS, ICT, SHELTER AND LAND TO ALL CITIZENS, ESPECIALLY THE RURAL POOR										
Review policies and strategy to ensure increase of water supply and sanitation	Review policy and strategy to ensure increase of water supply and sanitation	Policy or strategy paper Annual coverage growth of	Development of water supply and sanitation infrastructure ongoing – rural	MWTC, MWE, MLHUD, LGs, NWSC	LGs, NGOs, private sector, CSOs	3 years	Policy and strategies developed to increase water supply and sanitation	Increased access	18 009	MWE, CSOs, MFPED, MoLG, Parliament

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
coverage, as well as water for production	coverage Increase access to water supply of the poor	3 per cent	and urban							
Strengthen policy and strategy for enhanced investment in national roads, railways and water transport	Review policy and strategy for investment in national roads, railways and water transport Design and implement an effective road maintenance programme Upgrade urban roads Construct a Southern Road bypass to link with the Northern Road bypass	Policy or strategy paper Number of tarmac roads maintained Number of kilometres of urban roads upgraded Volume of traffic diverted from the city	LGs have community and municipal roads NUSAF constructing roads in Northern Uganda Roads Agency Formation Unit in place	MWTC, MoLG, MFPED, National Roads Authority	NEPAD, EAC	3 years	Policy and strategy Number of kilometres of roads upgraded	Improved transportation network	587 244 215	MoWT, private sector, MDAs, NEPAD
Coordinate development and maintenance of urban infrastructure to address	Enact legislation governing town and country planning and restore planning boards	Town and Country Planning Act Planning boards established	Nil	Parliament, MLHUD, MoLG, NPA, Town and Country Planning Boards, Department of		3 years	Coordinated and maintained structure	Improved urban infrastructure Improved coordination of service delivery in urban areas	503 030	MLHUD, MoLG, CSOs, all other sectors

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
congestion and population growth	Update urban master plan Develop a strategy to prevent congestion and slum development	Updated land-use plans covering infrastructure plans, and transport network plans Residential plans and infrastructure set up ahead of people moving in (water, electricity, etc.)		Physical Planning, cities and municipalities	MDAs, LGs, private sector, communities					
Strengthen policy and strategy for investment in ICT infrastructure, services, increase skills and promote utilisation	Install national ICT/e-governance backbone infrastructure, operation and maintenance Install district ICT/e-governance infrastructure, operation and maintenance Determine factors that hinder speed of connectivity, relia	Number of computer access points Number of cyber cafés Number of offices online Number of online businesses Up-to-date technology used by service providers Number of	MICT created and operational National ICT/e-government backbone Infrastructure installed in the country	MICT, LGs, relevant sector ministries, UCC, MFPED, ISPs, cyber cafés, sector ministries	MICT, MDAs, private sector, CSOs	3 years	ICT infrastructure and services expanded, skills increased and utilisation improved	More people using ICT effectively	130 492 273	MICT, CSOs, private sector

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
	bility and control, and misuse of the Internet Use training in ICT/e-governance	Internet users Numbers trained in operating and maintaining ICT/e-governance systems								
Audit the progress so far made on MDGs	Establish the status of MDG implementation Design a strategy to address the gaps	Status report Strategy developed		NIMES, all relevant sectors		1 year	A strategy in place	Progress in MDGs	1 011 867	CSOs
Prioritise the promotion of alternative and renewable energy sources	Implement policy on sustainable and renewable energy Put in place regulation and enforcement of legislation and standards Set up and support adoption and innovation centres	Implementation mechanisms in place Standards have been set Number of centres set up	Some tenders awarded Studies ongoing	MEMD, UNBS	Development partners, ERA, REA	3 years	A strategy for promotion of energy in place Number of people adopting alternative energy	Increased energy supply and generation More people using alternative energy	393 939 394	MEMD, development partners

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
Speed up the formulation and implementation of the policy on solid waste management	Finalise the formulation of policy on solid waste management Put in place and enforce mechanisms for solid waste management	Policy in place Existence and enforcement of solid waste management mechanism		MWE, NEMA, LGs		1 year	A formulated policy on solid waste management	Improved solid waste management	962 958	NEMA, CSOs, Parliament, PMO
Prioritise sanitation in the national budget in order to ensure dramatic acceleration in the provision of improved services required to achieve the MDG target on sanitation	Develop a plan to protect water supply from pollution and to clean polluted sources of water	Functional sanitation agency		MWE, LGs, NWSC		3 years	Agency in place	Increased resources allocated to sanitation	24 059	MFPED, CSOs
Strengthen and enforce regulation of MFIs	Finalise policy and regulation of MFIs	Existence of policy and enforcement mechanism		MFPED, BoU		3 years	Regulations in place and enforced	More people accessing microfinance	6 061	CSOs, Parliament
Expedite the formulation of a national land policy, which will provide	Finalise the formulation of the national land policy	Process of formulation of policy		Parliament, MLHUD, CSOs		1 year	National land policy in place	Guidance on land ownership and utilisation provided	1 272 727	CSOs, Parliament, PMO

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
overall guidance on land ownership and utilisation of land										
Speed up formulation and implementation of a national housing policy that takes into account the needs of the poor	Review the national housing policy and amend law appropriately	Mechanism to speed up formulation of policy		MLHUD, private sector		1 year	A policy in place	Policy that takes needs of the poor into account in place		CSOs, Parliament
Prioritise the development and implementation of an urban physical planning and development policy to reverse urban decay	Develop and implement a slum upgrading strategy	Mechanism to put a department in place		MLHUD, private sector		1 year	Department of Urban Physical Planning	Slum upgrading under way Strategy developed Slums upgraded	928 909	CSOs, Parliament
Mobilise additional resources on community and feeder roads, in particular for rural areas	Increase the share of the budget allocated to community and feeder roads	Percentage increase in the budget allocated to community and feeder roads		MoWT, LGs, private sector, CSOs		3 years	Increased resources allocated to feeder/ community roads	Community/ feeder roads upgraded	3 964	Private sector, CSOs, Parliament

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
	Upgrade community and feeder roads	Number of kilometres of community and feeder roads upgraded								
Assist in the development of a transit bus system that can be taken over by the private sector	Plan and design the transit bus system Mobilise resources to fund the transit bus system Implement the KUTIP	Plan for transit bus system Amount of resources mobilised KUTIP implemented		MoWT, private sector, urban authorities, National Roads Authority, MFPED		3 years	Am operational transit bus system	Improved transport services in the city	54 910 400	Parliament, private sector
SUBTOTAL									**1 171 317 848**	
OBJECTIVE 5: TO MAKE PROGRESS TOWARDS GENDER EQUALITY IN ALL CRITICAL AREAS OF CONCERN, INCLUDING EQUAL ACCESS TO EDUCATION FOR ALL GIRLS AT ALL LEVELS										
Review policy and strategy on employment opportunities for the youth (wage and self-employment)	Review policy and strategy on employment opportunities for the youth Create and support employment opportunities for the youth in the public sector	Policy or strategy paper Employment, self-employment help projects for the youth supported Number of youth with access to microfinance	Youth mobilisation by NYC Formation of youth groups	MGLSD, MoLG, PSFU	MGLSD, NYC	1 year	Schemes for youth empowerment instituted	More youth empowered supported More youth accessing micro-finance	512 133 597	NYC, CSOs, TUs

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
	Support the private sector to expand employment opportunities for the youth									
Draft labour expatriation policy	Formulate and implement the labour expatriation policy Strengthen mechanisms identifying opportunities abroad	Labour expatriation policy		MGLSD, MoFA, MoIA	MGLSD, NYC	1 year	Mechanism to identify opportunities abroad put in place	Number of opportunities identified abroad	65 121	TUs, CSOs, Parliament
Develop and review strategy on civic education and training youth on reproductive health issues	Develop and review strategy on civic education and training youth on reproductive health issues	Number of youth trained in reproductive health issues	Donor-funded training by NYC for youth leaders	MoH, MoLG, MGLSD, NYC	Youth educational institutions	3 years	Youth trained in reproductive health issues	Increased youth awareness of reproductive health issues	63 636	NYC, MGLSD, LGs
Fully implement the EOA	Operationalise the EOA	EOC operational	Pilot of socio-cash transfer in a number of districts Education and health sectors cater for vulnerable groups	PSC, MFPED, MDAs, CSOs, MGLSD, MoLG	PSC, MFPED, MDAs, CSOs, private sector, LGs	3 years	Policy and strategy for social protection	Social protection to orphans and other vulnerable groups, such as people with disabilities and the elderly provided and promoted	2 454 545	MGLSD, Parliament, CSOs

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
			Existing disability councils							
Review the NGO Act with a view to enhancing the multiple roles in development, including advocacy, service delivery, transparency and accountability of public institutions	Review the NGO Act	NGO legislation completed	Dialogue on NGO legislation	PMO, all sector ministries	NGOs, CBOs	1 year	Policy to create conducive environment for NGOs and civic engagement passed	A conducive environment for NGOs and civic engagement in place Greater transparency in public institutions	60 000	PMO, MoIA, CSOs
Step up efforts on gender budgeting	Roll out training in gender budgeting to all MALGs	Number of MALGs trained		MGLSD, MFPED, LGs, CSOs		3 years	Trained in gender budgeting	Gender-sensitive budgets; women receiving better services	34 273	Parliament
Speed up the enactment of the DRB and the Sexual Offences Bill	Enact DRB and Sexual Offences Bill Design implementation mechanisms	Laws enacted Implementation mechanisms in place		Parliament, ULRC, MJCA, MGLSD, CSOs		1 year	DRB/Sexual Offences Act	Women's' domestic and sexual rights better protected	17 152	CSOs, Parliament
Develop a nationwide programme to train and sensitise law enforce	Accelerate implementation of the National Action Plan on Women (2007)	A National Action Plan on Women A nationwide		MoIA, MoLG, MGLSD, CSOs		3 years	Law enforcement officers trained in sexual and gender-based violence	Law enforcement agencies handling sexual offences and gender-based	183 037	MoIA, MGLSD, CSOs, Parliament

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
ment agencies, as well as communities on issues of sexual and gender-based violence	Design a nationwide programme to train law enforcement agencies ion issues of sexual and gender-based violence Mobilise resources and implement nationwide programmes to train law enforcement agencies on issues of sexual and gender-based violence	programme to train law enforcement agencies on issues of sexual and gender-based violence Number of law enforcement agencies trained					and offences	violence better		
Undertake sensitisation and education campaigns to influence traditional norms, values and laws to allow women to own and control land; and sensitise women on their land rights	Review the traditional norms and values and identify positive and negative ones Sensitise and educate communities to strengthen positive traditional	Number of traditional norms and values identified and classified Number of sensitisation campaigns carried out		Leaders, CSOs, MGLSD, MLHUD, MoLG		3 years	Traditional institutions sensitised on women's ownership and courts of land	Increased women's access to land	404 824	MGLSD, CSOs

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
	norms and values and discourage negative ones									
Provide training programmes that strengthen women politicians' leadership skills, confidence, networking, advocacy and self-esteem	Design and implement training programmes for women in leadership skills	Number of women trained		Parliament, MGLSD, LGs, CSOs		3 years	Women trained in leadership skills, confidence, networking advocacy and self-esteem	Increased women's skills in leadership	9 939	MoLG, Parliament, CSOs
SUBTOTAL									**515 426 125**	
OBJECTIVE 6: TO ENCOURAGE BROAD-BASED PARTICIPATION IN DEVELOPMENT BY ALL STAKEHOLDERS AT ALL LEVELS										
Review the tendering and procurement processes in order to make them transparent	Review progress in making the procurement processes transparent	Recommendations and strategies to improve the transparency of procurement processes		MFPED, MoLG		1 year	Strategy reviewed and developed	Improved transparency of procurement process	31 224	PPDA, CSOs, Parliament
Develop a strategy for capacity building of local communities for effective participation in planning,	Intensify implementation of harmonised participatory planning guides	Number of institutions using harmonised participatory planning guides as reflected in the annual		MoLG, LGs, MGLSD, MFPED, CSOs, NPA		3 years	Annual strategy developed	Increased participation	1 098 182	NPA, CSOs

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
implementation and monitoring and evaluation processes		assessments of LGs								
Improve the flow of feedback communication on the final outcomes of planning processes to local communities, in order to reinforce their ownership and ensure their continued participation in the implementation of programmes and projects	Improve on feedback mechanism	Level of ownership of plans by LGs		MFPED, MoLG, CSOs		3 years	Increased ownership of plans by LGs		291 960	PMO, CSOs
Initiate capacity-building programmes for elected or nominated representatives to ensure that they are able to effectively participate in policy formulation	Review the capacity-building programmes in the MoLG and Parliament in light of the multiparty system	A review report		Parliament, MGLSD, MoLG, LGs, CSOs		3 years	Elected/ nominated representatives trained	Effective participation of local representatives in policy formulation	68 715	Parliament, CSOs

SPECIFIC OBJECTIVES	REQUIRED ACTIONS	MONITORABLE INDICATORS	ON-GOING ACTIVITIES INCLUDING CURRENT PROJECTS IN GOVERNMENT POA	IMPLEMENTING AGENCIES	KEY STAKEHOLDERS	TIME FRAME	EXPECTED OUTPUT	EXPECTED OUTCOME	ESTIMATED COST (US$) (Exchange Rate 1650)	M & E AGENCIES
Step up mechanisms to ensure representation and participation of all marginalised groups in the development processes	Review special representation mechanisms Address shortcomings identified by the review	A review report		Parliament, MoLG, CSOs, LGs		3 years		Representation and participation of marginalised groups in development processes	32 764	NUDIPU, Parliament, minority groups
Embark on the rationalisation of the number of local districts in order to contain administrative costs within affordable limits	Review the effect of increasing administrative costs of the number of local districts on service delivery	A review report		Parliament, MoLG, MFPED		2 years	Reduced administrative costs	Reduced waste of resources	29 124	Parliament, CSOs
Strengthen the use of equalisation grants to address inequalities in accessing health and education	Review the impact of the use of equalisation grants in improving service delivery	A review report		MoLG, LGs, MFPED, MoH, MoES		3 years	Use of equalisation grants strengthened	Access to wealth and education by the poor	77 124	Parliament, CSOs
SUBTOTAL									**1 629 093**	
GRANDTOTAL									**3 362 746 490**	

APPENDIX III

PROCEEDINGS OF THE PEER REVIEW OF UGANDA AT THE NINTH SUMMIT OF THE COMMITTEE OF HEADS OF STATE AND GOVERNMENT PARTICIPATING IN THE AFRICAN PEER REVIEW MECHANISM (APR FORUM) ON 29 JUNE 2008 IN SHARM EL SHEIK, EGYPT

1. INTRODUCTION

The Ninth Summit of the Committee of Heads of State and Government Participating in the African Peer Review Mechanism (APRM) was held on 29 June 2008 in Sharm El Sheik, Egypt, on the margins of the Eleventh Ordinary Session of the Heads of State and Government of the African Union.

Three countries – Uganda, Nigeria and Burkina Faso – were scheduled for peer review at the Forum Meeting. However, only the peer review of Uganda was concluded. Owing to time constraints, the peer review of Burkina Faso could not be conducted, while that of Nigeria was not completed.

2. ATTENDANCE

The Summit was chaired by H.E. Meles Zenawi, Prime Minister of the Federal Democratic Republic of Ethiopia and Chairperson of the APR Forum.

2.1 The following Heads of State and Government attended the Summit:

(i) H.E. Abdelaziz Bouteflika, President of the Republic of Algeria

(ii) H.E. Thomas Boni Yayi, President of the Republic of Benin

(iii) H.E. Blaise Compaoré, President of the Republic of Burkina Faso

(iv) H.E. Hosni Mubarak, President of the Arab Republic of Egypt

(v) H.E. Meles Zenawi, Prime Minister of the Federal Democratic Republic of Ethiopia

(vi H.E. Pakalitha Mosisili, Prime Minister of the Kingdom of Lesotho

(vii) H.E. Amadou Toumani Toure, President of the Republic of Mali

(viii) H.E. Umaru Musa Yar'Adua, President of the Federal Republic of Nigeria

(ix) H.E. Paul Kagame, President of the Republic of Rwanda

(x) H.E. Thabo Mbeki, President of the Republic of South Africa

(xi) H.E. Omer Al-Bashir, President of the Republic of Sudan

(xii) H.E. Faure Gnassingbé, President of the Republic of Togo

(xiii) H.E. Yoweri K. Museveni, President of the Republic of Uganda

2.2 H.E. Jean Ping, the Chairperson of the African Union (AU) Commission, also attended the Summit.

2.3 The Heads of State and Government of Angola, Cameroon, the Democratic Republic of Congo, Djibouti, Gabon, Ghana, Kenya, Malawi, Mali, Mauritania, Mauritius, Mozambique, São Tomé & Principe, Senegal, Tanzania and Zambia were represented.

2.4 Five of the seven members of the APR Panel of Eminent Persons were also in attendance.

3. PROCEEDINGS OF THE PEER REVIEW OF UGANDA

The peer review of Uganda commenced with the presentation of the Country Review Report (CRR) by the Lead Panellist, followed by a statement by H.E. Yoweri Museveni, President of Uganda, and discussions by the APR Forum.

3.1 Presentation of the Country Review Report

Professor Adebayo Adedeji, Lead Panellist for the Uganda Review Process, presented highlights of the CRR on Uganda. He noted that Uganda, which Sir Winston Churchill once referred to as "the Pearl of Africa", inevitably suffered major traumatic experiences during its first two decades of independence. However, since the late 1980s, Uganda has managed to reassert itself and move on from the abyss of civil war and the economic catastrophe of the Idi Amin and Obote II years. Professor Adedeji identified ten cross-cutting issues and nine best practices in the CRR. The key challenges identified included high rates of poverty and worsening inequality; a high population growth rate; the adverse effects of geography, which imposes an additional cost to the cost of doing business; policy implementation gaps; land-related issues; resolving the conflict in the north; corruption; and overdependence on aid.

Prof Adedeji praised Uganda for the progress made in many areas of governance, which could be emulated by other African states. These include the prompt handling of election petitions following the first ever multiparty elections of 2006; sound macroeconomic management reflected in high economic growth rates averaging 6.3 per cent per annum between 1990 and 2007; a highly consultative budgetary process; the provision of universal primary education in Uganda since 1997, which has increased the primary enrolment to over 80 per cent; a successful fight against the HIV/AIDS pandemic, with the overall prevalence dropping from 18.5 per cent in the 1990s to 6.4 per cent in 2006; and the decentralisation process.

He concluded by stating that Uganda has indeed prepared its National Programme of Action (NPOA), which has emanated from the review process and whose estimated total cost is US$4 857 102 574. The mobilisation of efforts to implement the NPOA is imperative, and is worthy of support by APRM member states and the international community.

3.2 Response from H.E. President Yoweri Kaguta Museveni

President Yoweri Museveni commended his Excellency, Meles Zenawi, Prime Minister of Ethiopia, for his able stewardship of the Forum and extended his profound gratitude to the host, H.E., Mohammed Hosni Mubarak, President of the Arab Republic of Egypt, the government and the people of Egypt for their hospitality.

He also congratulated his peers, H.E. Umaru Yar' Adua, President of Nigeria, and H.E. Blaise Campaor_, President of Burkina Faso, whose countries were also scheduled for peer review.

President Museveni thanked Professor Adebayo Adedeji, the Lead Panellist for Uganda, for the guidance which led to the success of the Uganda APRM process. He noted the importance of taking the APRM seriously as an African instrument for addressing the challenges facing the continent.

He recounted Uganda's experience since the country acceded to the Mechanism in 2003 and commented briefly on Uganda's achievements, challenges and the NPOA, as highlighted in the Uganda CRR. He noted that the APR Panel has also identified nine best practices worthy of emulation and commented briefly on some of them. His interventions are briefly highlighted below.

Macroeconomic reforms and liberalisation

President Museveni noted that Uganda has experienced an unprecedented growth rate averaging 6 per cent per annum for almost two decades. Inflation has been kept to single-digit figures over the past 10 years, while liberalisation has attracted both domestic and foreign investors, thus boosting trade.

This achievement is all the more remarkable because it lifted Uganda from a collapsed economy that had been characterised by negative growth rates since the 1970s. The economy has also moved from mere recovery to sustainable growth. At the time that these economic reforms were implemented, they were not popular and required strong, unwavering political will. Consequently, Uganda has reduced poverty levels from 56 per cent in 1992/3 to 31 per cent in 2005/6.

However, he pointed out that in computing Uganda's total and per capita GDP, the CRR seems to have used figures that are out of date. Up-to-date data are now available. The economy currently stands at US$14.28 billion and per capita GDP is US$482. The average GDP rate of growth in the last five years has been 8.3 per cent per annum. In spite of the mistake made in delaying the construction of hydro dams, caused by incorrect advice from the World Bank to Ugandan officials, the high oil prices and the crisis in neighbouring Kenya, the GDP rate of growth for 2007/8 was 9 per cent after adjusting for inflation.

Security and professionalisation of the army

In 1986, when the National Resistance Movement came to power, the challenge was to transform the negative characteristics of the inherited army into an instrument for peace and security, as well as a professional body. Strict disciplinary measures were introduced in the army, especially to curb harassment of civilians. The army currently undergoes high standards of training and education, which are the prerequisite for professionalism. The President remarked further that he is proud to note that Ugandan security forces are now of a high calibre. Hence it is often called upon to undertake UN and AU missions in other countries.

Owing to the historical role of the Uganda People's Defence Force (UPDF) in failed states, and in order for this Force to comprehend and appreciate the nature of politics and the need for civilian oversight, it has been given representation in Parliament. This has ensured good relations between the armed forces and other stakeholders and has enabled them contribute to good governance.

President Museveni also highlighted some of the achievements under his leadership, which are not mentioned in the CRR. These include the discovery of oil by Ugandans themselves without recourse to foreign expertise; industrialisation; and gender equality. He noted that, in 1986, agriculture constituted 53.9 per cent of the GDP, industry 16.1 per cent and services 30 per cent. (The figures now stand at 21.4, 24.4 and 49 per cent respectively.) More recently, Uganda has launched a wealth creation programme tagged Prosperity For All, which will ensure that every household is able to earn at least USh20 million (US$12 000 per annum.

The President, however, agreed with the observations in the CRR that several challenges remain, notably corruption, a vice his government is determined to combat decisively. To succeed in the fight against corruption, certain actions are needed. These include a credible civil service and better education to increase the number of accountants. His reform is currently yielding results through the work of the Uganda Revenue Service.

Uganda is rich in policies and legislation, but implementation is a major problem owing to apathy on the part of the civil service and the political class. What is needed is a civil service that is pro-business.

On the issue of overdependence on aid, President Museveni told his peers that this was becoming much less of an issue than it was about six to ten years ago and Uganda is gradually overcoming it. The government's efforts to achieve an increasing measure of self-reliance are yielding positive results. Currently, dependence on foreign aid has been reduced to only 30 per cent of the budget.

On the issue of high population growth, President Museveni responded that his government was not worried about the phenomenon because Uganda is a country endowed with resources. The challenge is rather to educate Ugandans and make them productive. However, he welcomed more discussions with the APR Panel and experts on population to educate him further on the ills of a high population growth rate.

In conclusion, President Museveni again congratulated the Panel for a well-written and critical report on Uganda. He told his peers that the integration of the National Programme of Action into Uganda's National Development Planning Process and the Annual Budgeting Framework is already under way. In the current budget of 2008/9, about US$1 billion has been provided to implement the NPOA, of which US$137 million is under Democracy and Political Governance. In the Medium-Term Expenditure Framework of 2008/9 to 2012/3, over US$1.6 billion has been earmarked for governance interventions each year.

3.3 Forum discussion

The Forum had very extensive discussions on the issues raised for clarity, peer learning and sharing, as elaborated hereafter. The peers congratulated President Museveni and the Ugandan people on the achievements already made in the governance and socioeconomic areas; and commended the successful completion of the review process, which affirms Africa's commitment to good governance. They also congratulated the Panel for a high-quality report.

The President of Benin noted that the report was very clear on the progress made and it is clear that President Museveni is moving in the right direction. He asked the President of Uganda to share with his peers his experience in the management of multiparty democracy after long years of the movement system and the way the government of Uganda manages to convince donors, including the Bretton Woods Institutions, to support its policies and programmes.

The Prime Minister of Lesotho expressed concern about delays in the receipt of review documents and the bulky nature of CRRs. He felt it was expedient for the Panel to make the reports more user-friendly. He then requested more information on the prompt handling of presidential election petitions, which are completed within three months after elections in Uganda, how the judiciary managed to handle election petitions so expeditiously; and what happens to the President-elect during the intervening period.

The President of South Africa thought the report was well written and noted that Uganda had made considerable progress in governance and socioeconomic development, which should be considered as a work in progress. However, there are still several outstanding challenges, as pointed out in the CRR and Professor Adedeji's presentation. The government of Uganda should thus inform its peers about the priority interventions it is contemplating to address the key challenges, so that the Forum can render the desired assistance to Uganda as mooted in the peer review process.

The President of Sudan commended President Museveni for his steadfastness in the negotiation of the crisis in the north with the LRA. He noted that the government of Southern Sudan had taken far-reaching steps to support the negotiation and the government of Sudan is willing to assist if called upon.

The Prime Minister of Ethiopia commended the Panel for the outstanding report. He noted that while the Uganda CRR has striven to remain ideologically neutral, as recommended by the Forum after the peer review of South Africa, there are still some inconsistencies. For example, paragraph 268 of the CRR recommends that Uganda should move away from its current electoral system of the First-Past-The-Post (FPTP) to adopt a proportional representation (PR) or mixed system. This is in sharp contrast to the recommendation made in the South African report. Also, paragraph 348 of the CRR questioned the caucus system in Parliament such that political parties may be stifling individual choices. The description of political parties in the report is also not very flattering. He observed that the mandate of the APR Panel is not to pass judgement on policies and orientations decided by a country, but rather on the outcomes, and to advise accordingly.

The report suggests that because of a proliferation of aid, a number of institutions are not being adequately owned by Ugandans. Lack of ownership of institutions tends to be linked to poor implementation of policies. More often than not, aid dependence also extends to ownership of policies. President Museveni may wish to investigate these links.

The Prime Minister commented further on the high population growth rate and warned that the industrialisation path Uganda has embarked on may be jeopardised if the population growth path is unsustainable. On the discovery of oil, he advised Uganda to follow the example of Botswana, which has avoided the "resource curse" by creating the right political environment.

3.4 Responses from President Museveni to peers

In his response, President Museveni dwelt on several issues, which are elaborated on below.

Movement system

President Museveni welcomed the comments and observations of his peers. He noted that Uganda, being predominantly a pre-industrial society, had refused to succumb to pressure from donors when he took office in 1986 that the country should have a multiparty system. Rather, he installed a democratic system based on individual merit. This is referred to as a "movement system". In 2003, after a long process of reconciliation and healing, Uganda decided that it was time to open up for multiparty democracy. This decision was also dictated by the changes in the demography of the country with the increased urban and cosmopolitan population.

Electoral system (FPTP versus PR)

President Museveni explained that a constituency-based Parliament is good for Uganda because it makes elected leaders accountable to the people. He opined that while proportional representation may be good for countries where it is practised given their history, Ugandans are happy with the current system. In addition, he noted that party caucus in Parliament was an absolute necessity.

Handling election petitions

The President noted that Uganda has fought two major wars over a span of 13 years as a result of voting and bad elections. The Constitution of Uganda has thus provided for strict laws guiding the conduct of elections, including using a single ballot box and paper, and counting votes and declaring results in polling stations immediately after elections. He clarified that the petitions mentioned in the CRR which must be completed within a three-month period are for "presidential elections". He explained that petitions for presidential elections are handled directly by the Supreme Court without recourse to the lower courts. The 12th of May has been fixed in the Constitution of Uganda as the date on which the Supreme Court must have completed all the presidential petitions and the winner is declared President of the Republic of Uganda. Before 12 May, the winner is simply called the "President Elect".

High population growth rate

President Museveni conceded that he personally encouraged Ugandans to multiply. He gave the examples of Britain with a population of 60 million inhabitants and Japan with 127 million people but with a land mass comparable to that of Uganda. He felt the challenge was to educate the people and make them more productive. He reiterated that he would like to be educated on this issue.

Prioritisation of challenges and courses of action

The President explained that Uganda has registered significant progress since he assumed office and the country is now ready for take-off. He outlined the priority sectors for Uganda in the next phase of development as follows: increasing the power supply, which is already receiving a great deal of attention; modernising the railway to the sea; providing undersea cables to make international calls cheaper; building a harbour; and developing a vibrant private sector.

In conclusion, he thanked his peers for a constructive dialogue and successful peer review of his country; and urged them to assist Uganda in mobilising the private sector in Africa to join Uganda in implementing the identified sectoral priorities.

4. THE WAY FORWARD

The Forum noted that Uganda has made remarkable progress in governance and socioeconomic development. However, the country has to build on its successes while addressing the existing challenges outlined in the report. The country is expected to present the first Annual Report on the Implementation of the National Programme of Action to the Forum in June 2009.

THE NEW PARTNERSHIP FOR AFRICA'S DEVELOPMENT

African Peer Review Mechanism