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## List of Acronyms

ADB	AFRICAN DEVELOPMENT BANK
ADF	ALLIED DEMOCRATIC FORCES
AFDB	AFRICAN DEVELOPMENT BANK
AIN	AMNESTY INTERNATIONAL
ASARECA	THE ASSOCIATION FOR STRENGTHENING AGRICULTUREAL RESEARCH IN EASTERN AND CENTRAL AFRICA
BOU	BANK OF UGANDA
BTVET	BUSINESS & TECHNICAL VOCATIONAL EDUCATION AND TRAINING
CGS	THE GRANT CONTRACT FOR THE COMPETITIVE GRANT SYSTEM
CIDA	CANADIAN INTERNATIONAL DEVELOPMENT AGENCY
COMESA	COMMON MARKET FOR EASTERN & SOUTHERN UGANDA
CRC	CONSTITUTIONAL REVIEW COMMISSION
CSO	CIVIL SOCIETY ORGANISATION
CSP	COUNTRY STRATEGY PROGRAMME
CSSC	CIVIL SOCIETY STEERING COMMITTEE
DANIDA	DANISH INTERNATIONAL DEVELOPMENT AGENCY
DDGG	DONOR DEMOCRACY AND GOVERNANCE GROUP
DFID	DEPARTMENT FOR INTERNATIONAL DEVELOPMENT
DG NARC	DONOR GROUP FOR NORTHERN UGANDA, AMNESTYAND RECOVERY FROM CONFLICT
DTG	DONOR TECHNICAL GRUP
EAC	EAST AFRICAN COMMUNITY
ECHO	DIRECTORATE GENERAL FOR HUMANITARIAN AID
EDF	EUROPEAN DEVELOPMENT FUND
EFA/MDG	EDUCATION FOR ALL/MILLENIUM DEVELOPMENT GOALS
EIB	EUROPEAN INVESTMENT BANK
EIDHR	EUROPEAN INITIATIVE FOR DEMOCRACY AND HUMAN RIGHTS
EMIS	EDUCATION MANAGEMENT INFORMATION SYSTEM
ENR	ENVIRONMENT AND NATURAL RESOURCES DONOR GROUP
EPA	ECONOMIC PARTNERSHIP AGREEMENT
ESAPR	EDUCATION SECTOR ANNUAL PERFORMANCE REPORT
ESCC	EDUCATION SECTOR CONSULTATIVE COMMITTEE
ESR	EDUCATION SECTOR REVIEW
EU	EUROPEAN UNION
FDC	FORUM FOR DEMOCRATIC CHANGE
FITCA	FARMING IN TSETSE CONTROLLED AREAS
GAP	GROSS AGRICULTURAL PRODUCT
GOU	GOVERNMENT OF UGANDA
GTZ	GERMAN TECHNICAL COOPERATION
HDP	HEALTH DEVELOPMENT PARTNERS GROUP
HPAC	HEALTH POLICY ADVISORY COMMITTEE
HSSP	HEALTH SECTOR STRATEGIC PLAN
IDA	INTERNATIONAL DEVELOPMENT ASSOCIATION
IDPs	INTERNAL DISPLACED PERSONS
IFAD	INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
IFMP	THE IMPLEMENTATION OF THE FISHERIES MANAGEMENT PLAN
IGG	INSPECTORATE GENERAL OF GOVERNMENT
IITC	INTER-INSTITUTIONAL TRADE COMMITTEE
IMF	INTERNATIONAL MONETARY FUND
ISAMI	INCOME SMOOTHING THROUGH AGRICULTURAL MARKETING INTERVENTIONS
ITC	IMPLEMENTATION TECHNICAL COMMITTEE
IUCN	THE WORLD CONSERVATION UNION
JLOS	JUSTICE, LAW AND ORDER SECTOR
JTSR	JOINT TRANSPORT SECTOR REVIEW

KFW	GERMAN DEVELOPMENT BANK
LGFC	LOCAL GOVERNMENT COMMISSION
LRA	LORD RESISTANCE ARMY
LRRD	LINKING RELIEF, REHABILITATION AND DEVELOPMENT
LTEF	LONG TERM EXPENDITURE FRAMEWORK
LVFO	LAKE VICTORIA FISHERIES ORGANISATION
MAAIF	MINISTRY OF AGRICULTURE, ANIMAL INDUSTRY AND FISHERIES
MDG	MILLENIUM DEVELOPMENT GOALS
MEI	MINISTRY OF ETHICS AND INTEGRITY
MFF	MICRO FINANCE FORUM
MIS	MANAGEMENT INFORMATION SYSTEM
MOJ	MINISTRY OF JUSTICE
MoLG	MINISTRY OF LOCAL GOVERNMENT
MOWHC	MINISTRY OF WORKS, HOUSING AND COMMUNICATION
MPs	MEMBERS OF PARLIAMENT
MTCS	MEDIUM TERM COMPETITIVENESS STRATEGY
MTEF	MEDIUM TERM EXPENDITURE FRAMEWORK
MWLE	MINISTRY OF WATER, LANDS AND ENVIRONMENT
NAADS	NATIONAL AGRICULTURAL ADVISORY SERVICES
NARO	NATIONAL AGRICULTURE RESEARCH ORGANISATION
NARS	NATIONAL AGRICULTURAL RESEARCH SYSTEM
NDF	NATIONAL DEMOCRATIC FORUM
NDTPF	NATIONAL DEVELOPMENT AND TRADE POLICY FORUM
NEMA	NATIONAL ENVIRONMENTAL MANAGEMENT AUTHORITY
NEPAD	NEW ECONOMIC PARTNERSHIP FOR AFRICA'S DEVELOPMENT
NFA	NATIONAL FORESTRY AUTHORITY
NGO	NON GOVERNMENTAL ORGANISATIONS
NIP	NATIONAL INDICATIVE PROGRAMME
NRM	NATIONAL RESISTANCE MOVEMENT
NRM-O	NATIONAL RESISTANCE MOVEMENT ORGANISATION
NSA	NON STATE ACTORS
NSDS	NATIONAL SERVICE DELIVERY SURVEY
O&M	OPERATIONS AND MAINTENANCE
OAG	OFFICE OF THE AUDITOR GENERAL
OPM	OFFICE OF THE PRIME MINISTER
PABS	POVERTY ALLEVIATION BUDGET SUPPORT PROGRAMME
PACE	PAN AFRICAN PROGRAMME FOR CONTROL OF EPIZOOTIC
PAF	POVERTY ACTION PLAN
PAFO	PARLIAMENTARY ADVOCACY FORUM
PDE	PROCURING AND DISPOSING ENTITIES
PEAP	POVERTY ERADICATION ACTION PLAN
PEARL	PROGRAMME FOR ENHANCING ADOSCELENT REPRODUCTIVE LIFE
PER	PUBLIC EXPENDITURE REVIEW
PMA	PLAN FOR MODERNISATION OF AGRICULTURE
PMU	PROGRAMME MANAGEMENT UNIT
PPDA	PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS AUTHORITY
PRA	PEOPLE'S REDEMPTION ARMY
PRMP	THE PROGRAMME REVIEW AND MONITORING PANEL
PSFU	PRIVATE SECTOR FOUNDATION UGANDA
PTC	PRIMARY TEACHER COLLEGES
RAFU	ROAD AUTHORITY FORMATION UNIT
ROM	RESULTS ORIENTED MANAGEMENT
RSP	REGIONAL PROGRAMME TO SUPPORT AGRICULTURAL RESEARCH IN EAST AFRICA
SADC	SOUTEHRN AFRICA DEVELOPMENT COMMUNITY

SIDA SWEDISH INTERNATIONAL DEVELOPMENT AGENCY  
 SUFFICE SUPPORT TO FEASIBLE FINANCIAL INSTITUTIONS AND CAPACITY BUILDING EFFORT  
 SWAP SECTOR-WIDE APPROACH  
 TASO THE AIDS SUPPORT ORGANISATION  
 TCF TECHNICAL COOPERATION FACILITY  
 TPD TAX POLICY DEPARTMENT  
 UBOS UGANDA BUREAU OF STATISTICS  
 UCDA UGANDA COFFEE DEVELOPMENT AUTHORITY  
 UDHS UGANDA DEMOGRAPHIC AND HEALTH SURVEY  
 UG-STDP UGANDA SUSTAINABLE TOURISM DEVELOPMENT PROGRAMME  
 UHRC UGANDA HUMAN RIGHTS COMMISSION  
 UMA UGANDA MANUFACTURERS ASSOCIATION  
 UNDP UNITED NATIONS DEVELOPMENT PROGRAMME  
 UNICEF UNITED NATIONSS CHILDREN'S EDUCATION FUND  
 UPPAP UGANDA PARTICIPATORY POVERTY ASSESSMENT PROGRAMME  
 UPTOP UGANDA PROGRAMME FOR TRADE OPPORTUNITIES AND POLIC  
 URA UGANDA REVENUE AUTHORITY  
 UWA UGANDA WILDLIFE AUTHORITY  
 WFP WORLD FOOD PROGRAMME  
 WHO WORLD HEALTH ORGANISATION  
 WRS WAREHOUSE RECEIPT SYSTEMS  
 WRS/UCE WAREHOUSE RECEIPT SYSTEMS/UGANDA COMMODITY EXCHANGE

## 1. Executive summary

The political scene has been dominated by two themes during 2004: the preparations for the 2006 elections and particularly the debate over the lifting of presidential term limits, and the peace negotiations in Northern Uganda. Hopes of peace were high as the Government delegation and the LRA negotiation team agreed on the principle of a total ceasefire in December 2004. But the negotiations did not lead to a peace deal.

The economy grew at a rate of 6% in 2004, thanks to a recovery in the agricultural sector and a good performance of the service industry. This achievement is however partly offset by the continued high fertility rate. The macro-economic environment remained stable and exports grew by 20%. While fiscal performance was acceptable, supplementary spending was necessary to the rate of 0.9% of GDP to meet the shortfalls, mainly in the security and public administration votes. The budget formulation for 2004/5 met resistance from the development partners who argued that allocations were not sufficiently in line with PEAP priorities. Subsequent corrections were made to the budget.

Negotiations on the formation of a Customs Union between Kenya, Tanzania and Uganda were concluded in 2004. The creation of the EAC Customs Union is seen as an important step towards further economic and political integration. Negotiations for the creation of an EPA for the Eastern and Southern African sub-region were kicked off in February. Progress has however been slow.

In the education sector, steady progress has been made towards meeting the Access, Equity, Quality, Efficiency and Education For All / Millennium Development Goals. The health sector has also registered another year of improved performance although the key critical areas like Human Resources, Reproductive Health, Sanitation, Community mobilization, drug management remain under funded. The very low rate of deliveries attended by a health professional is one of the critical areas where little progress is being made. HIV/AIDS prevalence stagnated at 6.2%

The process for the revision of the Poverty Eradication Action Plan (PEAP) was completed in November 2004, while the action and monitoring matrix for the PEAP remains a work in progress. The PEAP guides the development and budgetary agenda of the country, and is structured around five pillars: I. Economic Management, II. Production, competitiveness and incomes, III. Security, conflict resolution and disaster management, IV. Good governance and V. Human development. Government and donors are to further align activities with the PEAP. This, and the elimination of inefficiencies in the budget remains a challenge.

On the development side, during 2004 the Financing Proposal for the 93 M€ Poverty Alleviation Budget Support programme was finalised while the previous budget support programme was successfully concluded. Contracts for the rehabilitation and construction of the Jinja-Bugiri road and the Kampala Northern Bypass were also concluded in 2004 while the financing decision for the rehabilitation of the Kampala-Mbarara road could not yet be taken for lack in progress with regard to the preliminary conditions. Support to the Programme for the Modernisation of Agriculture was largely on schedule. An 8M€ support programme for Civil Society was signed in 2004, but a slow start was taken in the implementation of the programme.



## **2. Update on the political, economic and social situation**

### **2.1. Update of the political situation**

#### ***2006 elections and political transition***

The proposals for amendments to the Constitution are now being discussed in parliament. The modalities of the Constitutional review and the proposal to lift the presidential term limits stirred much debate in and outside Parliament.

Following Government's roadmap of political transition, a number of political parties have registered. These include the NRMO, the FDC and the UPC, among others. This political roadmap to the 2006 elections was presented to the Parliament in June. Later in 2004, the long awaited Cabinet White Paper, containing the Government's position on the recommendations of the Constitutional Review Commission (CRC), was also presented to Parliament. The Parliamentary and Legal Affairs Committee disagreed with the Cabinet paper on several issues, e.g. a proposal about giving the President the power to dissolve Parliament in case of a stalemate between the Legislature and the Executive, as well as the proposed Omnibus Bill that seeks to amend 119 articles of the Constitution through one single legislative act. The Committee concluded that it is feasible to amend the Constitution and to allow the President to run for another term without totally erasing the term limit. The MPs recommended an extension of the President's eligibility for another five years as a way of stemming turmoil in the country. The Cabinet immediately reacted by declaring that a simple extension from two to three terms would be insufficient, a term lifting was necessary.

At the end of the year, Government revealed plans about open voting for the constitutional amendments in Parliament, particularly on the third term issue, something which the opposition interpreted as a way of intimidating opponents of the third term.

#### ***The situation in Northern Uganda***

From the beginning of the year on, the supply of weapons to the Lord's Resistance Army (LRA) from Sudan had virtually stopped. The Sudanese army even started attacking LRA camps in Southern Sudan. On the institutional side, the International Criminal Court decided to launch an official investigation against Kony and his major commanders for the atrocities they have committed and the Ugandan Parliament adopted a report, which asked the Government to reconsider its refusal of the Parliamentary resolution declaring Northern Uganda a disaster area.

LRA attacks on civilians and refugee camps intensified in the first part of the year; in February alone 200 persons were killed in an attack in Lira. After summer, the situation gradually improved in most areas. Meanwhile, the army called for "a final hunt" to capture LRA leader, Joseph Kony, in co-operation with Sudanese military. They even allegedly succeeded in finding and attacking Kony's camp but without capturing Kony himself. Mid-2004, two high ranking LRA commanders contacted a Ugandan newspaper and some MPs directly, indicating their willingness to start peace talks. The extension and application of the amnesty law to LRA-rebels persuaded several LRA senior commanders to surrender with their men, weapons, "wives" and children.

In an effort to have peaceful resolution of the conflict in the North, the Government initiated a ceasefire in Mid-November 2004, which was later extended until December 31<sup>st</sup> 2004. During the ceasefire, many rebels assembled in a peace zone near the Sudanese border (though not Kony himself) and former Minister of State for Northern Uganda, Ms. Betty Bigombe acted as chief

mediator in the attempted peace talks with the Government. Hopes of peace were high as the Government delegation and the LRA negotiating team agreed on the principle of a total ceasefire at the end of December 2004. Hostilities resumed on January 1<sup>st</sup> 2005, shortly after a memorandum of understanding was presented to the LRA for comments.

### *Uganda and its neighbours*

*Sudan:* Peace progress in Southern Sudan has led to higher hopes for peace in Northern Uganda since the Lord's Resistance Army (LRA) is no longer being supported by Sudan.

*DR Congo:* Relations between the two countries have improved slightly during 2004 but there is still alleged Ugandan military interference in DR Congo, which creates a quite fragile relationship. Efforts have been made to inform Ugandan armed groups hiding inside DR Congo that they are free to return to Uganda without facing trial due to the amnesty law. There have been negotiations about exchange of ambassadors between Uganda and DR Congo.

According to Government, several militia groups are operating in the border area with DR Congo and Rwanda. Most frequently mentioned is the People's Redemption Army (PRA), which is allegedly planning to attack Uganda. However, so far no real proof of the group's existence has been provided.

*Somalia:* Uganda wants to send peace-making troops to support the Government in its attempt to establish itself in Somalia.

*Burundi:* President Museveni is playing a leading and very positive role in the peace process in Burundi.

## **2.2. Update of the economic situation**

### *Overall Economic Performance*

After a relative slowdown in economic growth in the last years due to external shocks affecting terms of trade and slower agricultural growth, activity has been gathering pace again in 2003/04, with GDP growth rising to about 5.7%, thanks to a recovery in agricultural performance and a strong expansion of the telecommunication and construction sectors. The medium term outlook remains favourable, with projections of real GDP growth ranging between 5.5% and 6% per annum over the next two years financial years 2005/06 2006/07 (table 1).

**Table 1: Uganda, Selected Economic and Financial Indicators, 2002/03-2005/06**

	2002/03	2003/04	2004/05	2005/06
		Est.	Proj.	Proj.
Percent of GDP unless indicated otherwise				
<b>GDP</b> (at constant prices ; annual percentage change)	4.7	5.9	5.4	6.2
<b>Terms of trade</b> (at constant prices ; annual percentage change; deterioration -)	5.3	6.9	-4.8	1.7
<b>Interest rate</b> (in percent) 3/ 4/	9.6	14.1	...	...
<b>Current account balance</b> (percent of GDP at market prices)				
- including official grants	-6.2	-1.9	-4.1	-5.4

- excluding official grants	-13.4	-11.8	-12.2	-11.2
<b>Government budget</b>				
Revenue 5/	12.1	12.6	12.8	12.9
Grants	7	9.6	8	5.8
Total expenditure and net lending	23.4	23.9	22.8	21.4
<b>Government balance (excluding grants)</b>	-11.3	-11.3	-10	-8.5
<b>Government balance (including grants)</b>	-4.3	-1.7	-2	-2.7
<b>Net donor inflows</b>	10.8	11.5	9.6	8.7
<b>Net present value of external debt</b> (million dollars)	1,862	1,973	2,717	1,825
<b>Net present value of external debt-to-export</b> (in percent) 5/	262.5	242.5	224.5	216.6
<b>Total external debt service</b> (million dollars)	78	84	94	101
<b>Foreign exchange reserves</b> (in months of imports of goods and non-factor services)	6.2	6.5	6.2	6.2

Sources: Ugandan authorities; and IMF staff estimates and projections, 2005

3/ The 2003/04 figure is provisional.

4/ Weighted annual average rate on 91-day treasury bills.

5/Ratios for 2002/03 and thereafter are based on CIRRs and exchange rates at end-June 2003.

This good performance was accomplished while keeping a stable macroeconomic environment, as evidenced by a low rate of inflation of 4.1% and healthy levels of foreign reserves which grew to more than 6<sup>1/2</sup> months of imports (table 1). The latter reflects stronger than expected donor and private inflows and a rebound in exports, which grew by 20% in 2003/04 to \$928 million on account of improving terms of trade and on-going export diversification. (e.g., coffee now accounts for only 17% of exports, down from 25% in 2000/01).

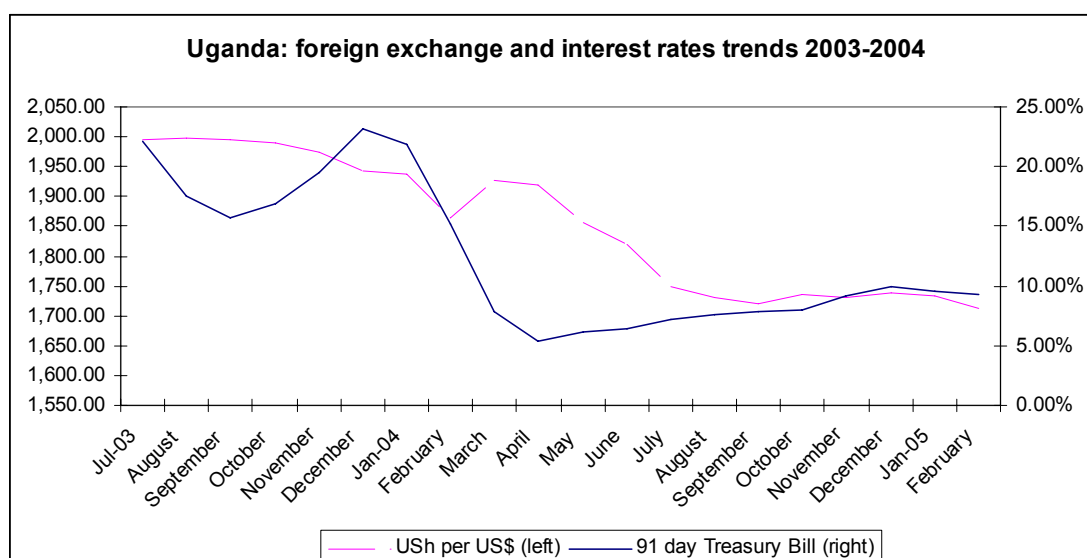
It is recognised, however, that the country's very significant rate of population growth (third fastest in the world) will require higher rates of GDP growth to be achieved for further poverty reduction to take place in the coming years. The table below shows clearly the impact of population growth on the GDP per capita performance.

#### **Uganda and Sub-Saharan Africa**

	Average 1992/93-2001/02		Average 2002/03-2003/04	
	Uganda	S.S. Africa	Uganda	S.S. Africa
Real GDP growth per capita (market prices)	3.5	-0.1	1.8	1.1

Source: IMF

The year was characterised by a strong appreciation of the Shilling against the dollar (+10% in real terms since December 2003) and a rise interest rates, on account of BoU interventions to sterilise the increased liquidity resulting from higher than expected capital inflows (table 1).



## ***Fiscal policy***

### *Execution of the 2003/04 Budget*

Higher than expected aid receipts in 2003/04, accounting for 55% of actual expenditure against a budgeted share of 48% brought the overall fiscal balance (i.e., including grants) down to 1.9%. It is worth noting, however, that total donor inflows continue to fall short of undiscounted donor projections. The share of aid provided as budget support has fallen back from 57% to 50% in the past year, while the proportion provided as grants rose strongly to 74% compared to 57% in 2002/03.

Government expenditure for 2003/04 was equivalent to 23.4% of GDP, an increase of 0.5% compared to the outturn for 2002/03. It was driven by large increases in Security, Roads & works, Accountability, and Health votes (table 4). Social sectors share of total spending remained stable, with Education down from 25% to 21% and Health up three points at 13% of total spending.

While the fiscal deficit was consistent with budget targets, the composition of expenditure showed some deviations from budget intentions, as witnessed by supplementary spending of about 0.9 percent of GDP to meet security needs, cover shortfalls in salaries, and support State House. This resulted in reallocations from non-statutory items outside of the Poverty Action Fund (PAF), and the generation of new domestic arrears, estimated to amount to over 3% GDP in June 2004.

### *Formulation of the 2004/5 Budget*

Discussions surrounding the adoption of the 2004/05 Budget proved more difficult than originally envisaged. Donors expressed concern over a proposed increase in allocations to security and public administration votes in defence spending, which came at the expense of a number of PEAP priorities, and initially refused to endorse the proposed budget. Following extensive consultation with all stakeholders, the authorities agreed to reduce the proposed increase in defence spending for 2004/05, and to identify additional cost savings in public administration.

The budget presented to parliament in June anticipated a 0.6% of GDP reduction in the fiscal deficit in line with GoU's commitment to gradual fiscal consolidation. However, preliminary estimates indicate that lower than expected revenue collections and higher than expected public spending,

notably in the area of Public Administration, will prevent the achievement of this objective, only allowing for the budget deficit to remain stable at 11.3% of GDP.

Further consolidation of the fiscal stance is nevertheless programmed in future, in line with the medium deficit target of 6.5% (by 2010) included in the long-term expenditure framework presented by MoFPED as part of the PEAP revision process (table 2). This is to be achieved by increasing the revenue-to-GDP ratio, particularly through improvements in the administrations revenue collection, while reducing the pace of public spending growth. In this regard, MoFPED has signalled its intention to integrate project aid into MTEF expenditure ceilings starting in fiscal year 2005/06 with a view to strengthening expenditure discipline, and to improve the selection and rationale of the budget priorities and allocations by sectors. In addition, and in order to improve liquidity management by Bank of Uganda, new project disbursements will be deposited directly to the government account in Bank of Uganda, in addition to a phased transfer of project accounts from commercial banks. These actions should limit the use of treasury bills for mopping-up liquidity and reduce upward pressure on the exchange rate.

#### *Long Term Budget Priorities for PEAP implementation*

Looking ahead, the revised PEAP clearly articulates GoU's approach to budget prioritisation. The anticipated shifts in patterns of public spending (including all donor resources) in the next decade, derived from the Long Term Expenditure Framework (LTEF), confirm a relative shift towards the productive sectors (notably roads & works, up 105% in real terms), and agriculture (up 90%). Health also grows rapidly (up 100% in real terms), but education less so (up 75%) given its already high budget share and more obvious need to improve the management of existing resources. Security (up 55%) and public administration (up 20%) are two of the slowest growing sectors (Table 3).

Another salient feature in the Government approach to budget management relates to the increased influence of performance benchmarks related output, outcomes and value for money indicators in the formulation of budget priorities. The on-going implementation of the Output-Based Budgeting and Results Oriented Management initiatives will contribute to operationalisation of these concepts.

#### *Trade*

The major developments in Uganda's trade policy in 2004 were mainly in regard to future relations with the EU and regional integration. Uganda participated actively in efforts to put the Doha Development Agenda back on track, through the G90, LDC and Africa Groups.

On trade, available data indicates that the deficit in trade in goods with all partners has been widening since 2000. The exception was with Europe, where Uganda had a surplus of approximately 11M€ in 2002. The overall trade deficit could be narrowed if Uganda exports more value-added products. The EU continues to be Uganda's leading export market, with Netherlands (mainly flowers, fish), UK (coffee, tobacco, and tea), Belgium (fish) and Spain (coffee, fish) taking the larger share. COMESA is the second largest export market, notably Kenya, Rwanda and the DRC. Uganda's biggest source of imports is COMESA (Kenya, Swaziland), Asia and the EU (mainly medicaments and machinery).

Negotiations between the EU and countries in East and Southern Africa were kicked off in February 2004, with Uganda as part of the 16-Member ESA group. An impact assessment study was carried out and findings highlight the uncertainty relating to sustainability of EPAs, adjustment costs,

revenue losses and capacity constraints. The study recommended that Uganda's emphasis with regard to EPA's should be development, improved market access and addressing supply side constraints. On the market side, the study suggested that modifying the rules of origin and promoting joint venture partnerships with the EU. The study has no conclusive evidence of the impact of EPA's on the economic welfare and points out the potential risks of reducing market share in agriculture, de-industrialisation and reduction in Government revenue. The study concludes that the long term benefits of negotiating an EPA outweigh the costs, but Uganda must address the supply side constraints and enhance export sector competitiveness.

Engagement with Non State Actors in matters of trade is sporadic and not well co-ordinated. The Inter-Institutional Trade Committee (IITC), a forum that brings together key stakeholders in trade, is in place. The structure, composition and mandate of the IITC was reviewed and approved in late 2003. Efforts are still underway to formalise the body as a Government entity with the responsibility of consultation, research and recommended positions on all trade policy issues. To facilitate preparatory work for the EPA, a National Development and Trade Policy Forum (NDTPF) has been established under the Ministry of Tourism, Trade and Industry. Its membership is drawn from the IITC. Representatives from the NDTPF participated in the 3 meetings of the Regional Negotiation Forum. However, the level of understanding of EPAs is still limited outside the MTTI. Because of this, the usefulness of the IITC as a consultative forum to backstop negotiators has been limited. A few private sector and civil society organisations have carried out sensitisation activities on the EPA's, but these were largely stand-alone, and no clear strategy has emerged.

On the regional front, efforts in 2004 concentrated on finalising the Protocol for the East African Community Customs Union, which was signed in March. Although agreement had been reached in many areas during the 4 year negotiation period, the Common External Tariff was by far the most contentious issue. The new EAC band (0,10,20%) is an increase in applicable rates for intermediate and finished goods, which stood at 7% and 15%, respectively. In addition, some essential manufacturing inputs, though not raw materials, have been imported at the minimum rate. Manufacturers' interest was to maintain this structure for a 5 year period under the EAC Customs Union. Uganda's request is centred on a list of 138 tariff lines consisting of manufacturing inputs, many of which can also be used as finished products. These items were treated as raw materials (0%) in the Ugandan structure, but have moved to 10% or 25% in the EAC code. Paper products have the highest proportion of tariff lines (21%), followed by textiles (17%) and inputs to food processing (15%). Kenya and Tanzania objected to maintaining the 0% rate on these items, arguing that there exists sufficient supply capacity in the region, hence charging a 0% rate could be detrimental to the industry. Uganda's contention was that the capacity in the region, where it exists, does not meet demand, and that the region's suppliers were less favourable with regard to quality, delivery time and price.

Other areas of concern for Uganda remain revenue loss (estimated at up to 2.9% of GDP) and erosion of the nascent industry base. The question of existing arrangements, notably COMESA, still remains. Uganda has not joined the COMESA Free Trade Area and continued to trade with COMESA countries on a reciprocal basis. Efforts are underway to address this issue at the regional level (EAC, COMESA, and SADC).

## 2.3.Update of the social situation

Overall progress towards achieving the MDGs has been positive, particularly in the education sector, while the situation with regard to child mortality and maternal health care remains a reason for concern. Other MDGs that are likely to be met include the income poverty target and the hunger target, as well as the target for safe drinking water. The reduction of the HIV/AIDS prevalence has stagnated and preliminary new figures indicate no improvement in this trend. Meanwhile, both the education and health sector reviews had a positive outcome.

### Key social indicators (including MDG indicators)

#### Millennium Development Goals

	1990	1994	1997	2000	2003
<b>Goal 1: Eradicate extreme poverty and hunger</b>					
Percentage share of income or consumption held by poorest 20%	..	..	..	5.9	..
Population below \$1 a day (%)	87.7	..	86.1	84.9	..
Population below minimum level of dietary energy consumption (%)	..	..	26.0	..	19.0
Poverty gap ratio at \$1 a day (incidence x depth of poverty)	52.7	..	44.8	45.6	..
Poverty headcount, national (% of population)	..	55.0	44.0	..	..
Prevalence of underweight in children (under five years of age)	23.0	25.5	..	23.0	..
<b>Goal 2: Achieve universal primary education</b>					
Net primary enrolment ratio (% of relevant age group)	52.7	..	..	..	..
Primary completion rate, total (% of relevant age group)	..	..	..	58.0	63.0
Proportion of pupils starting grade 1 who reach grade 5	..	..	..	63.6	..
Youth literacy rate (% ages 15-24)	70.1	73.8	76.3	78.7	80.2
<b>Goal 3: Promote gender equality and empower women</b>					
Proportion of seats held by women in national parliament (%)	12.0	..	18.0	18.0	25.0
Ratio of girls to boys in primary and secondary education (%)	77.2	..	89.0	94.4	96.3
Ratio of young literate females to males (% ages 15-24)	75.8	79.5	82.0	84.4	85.7
Share of women employed in the non-agricultural sector (%)	43.2	..	..	..	..
<b>Goal 4: Reduce child mortality</b>					
Immunization, measles (% of children ages 12-23 months)	52.0	59.0	54.0	61.0	82.0
Infant mortality rate (per 1,000 live births)	93.0	92.0	..	85.0	81.0
Under 5 mortality rate (per 1,000)	160.0	156.0	..	145.0	140.0
<b>Goal 5: Improve maternal health</b>					
Births attended by skilled health staff (% of total)	38.3	37.8	..	39.0	..
Maternal mortality ratio (modelled estimate, per 100,000 live births)	..	..	..	880.0	..
<b>Goal 6: Combat HIV/AIDS, malaria, and other diseases</b>					
Contraceptive prevalence rate (% of women ages 15-49)	..	14.8	..	22.8	..
Incidence of tuberculosis (per 100,000 people)	159.2	302.9	318.4	339.2	411.2
Number of children orphaned by HIV/AIDS	..	..	..	910000.0	940000.0
Prevalence of HIV, total (% of population aged 15-49)	..	..	..	5.1	4.1
Tuberculosis cases detected under DOTS (%)	..	..	58.0	49.8	44.0
<b>Goal 7: Ensure environmental sustainability</b>					
Access to an improved water source (% of population)	44.0	..	..	..	56.0
Access to improved sanitation (% of population)	43.0	..	..	..	41.0
Access to secure tenure (% of population)	..	..	..	..	..
CO2 emissions (metric tons per capita)	0.0	0.0	0.1	0.1	..
Forest area (% of total land area)	25.9	..	..	21.3	..
GDP per unit of energy use (2000 PPP \$ per kg oil equivalent)	..	..	..	..	..
Nationally protected areas (% of total land area)	..	..	..	..	24.6
<b>Goal 8: Develop a global partnership for development</b>					
Aid per capita (current US\$)	38.5	38.0	38.1	35.2	38.0
Debt service (% of exports)	..	..	..	..	..
Fixed line and mobile phone subscribers (per 1,000 people)	1.7	1.6	2.9	10.9	32.7
Internet users (per 1,000 people)	..	0.0	0.1	1.7	4.9
Personal computers (per 1,000 people)	..	0.5	1.5	2.6	4.0
Unemployment, youth female (% of female labour force ages 15-24)	..	..	..	..	..
Unemployment, youth male (% of male labour force ages 15-24)	..	..	..	..	..
Unemployment, youth total (% of total labour force ages 15-24)	..	..	..	..	..

**Other**

Fertility rate, total (births per woman)	7.0	..	6.6	..	6.0
GNI per capita, Atlas method (current US\$)	320.0	180.0	300.0	270.0	250.0
GNI, Atlas method (current US\$) (billions)	5.6	3.6	6.5	6.3	6.2
Gross capital formation (% of GDP)	12.7	14.7	16.8	19.8	20.7
Life expectancy at birth, total (years)	46.8	..	42.5	42.1	43.2
Literacy rate, adult total (% of people ages 15 and above)	56.1	60.7	63.9	67.0	68.9
Population, total (millions)	17.4	19.8	21.4	23.3	25.3
Trade (% of GDP)	26.6	27.8	34.2	34.4	38.7

Source: World Development Indicators database, April 2005

**Note that some of these figures are not consistent with figures from the Annual Health Sector Performance Report, FY 2003/2004 and from the Health Sector Strategic Plan II Final Draft, March 2005. The figures from these reports are available in annex IX of the report.**

**Education**

The first ever Education Sector Annual Performance Report (ESAPR) was submitted to the eleventh Education Sector Review (ESR) that took place in November 2004 as a key document. The ESAPR focuses particularly on quality aspects and covers the entire fiscal year.

*FY 2003/04 Budget*

The total approved education recurrent budget constituted 31.3% of the total planned government discretionary recurrent budget. This stood at 0.3 percentage points higher than the recommended benchmark of 31% required as an undertaking. The share of the primary education budget to the total education budget was 68.4% in FY 2003/04, which translates into 3.4 percentage points higher than the conditional minimum of 65% required as an undertaking.

**Table (a): % budgetary shares of different sub-sectors – 2003/04 FY**

<i>SN</i>	<i>Sub-sector</i>	<i>Budget share</i>
1.	<i>Primary</i>	<i>68.4%</i>
2.	<i>Secondary</i>	<i>14.9%</i>
3.	<i>BTVET</i>	<i>3.8%</i>
4.	<i>Tertiary</i>	<i>9.9%</i>
5.	<i>Others</i>	<i>3.0%</i>

Source: EPD, 2004

On the whole, the Education Sector Wage Bill translated into an increment of 10.5% in nominal terms.

*FY 2003/04 Budget Releases*

According to the provisional budget releases, (net of direct donor project funding) the Education Sector had a release performance of 97.61%. The wage bill had a 103.5% release performance while non-wage bill averaged 98.75%. The release performance for the total development budget (net of direct donor project funding) was 78.86% of the approved resource envelop.

*Progress in Achieving Access and Equity*



Various interventions were undertaken to augment access and promote equity within the sector:

- Actions at pre-primary and primary sub-sector included the affirmative measures geared towards stimulating the participation of the female pupils in formal education programs e.g. though the upgrading of school health and sanitation standards, the teaching of sexual maturation and reproduction health concerns etc.
- At post primary level these included the licensing of more private schools together with the increase in the number of government-aided secondary schools which served to broaden physical capacity at this level.
- At tertiary level, the 1.5 extra points for female entrants' programmes such as the Makerere Female Students' Carnegie Scholarships Program, continue to have an equalising effect on access.
- In the area of Teacher Education, the enrolment of female students in Core PTC's was enhanced through the construction of hostel facilities at e.g. Arua, Bishop Willis Iganga, Bishop Stuart, Kibingo and Nyondo Core PTCs.

### *Quality, Relevance and Efficiency*

Most of the quality-efficiency revamping interventions that were undertaken for the primary sub-sector were directed towards ensuring greater provision of appropriate instructional materials, and furniture; increased construction of classrooms and latrines etc. The review of the Primary School Curriculum is on-going and a progress report is available. The post primary level also benefited from similar infrastructural and other qualitative improvements e.g. more secondary school teachers were also recruited and appointed. In BTVET institutions, infrastructural developments e.g. pit latrines, classrooms and workshops in various Technical Institutions were finalised and the size of the teaching workforce increased. The tertiary sub-sector too had some infrastructural improvements e.g. the rehabilitation and expansion of the libraries at Gulu and Mbarara Universities as well as the construction of new science and computer laboratories at Gulu and Kyambogo Universities.

The qualitative changes that were realised in the area of teacher education included the revision of the minimum entry requirements to PTCs to emphasize passes in science subjects; the construction of science laboratories to improve the teaching of Science etc.

It is therefore, evident from the foregoing narrative that the sector is making steady progress towards meeting the Access, Equity, Quality, Efficiency and EFA/MDGs.

### ***Health***

#### *Sector Performance*

The health sector has registered yet another year of improved performance although the key areas of concern like Human Resources, Reproductive Health, Sanitation, Community mobilization, drug management remain under funded. Many critical indicators continue to show positive trends, with targets of many of the 18 HSSP indicators being achieved. Deliveries in health facilities remain unacceptably low.

The overall assessment of the performance of the sector is based on achievements against HSSP and PEAP indicators and agreed targets for the FY 2003/04. The analysis indicates that:

- New Outpatient attendance has registered further improvement and at 0.79 visits per person per year has already exceeded the annual and the 2005 HSSP target of 0.7;

- The approved posts filled by trained health workers stands at 68% using HSSP norms excluding Nursing Assistants, and using HSSP minimum staffing norms is at 86%;
- The proportion of expecting mothers who deliver in government and PNFP health units has risen by 20% from 20.35 to 24%;
- The achieved DPT3/HepBHib coverage of 83% is close to the target of 85% expected at the end of HSSP.

The resource envelope available to the health sector (including donor funded projects) during the reporting period was UGSh 385.54 billion, which is equivalent to US\$ 8.4 per capita. This still remains far below the Health Financing Strategy estimate of US\$ 28 per capita per year (excluding Anti-Retroviral Therapy and pentavalent vaccine). The actual releases to the sector amounted to UGSh 361.25 billion (7.83 US\$ per capita), constituting 94% budget performance. The overall resources available to the sector increased by 9.6% over the FY 2003/04. However, in real terms, there was only a marginal 3% increase taking into account the inflation and population growth factors.

The preparation of the second Health Sector Strategic Plan is nearing completion. The focus of the plan remains on how to make maximum contribution to the national PEAP and the MDGs.

#### *HIV/AIDS*

Notwithstanding the considerable efforts from Governments and donors through global initiatives to fight against HIV/AIDS, there remains an important funding gap to fight HIV/AIDS. A continued commitment is needed to meet these financial shortfalls. Uganda has been lauded for the concrete strategies that have been identified and investments that have been made in terms of human resources, capacity and information in response to the problem. The HIV/AIDS prevalence remained at 6.2%<sup>1</sup>, 0.8 point short of the target of 5.4%.

In order to combat HIV/AIDS, a combination of many HIV prevention approaches (like delayed initiation of sex, reduction in the number of sexual partners and correct and consistent condom use, behavioural change, safe blood assurance, etc.) have played an important role in reducing HIV transmission. A debate has however emerged over the emphasis on the first two pillars of the ABC policy (abstinence and be faithful) and the lesser attention to the provision of condoms as part of the strategy to fight HIV/AIDS.

On the one hand it is recognized that the A and B elements of ABC are extremely important and need revitalization, on the other if the focus is too limited to abstinence and faithfulness there is a risk that an isolated AB approach is not in line with the overall approach to fight HIV/AIDS.

### **3. Development agenda of the partner country**

*The revised PEAP was finalised and is structured around 5 pillars. The implementation of the PEAP is underpinned by continued attention to the macro-economic stability and the institutional reform agenda – progress against the latter has however been mixed. Progress towards reducing the weight of the public sector has been particularly slow. The Public Procurement and Disposal Authority was created in 2004, an important step towards the implementation of the Public Finance Management plan. Major components of the PEAP are implemented through SWAPS (in health,*

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<sup>1</sup> Preliminary figures indicate that this figure may now have increased to 7% (2005), although this may be largely attributable to the introduction of a new measurement methodology.

*education, water and sanitation). The war in Northern Uganda has hampered the equitable distribution of the achievements.*

The overriding objective of Government policy is the reduction of poverty in Uganda. Uganda's first national comprehensive strategy for fighting poverty, the Poverty Eradication Action Plan (PEAP) launched in 1997 and revised in 2000 and 2004, has continued to guide Government policy since then. The PEAP has been very influential in guiding the undertaking of sector-wide approaches to policy reform and investment programming, and improving the focus of Government's three-year rolling Medium Term Expenditure Framework (MTEF) in the fight against poverty.

The PEAP has been revised for a second time in the light of progress obtained since 1997 in a highly participatory and consultative. The 2004 revised PEAP is structured around five overarching pillars namely: Economic management; Production, competitiveness and incomes; Security, conflict resolution and disaster management; Good governance; and Human development.

Since 1987, Government has implemented macro-economic and structural reforms aimed at restoring and maintaining macro-economic stability and improving Uganda's economic, social and institutional infrastructure. The results have been encouraging and Government regards continued macro-economic stability as critical for the promotion of economic growth. Therefore, it will continue with existing policies aimed at achieving the following macro-economic targets: Real GDP growth rate of 7 percent per annum; Annual average underlying inflation of 5 percent or less; Foreign reserves of five months' imports of goods and services or more; Strong private sector credit growth; Sustainable levels of external debt; and Competitive real exchange rate.

Macro-economic policy is being accompanied by a deepening of current institutional reforms in the public sector and in other key areas such as public utilities, transport infrastructure, the commercial justice system and the banking and financial system, which are aimed at removing key constraints to private sector growth. These reforms are set out in the Government's Medium Term Competitiveness Strategy for the Private Sector - currently under implementation.

To improve service delivery by the public sector and encourage donors to adopt program funding as opposed to project funding, a number of cross-cutting issues have been targeted by Government. These are: Reforming public service management, including pay and pensions; Reforming the public procurement system; Strengthening financial management in the public service; Increasing transparency and civil society participation; and Implementing the Government Strategy and Plan of Action to Fight Corruption and Build Ethics and Integrity in Public Offices. Progress to date has however been mixed.

One area of concern to GOU and its Development partners has been the rapid growth in employment in the public service and wage-bill. In this regard, GoU commissioned two (2) studies on the Public Administration and a study on Cost Efficiency and Effectiveness of Human Resource Deployment in the Social Sectors. Based on the recommendations of the Public Administration studies GOU has agreed to maintain the Public Administration Sector expenditure ceiling at Ushs.246 billion (excluding Unconditional Grants to Local Governments and public service pensions).

The recommendations of the study on Cost Efficiency and Effectiveness of Human Resource Deployment in the Social Sectors have been used as a basis for developing measures to ensure cost efficiency and effectiveness in human resources deployment in the public service targeting Health,

Education, Agriculture, Water and Community Development. Lessons learnt will be applied to other Sectors. These measures include: review and rationalization of structures, development of policy guidelines to ensure targeted recruitment and deployment of staff, developing a comprehensive capacity building policy; and implementation of the Community development strategy and the social development strategic plan. These efforts are being supported with control measures related to payroll management, monitoring the staff numbers and payroll cleaning. Policy proposals have been submitted to Cabinet for consideration.

Improvement of pay for Public Service managers and professionals has been a key issue on the government agenda. In this regard, one of the key initiatives under the Public Service Reform programme (1997- 2002) was implementation of pay reform. In April 2002, Cabinet adopted the Pay Reform Strategy and to facilitate its implementation, Government has been providing Ushs.15.0 billion annually. In addition, the single spine salary structure was implemented in July 2003 in order to remove distortions inherent in the multi spine salary structure. But progress in the implementation of the pay reform strategy has been too slow to have the desired impact.

The revised PEAP recognizes that progress in pay reform is one of the key elements crucial to consolidating the capacity built, and sustaining and improving the performance of the public service in the delivery of services. However, Government also recognizes that pay reform must be complemented by other improvements in human resource management to achieve improved performance levels. Therefore the Public Service Reform Programme (2005 – 2009) is being updated and will focus on: institutionalising Results Oriented Management (ROM) as an integrated performance management system; more rapid progress in pay reform; Pensions reform; and anchoring coordination, and monitoring and evaluation mechanisms in the Public Service.

The coming in to force of the Public Procurement and Disposal of Public Assets Act 2003 in 21 February 2003 and the associated Regulations on 5 September 2003 paved way for the establishment of the Public Procurement and Disposal of Public Assets Authority (PPDA). The PPDA is responsible for monitoring and promoting compliance with the law through programmes of training, audit, inspections and the investigation of complaints. A Corporate Plan has been prepared setting out the objectives and main strategic goals that the Authority will endeavour to achieve over the next three years.

In order to assist Procuring and Disposing Entities (PDEs) to meet their requirements under the law, the Authority issued seven Guidelines in July 2003 on various subjects pertaining to the effective operation of the reformed public procurement system, including Codes of Ethical Conduct. A further six Guidelines have been prepared on the following subjects: Procurement and Disposal Guideline for Schools, Format for Standard Notices, Monthly Reports on Procurement and Disposal, Procedure for Use of the Authority's Website by Procuring and Disposing Entities, Appointment of Members of Contacts Committees, and Third Party Procurement or Disposal Providers.

These Guidelines have been submitted to the Ministry of Finance, Planning and Economic Development for the Minister to introduce before Parliament. Further guidance to PDEs is contained in a User Guide to the Act and Regulations which is now being printed and will be issued shortly. To address the special issues in educational procurement, an Education Procurement Manual has been prepared. The Authority has also prepared standard bidding documents for works, services, supplies and disposal which have been submitted to the Solicitor General for approval.

The Authority conducted a compliance assessment exercise on central government and statutory bodies' PDEs between May and August 2004. Out of the 99 Entities assessed, 68% were found to be compliant to the extent of having in place both Contract Committees and Procurement and Disposal Units and a further 23% were partially compliant. Audits of 20% of procurements made by the Ministry of Education and Sports and the Ministry of Water, Lands and Environment have been completed. A further four audits, of the Ministry of Agriculture, Animal Industry and Fisheries, the Ministry of Health, Mulago Hospital and the National Medical Stores have been carried out and the reports are being finalised. An audit strategy is being developed. In addition, 11 Entities have been inspected on particular aspects of compliance and all reported cases of malpractice were investigated. The Authority is required under the Poverty Reduction Support Credit programme to publish reports of contracts awarded by PDEs exceeding US\$200,000 or the equivalent in Ugandan shillings. Reports covering the periods April to December 2003 and January to June 2004 have been published.

A Training and Capacity Building Strategy was developed in 2004 and is being implemented. Seven training modules covering the main aspects of the reformed procurement system have been developed and training sessions have been conducted for Accounting Officers, members of Contracts Committees, staff of Procurement and Disposal Units and providers. To increase training capacity a programme has been initiated for training external training providers.

The main challenge for 2005 is to harmonize local governments' procurement with the national standard. The Ministry of Local Government has prepared draft amendments to the Local Government Act that will provide the legal framework for the PPDA to extend its compliance monitoring, audit, inspection, complaints investigation and training programmes to local government PDEs. Regulations for implementing the national procurement system at the local government level have also been prepared in draft form.

Government has a major role to play in improving the quality of life of the poor through the provision of essential social services. Following the recommendations of the PEAP in 1997, Government has substantially increased the proportion of the total budget devoted to key poverty reducing services to 36 percent in 2002/03. The Eleventh education sector review held in November 2004, assessed performance against critical education sector indicators for the FY2003/2004, as agreed at the education sector review of November 2003 and confirmed satisfactory implementation of the undertakings. The agreed strategic direction for the health sector is currently set out in the Health Sector Strategic Plan (HSSP) for 2000/01 to 2004/05. The Joint Review Mission November 2004 noted with satisfaction that the progress observed in the first two years of the HSSP, had been maintained during the fourth year of the HSSP (Financial Year 2003/04) and performance has been satisfactory.

The Uganda Participatory Poverty Assessment Programme (UPPAP) indicated water and sanitation services to be a high priority for the poor. In response to this, government has formulated sector strategies and drawn up investment programs for both rural and urban water and sanitation. In partnership with donors and other key stakeholders, government has adopted a sector-wide approach (SWAP) to the WSS sector based on community demand-orientation, decentralized management through local governments, combined with central government facilitation and delivery of services by the private sector. To strengthen collaboration and the SWAP for the Water and Sanitation Sector, a Technical Review was held in March 2004, following three joint Government-donor Water Sector reviews held in September 2001, 2002 and 2003.

A strategy for ‘Water and Sanitation for Emergency Response’ was developed and implemented for selected IDP camps in the north during the first half 2004/05. The strategy focuses mainly on use of piped water supplies (powered deep boreholes, central reservoir tank, and a piped distribution network serving a number of tap stands). In urban water and sanitation, the Joint Sector Review by the Government and its Development Partners of September 2003 agreed on a number of Policy actions aimed at continuing and accelerating the implementation of the Urban Water Reform Process. As a first step, the Implementation Technical Committee (ITC) for the Reform was inaugurated on 29<sup>th</sup> January 2004. The MWLE is in the process of engaging a consultant to provide a practical framework to enhance the provision of water and sewerage services in the urban centres.

The Government has started with the preparation of a recovery programme for Northern Uganda and flexible budgetary principles have been proposed to facilitate the implementation of the budget priorities. The integration of activities for Northern Uganda in the sector budget ceilings remains only partially implemented and the consolidation of this exercise will inevitably affect other priority areas in the sectors.

Finally, Uganda continues to show above average population growth. With a figure of 3.4% Uganda has the third fastest growing population in the world. The continued provision of free education, health and other services to the population will be continued by accelerated economic growth and a matching performance in domestic revenue collection.

#### 4. Overview of past and ongoing co-operation

*Two major roads contracts were concluded in 2004. But the continued delay in meeting the preconditions to be able to conclude the financing decision for the Kampala-Mbarara road, has been a reason for concern and could, if not addressed, affect the EC’s commitment in the roads sector. The 4<sup>th</sup> Poverty Alleviation Budget Support Programme (PABS) was successfully concluded but not before major constraints with regard to the assessment for the disbursement of the final tranche were overcome. Particular attention has been given to the careful selection of indicators for the new PABS programme to avoid similar problems. Progress in the other sectors is broadly on track.*

#### **Overview of 2004 committed and disbursed amounts (in €)<sup>2</sup>**

	New projects <sup>3</sup>	New contracts	Payments
EDF	40 834 177	141 347 689	91 191 190
STABEX	5 613 781		21 959 462
Budget Line funding (NGO)		10 970 404 <sup>4</sup>	Information not available
ECHO		18 620 000	
Global Fund			25 700 000 <sup>5</sup>
EIB		35 000 000	Information not available

<sup>2</sup> Please note that these amounts cannot be cumulated as they are sometimes overlapping (e.g. some ECHO funding is paid from the EDF, Stabex is EDF – but administered differently, ...) Details at the project level can be found in the annexes. These amounts do not include some programmes administered from HQ.

<sup>3</sup> For EDF: new global commitments; for STABEX: new Channelling Agreements

<sup>4</sup> Please note that this figure represents the amount of EC funding for all ongoing projects during 2004 (not exclusively newly approved projects)

<sup>5</sup> Estimate: contributions to the Global Fund are not country-specific. The amount in the table is a pro-rata estimate.

Detailed information on progress in the project activities can be found in the attached project fact sheets.

#### **4.1. Focal sectors**

##### **4.1.1. Infrastructure and transport**

###### a) Results

The transport sector continued to grow at a strong pace. Traffic on the main roads notably in the vicinity of the main urban centres is exceeding the design capacity and delays in traffic are on the increase. Volumes transported by rail have exceeded the one million ton mark and the position of the rail transport in import - export traffic has slightly improved. Further improvement is expected from the joint concession of both Kenya and Uganda Railways to be tendered in 2005. Air freight grew as a result of increasing exports of fish, vegetables and horticultural produce, although the number of air freight operators decreased slightly.

Road transport remains the predominant mode of transport and generates considerable tax revenue through taxes on fuel and VAT on the services. Nevertheless and notwithstanding the continued donor inputs in the Road Sector Development Programme, there is no marked improvement of the condition of the road network as a whole. The continued shortfall of road maintenance funding has caused a considerable maintenance backlog, notably in respect of periodic maintenance of paved roads and re-graveling of the remainder of the network. As a result, the required annual budget has risen 20% from Financial Year 2002/03 to 2003/04 and a disproportionate part of the budget for maintenance of the main roads has to be spent on pothole repairs in the most trafficked main roads.

Government organised a first Joint Transport Sector Review (JTSR), which took place on 12 and 13 May 2004 and was well attended by all stakeholders, including Members of Parliament and district politicians. The most important issue at the JTSR was road maintenance and its derelict financing in particular. During the JTSR the Ministry of Finance ordered immediate and full release of the 2003/04 budget for road maintenance and introduced substantially increased ceilings for maintenance in the MTEF. This will allow donor assistance in two important road management areas:

- *Reduction of the backlog in periodic maintenance and*
- *Introduction of new road maintenance models.*

In terms of institutional reforms, there has been a prudent re-arrangement of responsibilities within the Ministry of Works, anticipating among others the recommended shift from forced account maintenance and road works to contract work. A stronger accent is being put on policy formulation, regulatory functions, road safety and law enforcement. However, there were major delays in putting in place the legislation required for the creation of the Uganda National Roads Authority and other semi-autonomous bodies foreseen as part of the current re-organisation. The slow pace of the institutional reforms in the transport Sector is becoming increasingly an obstacle to external financing of the sector.

Donor coordination is well established among the 5 donors active in the transport sector (EU, World Bank, ADB, Denmark and Japan).

#### b) Progress in activities

The tender procedures set into motion during 2003 have resulted in the conclusion of contracts for the Jinja - Bugiri Road (€ 39.5 million 8<sup>th</sup> EDF) and the Kampala Northern By-Pass (€ 41.5 million – 8<sup>th</sup> EDF). The performance period for these contracts started in February and May 2004 respectively. Tendering for works and supervision contracts for the rehabilitation of priority sections in the Kampala – Mbarara Road (9<sup>th</sup> EDF) remains on hold. The establishment of the Uganda National Roads Authority is one of the conditions of this financing and as mentioned above, this dossier has hardly moved during 2004. Progress of works for the Kagamba - Rukungiri Road (Stabex) in South West Uganda picked up during the second half of 2004 after major difficulties were overcome in respect pavement materials and land acquisition. However, it is unlikely that the delays incurred can be overcome.

The € 11.4 million District Roads Improvement Project Phase I (8<sup>th</sup> EDF) launched end of 2003 EDF saw a somewhat slow start due to the disappointingly slow procurement of a Technical Support Unit. The current programme covers 7 districts and has as an objective to improve 1,250 km and maintain 3,000 km of district roads. Further assistance to the improvement of the district roads network is proposed as part of a sector budget support intervention.

A study on the cost structure of construction and maintenance contract was completed and a tender was launched for a service contract to procure technical assistance to the Uganda National Roads Authority and its precursor RAFU. Furthermore a small study was tendered under the framework agreement for the identification, prioritisation and detailing of periodic maintenance interventions.

#### c) Degree of integration of cross-cutting themes

All supervision contracts for road projects now provide environmental specialists to ensure compliance with the national environmental legislation. New tender dossiers will have enhanced requirements in respect of the environment. HIV/AIDS awareness campaigns are put in place coordinated by the Makerere University Medical School for all works contracts under implementation.

#### **4.1.2.b Water and Sanitation**

The Water and Sanitation Sector is a priority area in Uganda's Poverty Eradication Action Plan (PEAP). Improved water supply and better sanitation in both rural and urban areas are expected to contribute to a reduction of poverty in the country. Main target of government's policies is to comply with MDGs for the sector.

Over 2004 both the Water Supply and Sanitation sub-sectors have shown good achievements, but a lot more has to be achieved to meet the MDGs. The GoU continues working on the Sector reform and updating the Sector Wide Approach to the existing planning and the SIP-15, the main long term guidance for rural water and sanitation sector 2000-2015.

More attention is needed in areas such as:

- The cohesion between the policies developed in the Ministry and their implementation through both Directorate for Water Development and the Districts is somehow weak and indefinite.
- There is an overall lack of analytical capacity in order to critically analyse and evaluate the overall situation in the sector as well as in the various sub sectors and their inter-linkage.



- The function of the Finance sub group and the O&M sub group is poor. It is observed that the planning of O&M is too ambitious.
- Concerning the PAF resources and expenditure projections the budget share for the district conditional grants is stagnant for FY 05/06. This does not follow the 2 main objectives of decentralisation and increasing investments in rural water supply and sanitation. In addition, it seems that still the donor support exceeds the national budget projection by almost 15%.

During September 2004, the annual Joint Sector Review took place and results show both relevant improvements and persisting weaknesses. The most important change for the better was found in the Sanitation sub-sector, one of the main negative areas of the 2003 JSR.

A Water Sector Development Partners Group is meeting monthly. Its meetings are prepared in two sub-groups, one on water supply and one on sanitation. Government representatives participate in the work of these sub-groups.

The 1<sup>st</sup> call for proposals in the framework of the ACP - EU Water Facility drew big interest by both State and non-State actors and a substantial number of proposals from Uganda are expected. Government is coordinating the applications, which concern support to institutional strengthening of government and semi-autonomous entities and project support to beneficiaries ranging from government institutions to private enterprises and NGO. Award of funding to these proposals would result in a continuation of EU support to the water and sanitation sector, presently more or less phasing out due to the choice of earmarking Transport rather than Water and Sanitation as a focal sector.

An assessment is being undertaken in the framework of the preparation of the next CSP in order to determine whether the Water and Sanitation sector could qualify as a focal area in the next CSP.

#### *Progress in activities:*

The 2.68 million € Project of Gaba Water Works Refurbishment, Phase II (8<sup>th</sup> EDF) was provisionally accepted in June 2004, 3 months later than allowed under the contract. The completed works comply with the design expectations and notably the output of the clarification plant exceeds the projected volume.

The 18.75 million € Project of Mid Western Towns Water Supply (8<sup>th</sup> EDF) progressed well in the Water supply component. The Masindi Water supply works contract was provisionally accepted in September 2004 and the similar works contracts for Hoima and Mubende started. The final design on sanitation is expected the first quarter of 2005.

The small sanitation project in the Mengo - Kisenyi (Stabex) sections of Kampala progressed at a disappointingly slow pace.

#### Degree of integration of cross-cutting themes

The Water Supply and Sanitation projects implemented with EDF funding have a positive impact on gender inequalities and the development opportunities of children as improved water supply reduces both the hard work and loss of time caused by fetching of water over long distances, whereas improved water quality and better sanitation have a direct health impact. The projects all have a proven positive impact on the environment.

#### 4.1.2. Support to PMA

##### a) Results

The Plan for Modernisation of Agriculture (PMA) is a holistic, strategic framework for stimulating economic growth through multi-sectoral interventions in the rural areas, to enable people to improve their livelihoods through increasing agricultural incomes. The PMA was launched in 2000, and its implementation is at the heart of efforts to eradicate poverty.

Under the overall umbrella of the PMA, the PMA focal sector continued in 2004 to provide assistance to Agricultural Policy and Planning, the National Agricultural Advisory Services (NAADS), the National Agricultural Research System (NARS), PMA coordination. In conjunction with such programmes as expanding the outreach of micro-finance and improving agricultural marketing and processing services, the intervention is critical to the transformation of subsistence to commercial agricultural production. A PMA donor sub-group coordinates the various contributions of donors and the Government of Uganda to the PMA.

Critical results achieved with EU support during this reporting period are:

- Effective policy support to the Ministry of Agriculture, Animal Industries and Fisheries
- A functional PMA secretariat providing coordinating services, awareness and conceptual inputs to the PMA process
- A further roll-out of NAADS to 27 districts and 289 sub-counties
- A NARS bill, a core functional analysis of NARS, and a variety of guidelines for competitive research grants and the operations of the newly established Public Agricultural Research Institutes produced to support the reform process
- Four effective research programmes under NARO, as confirmed by an independent mid-term review
- A business plan and support programme for the Uganda Commodity Exchange and Warehouse Receipt System developed
- A support programme for niche coffee production by small scale farmers developed and started
- A Financing Proposal for Sector Budget Support to the PMA developed and passed by the EDF committee of November 2004.

Major other donors in the sector are the World Bank, African Development Bank, the Netherlands, Ireland, Denmark, FAO and IFAD. DFID, which was chairing the PMA donor sub group in 2004, provided support through general budget support.

Although during the reporting period the PMA progressed well in a number of areas, it fell behind on the finalization of the NARS bill, essential for the implementation of the PMA SBSP, the expansion of the NAADS budget and, consequently its roll-out, and the finalization of the MAAIF development strategy and investment plan. By the end of the reporting period, however, there were indications that generally the agricultural sector is likely to receive increased government attention in FY 2005-06, which would translate for instance in an increased sector budget. At the same time, there is mounting pressure to increase state interventions in PMA areas like commodity subsidies, micro-finance, marketing and input supply. This is clear break with the current PMA principles of a large private sector lead agricultural development strategy.

## b) Effectiveness of implementation

The EU contributions to the PMA both in terms of Technical Assistance and direct financial support (8<sup>th</sup> EDF) have largely been implemented according to schedule. The PMA SBSP (9<sup>th</sup> EDF) was passed as planned in the NIP. All other contributions, financed under Stabex were disbursed according to their respective work programmes and programme estimates. A mid-term evaluation of the Support to NARO Programme is highly positive, and a one-year extension to facilitate the transition into the new NARS is being considered. Evaluations of the overall PMA and the NAADS programme are scheduled for 2005.

## c) Cross cutting issues

Cross cutting issues are built into the PMA implementation framework. In the NAADS programme, the EU financed a gender and poverty specialist. Critical questions, however, remains to what extent the productivity gains can be captured by vulnerable groups and how to ensure that their views are represented in the farmers' fora and other bodies that decide on research and extension service priorities? Both the NAADS and NARS programmes are well aware of these issues, and they are being addressed - for instance by establishing composition criteria for decision-making bodies, and in their monitoring programmes, for instance by collecting gender-disaggregated data. Both NAADS and NARS have natural resources management components built in to their designs, while the NAADS programme is seeking to operationalise its recently-published Poverty and Gender Strategy.

### **4.1.3. Macro-economic support and economic reform**

#### a) Results

While overall macro-economic performance has remained solid, with an increase in GDP growth compared to the previous fiscal year, there are indications that the poverty headcount increased from 34% to 38% over the 2000-2003 period.

Despite some difficulties in budgetary management in the past two years and disappointing performances on the revenue side, the macro-economic situation and the growth in economic activity have remained markedly encouraging in the Sub-Saharan African context. GDP growth is sustained by a healthy growth of the private sector and strong performance of the export sector. The growing gaps in the fiscal and trade balances, as well as the high - and still rising - public debt will nevertheless need to be monitored closely in the future, especially given the country's vulnerability to exogenous/external shocks.

More broadly, recent evidence points to a positive influence of budget support in Uganda in, *inter alia*, the management of the budget process, the effectiveness of state institutions - notably with respect to social service delivery and the degree of public accountability, despite on-going concerns over corruption and public embezzlement.

Furthermore, there have been continued improvements in the performance of the education and health sectors as well as in the management of public finance.

Other budget support donors have designed their support around the WB's PRSC. In 2004 all budget support donors have carried out a positive review of their budget support operations, which

has lead to full disbursement decisions. However, allocations for new budget support decisions have generally shown a declining trend, in light of growing concerns over economic and political governance and signals of deterioration in fiscal and economic performance.

b) Progress in activities

The fourth Poverty Alleviation Budget Support Programme (€ 74.5 million – 8<sup>th</sup> EDF) was completed with the disbursement of the final tranche in the summer of 2004. PABS 4 suffered from delays mainly due to slow administrative processing on the part of the GoU, insufficient communication between the GoU and the EC, and difficulties in implementing some of the conditions laid out in the Financing Agreement concerning the choice of performance indicators. The drafting of the implementation agreement triggering the release of the second and third tranches proved problematic due to the lack of outcome indicators that could be identified in the sector reviews as required in the FP. As a result, the transfer of the last tranche was only effective, after the budgetary year 2003/2004. As a result of this, particular attention has been given in the design of PABS V (9<sup>th</sup> EDF), to strengthened coordination between the EC delegation and the GoU and other stakeholders for budget support related issues, as well to the selection of appropriate performance indicators. This PABS V Financing Proposal was completed towards the end of 2004.

PABS IV implementation was also impaired by slippages in the budgetary process over the last two years. The execution of the 2003/04 budget was characterised by supplementary spending in favour of defence and public administration. The finalisation of the 2004/05 budget proved problematic for similar reasons.

*Economic Reform (Private sector development and regional integration<sup>6</sup>)*

The Uganda Sustainable Tourism Development Programme (UGSTDP) started in December 2002 (8<sup>th</sup> EDF). The initial focus of the programme has been on research and analysis to assist in the design of a growth strategy for the sector. In 2004 emphasis was on tourist surveys and studies on the structure of the sector. The project emphasizes the role of private sector as well; therefore some activities exist to strengthen the private-public partnership. The main constraint to the development of this partnership is the Tourism Bill which has not yet been approved by Parliament. The upcoming agenda of the GoU toward the elections might postpone the approval of this bill; as well as, the 14 Commercial laws identified by the MTCS to enable the business environment. In the same context the EC has also continued to provide financial support to UWA through 2004.

The matching grant scheme supporting the development of the Small and Medium Sized Enterprises in Uganda (BUDS-EDS, Stabex) managed by the Private Sector Foundation Uganda (PSFU) continued to perform well. It has stimulated demand for local service providers, and enabled up-country businesses, as well as women-owned enterprises to access grants for different needs.

Support for the micro-finance sector has been provided through the SUFFICE (Stabex/9<sup>th</sup> EDF) programme and through the support for the Micro Finance Outreach Plan (Stabex). The arrival of the new TA for the programme has given a boost to the implementation of the activities under SUFFICE. Concerning the Micro-Finance Outreach Plan, the process has been slow to start, but the programme is now fully operational.

Activities under the Uganda Programme for Trade Opportunities and Policy (UPTOP) (Stabex) started in April 2003. Funding was made available for a number of studies in support of GoU's

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<sup>6</sup> Programmes are financed from Stabex unless otherwise indicated.

efforts to review and re-direct, where necessary, its Strategic Exports Programme. Consultancies on the production and marketing of tea, coffee, livestock and fish were undertaken, along with proposals for the implementation of GoU's ICT policy and a Warehouse Receipt System.

Together with the Austrian Regional Bureau, the Commission supports the MTCS/UP3 secretariat (Stabex) that is monitoring the implementation of this strategy in a public-private partnership. The overarching goal of the MTCS strategy is to reduce the cost of doing business in Uganda by removing key constraints that deter would-be investors and limit the profitability and competitiveness of Ugandan enterprises in domestic and international markets. A second phase (2005-2010) is now under preparation. The support to PSFU, the private sector representative body, in the context of the support to the MTCS did not lead to fully satisfactory results. In this context, a review of all Private Sector and Trade development projects/programmes is planned to take place in 2005.

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#### *Institutional and Administrative Reform – Capacity Building Support for Programme Management (8<sup>th</sup> EDF)*

The support to the Tax Policy Department (TPD) of MoFPED has started in 2004 with the recruitment of a consultancy bureau. A permanent TA has joined the TPD team and various workshops were organised.

Support to the NAO under 8<sup>th</sup> EDF for international TA and local support under Stabex funding continued during 2004; this includes the development of the ACOM database for management of donor resources within the MoFPED. Currently the ACOM database is mainly used for EDF funded activities, but it is intended that the system will be expanded to include all donor inflows.

#### *Technical Cooperation Facility (9<sup>th</sup> EDF)*

The Technical Cooperation Facility (TCF) has become operational in 2004 and was used to finance the study in preparation of the Warehouse Receipt System Programme and the Mid-Term Evaluation of NAADS. The training and seminar components of the TCF were not yet put to use during 2004.

#### c) Degree of integration of cross-cutting themes

Aspects of gender equality, HIV/AIDS and environmental protection, are specifically catered for in the PEAP. As regards reducing the gender gap, progress has been reported particularly as regards the health and education sector programmes (see above) while environmental degradation continues

to be an area of particular concern. Progress with regard to combating HIV/AIDS has been mixed. The shift in policy to put more emphasis on abstinence and faithfulness than on condom-use has not been universally welcomed. Meanwhile, the institutional hurdles to effectively integrate HIV/AIDS budgets in the national budget framework have been highlighted in the context of the discussions with the Global Fund (see above).

#### **4.2. Projects and programmes outside focal sectors<sup>7</sup>**

Capacity building for good governance is a non-focal sector for cooperation in the EC/Government of Uganda (GoU) National Indicative Programme (NIP) for the 9th European Development Fund (EDF). The Mid-Term Review of the 9<sup>th</sup> EDF has confirmed this strategic orientation of the original NIP.

##### **4.2.1. On-going 9<sup>th</sup> EDF projects in Governance and Human Rights:**

*The 9<sup>th</sup> EDF Civil Society Capacity Building Programme (8M€).* The Financing Agreement was signed in February 2004. Tendering for the programme manager under the 9<sup>th</sup> EDF procedures was completed in December 2004. The local staff for the programme management unit (PMU) was also recruited and the start-up programme estimate finalised.

*The Commercial Justice Reform Programme (1,9M€ – 9<sup>th</sup> EDF).* The Financing Agreement was signed in March 2004. The programme provides funds to the national Commercial Justice Reform Programme through sector budget mechanism. The release of funds is based on the bi-annual joint reviews in the Justice, Law and Order Sector (JLOS).

##### **4.2.2. Projects in the Health Sector (8<sup>th</sup> EDF)**

*Improving Sexual and Reproductive Health (8 M€).* The project ‘Improving Sexual and Reproductive Health in Uganda’ addresses the need to reduce the transmission of HIV, family planning and reproductive health services, counselling and social support to persons living with HIV/AIDS. The project recognises the significant role played by non-governmental organizations in the delivery of health services. It concentrates on neglected districts of Northern Uganda. The implemented NGOs (TASO, Aids Information Centre, Straight Talk Foundation, Mary Stopes Uganda, Matany Hospital) and PEARL (Ministry of Gender) are coordinated by a Project Administration Unit established under the Population Secretariat.

*Uganda Blood Transfusion Services (2.6 M€).* The EC has since 1988 supported the development of a national safe blood policy and the Uganda Blood Transfusion Service. We had a first phase in 1988-1993 and a second phase in 1994-1998. Currently, the 3<sup>rd</sup> phase (1999-2004) of the programme is under implementation. The project has sought to consolidate the structure of UBTS and to assist its transformation into an autonomous organisation that is technically and managerially sustainable. The EU share is expected to decrease from 60% in 1999 to 0% in 2004. Phase 3 envisages a gradual increase of GoU’s own funding. It is expected that at the end of the project, in 2005 the GOU will cover the total funding.

##### **4.2.3. Projects in the Education Sector (8<sup>th</sup> EDF)**

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<sup>7</sup> This section focuses on programmes funded through the 9<sup>th</sup> EDF. Progress on all major projects, including those funded through other funding sources can be found in the project fact sheets in the annexes.

*Human Resources for Health (17 M€)*. A project office is fully established with operations structures, systems and procedures in place. The first Operational Programme Estimate (OPE) for August 2004 – June 2005 is in progress. The key project objectives are reflected within the Education (Education Sector Strategic Plan - ESSP) and Health (Health sector strategic Plan - HSSP) sector strategic and operation plans. Various stakeholder supported initiatives like the Human Resources for Health policy development are on track. Strategies for information systems are yielding a health training school database and coding system for health occupational classifications. Competency based curricula are being determined for seven occupational profiles. Draft tender documents for procurement of infrastructure related consultancy services for 15 selected schools have been prepared.

#### **4.3. Utilisation of resources for non-State actors**

In 2001, the civil society organisations (CSOs) have organised themselves in the interim Cotonou Steering Committee. Since 2003 they have developed it to a permanent, network based *ACP EU Partnership Civil Society Steering Committee (CSSC)* chaired by the Uganda National NGO Forum. The 9<sup>th</sup> EDF Civil Society Capacity Programme carries out the non-state actor support in Uganda and the CSSC represents the Civil Society in their decision making role beside the other stakeholders of Government and EC Delegation. The Interim Support Programme 2003/2004 to the Non-State Actors under Stabex has supported the preparation of the 9<sup>th</sup> EDF programme and strengthened the advocacy role of civil society in Uganda. It has also increased the understanding of the Cotonou Agreement by the non state actors and has given the GoU the task to coordinate the development of an overall regulatory framework for GoU and NGO/CSO cooperation. In the absence of an agreed policy framework, the CSOs mobilised their opposition to the proposed restrictive regulatory framework for civil society (i.e. “NGO bill”) which could have undermined their autonomy vis-à-vis the state.

#### **4.4. Utilisation of B envelope**

The 9<sup>th</sup> EDF mid-term review reduced the amount of the B envelope. The remaining 50M€ will be divided between ECHO interventions (30M€) and complementary rehabilitation interventions (20M€). The Financing Proposal for the Northern Uganda Rehabilitation Programme was finalised in December 2004 and submitted to HQ for comments.

## 4.5. Other instruments

### 4.5.1. Stabex

In 2004, 5 new CA for a total value of € 5 613 781 were signed. Payments during 2004 accrued to € 21,959,462. Details on ongoing Stabex activities can be found in Annex V bis.

In 2004, a substantial number of projects have been financed with Stabex resources, across all the sectors. Details of these projects can be found in the attached project fact sheets.

Some of the major interventions include *The Interim Support Programme to the Non-State Actors (1,9M€)* which has supported the preparation of the 9<sup>th</sup> EDF programme and strengthened the advocacy role of civil society in Uganda; *The EU Karamoja Programme (4,2M€)* in support of the capacity building of Local Governments and the construction of small social infrastructure (e.g. health centres, water, schools) in the three districts of the Karamoja region. It has also contributed to peace building and disarmament initiatives in the region; *The Support to the Medium Term Competitiveness Strategy (0.45 M€)* which has funded the creation of a secretariat for the Ugandan Public Private Partnership; *Support to the implementation of the strategic plan for expansion of sustainable microfinance in Uganda (MOP)(3.4 M€)* and *Support to Feasible Financial Institutions and capacity Building Effort (SUFFICE) (3.1 M€)* in support of micro finance institutions; *Business Development Scheme – Enterprise Development Support (BUDS-EDS) (1,7 M€)*; CA Spearheading the *Implementation of the PMA Programme (3 M€)* (see above) and further Stabex funds have been used to support two components of the PMA programme: Support to *NARO (6.9 M€)* and support to *NAADS (3.4 M€ + 1.6 M€ through a basket fund arrangement)*.

Finally, in the infrastructure sector, the following key programmes were under implementation : (1) Urgent Repairs to the Kampala Malaba Railway Line (10.0 M€); (2) Kagamba-Rukungiri Road (18.0 M€); (3) the First District Roads Project in support of the Program for Modernization of Agriculture PMA (11.4 M€) and (4) the second phase of the Gaba Water Works Refurbishment (2.68 M€).

### 4.5.2. Regional co-operation

Uganda is a member of three of the four organisations under which the Regional Indicative Programme in the Eastern and Southern Africa (ESA) is implemented (Commission de l’Ocean Indien, Common Market for Eastern and Southern Africa, East African Community and the Intergovernmental Authority on Development).

#### *Pan African Programme for the Control of Epizootic (PACE) (8<sup>th</sup> EDF)*

PACE was developed to reinforce animal disease control capacity and animal health care delivery as well as to safeguard animal health in the country against major diseases.

During 2004, the Ugandan component of the PACE finalised the Diagnostics manual; continued with the vaccination against contagious bovine pleura pneumonia (CBPP) and other major epidemic diseases; and also continued with the surveillance of rinderpest, CBPP and other major epizootics. It provided loans to 22 private practices in order to improve the delivery of veterinary services; provided further training to staff in epidemiology, diagnosis and economic impact assessment. The regional financial agreement came to an end in October 2004, but a rider was signed to allow an



extension of the programme up to February 2007. Furthermore, the project received funding for a further 42 months under the Stabex 1999 funds.

#### *Farming in Tsetse Controlled Areas (FITCA) (8<sup>th</sup> EDF)*

The Ugandan component of FITCA is being implemented by MAAIF and covers 12 districts in the south-eastern region. Its emphasis is on determining the extent of tsetse, sleeping sickness and nagana and establishing integrated control measures; introducing appropriate agricultural practices; and strengthening sustainable control of tsetse and trypanosomiasis. During 2004, continued tsetse control through use of traps and live baits; provided cross bred cows in protected zero grazing units in collaboration with NGOs; established 12 FAO type farmer field schools as part of an improved extension service package in the project area; and continued introducing appropriate farming practices, in addition to carrying out capacity building.

Analysed information was used to generate risk maps and reports, which were distributed for use for policymaking and implementation of activities by farmers. Tsetse surveillance/monitoring was carried out in 800 fixed monitoring sites. Lastly, the financial agreement came to an end in December 2004. However, the project received funding for a further 42 months under the Stabex 1999 funds.

#### *Regional Programme to Support Agricultural Research in East Africa (8<sup>th</sup> EDF)*

The **Association for Strengthening Agricultural Research in Eastern and Central Africa (ASARECA)** is an organisation of the National Agricultural Research Systems (NARS) in the 10 countries of Eastern and Central Africa (ECA) - *Burundi, D.R. Congo, Eritrea, Ethiopia, Kenya, Madagascar, Rwanda, Sudan, Tanzania, and Uganda*. A Financing Agreement was signed in December 2000 providing 29.3 million € to the **Regional Programme to Support Agricultural Research in East Africa (RSP)** extending the programme duration to 2007. The EC provides funds for technical assistance (Regional Support Unit) with the objective of assisting ASARECA in the implementation and management of the EC regional support programme. In 2004, the implementation of the programme has improved compared to 2003. The Grant Contract for the Competitive Grant System (CGS) amounting to 7.9 million € was signed and the first call for proposals launched. The CGS will support regional agricultural research for development in the Eastern and Central Africa sub-regions. The Grant Contract for the support to Regional Agricultural Research for Development was also signed. This will ease the disbursement of funds to the different ASARECA networks. The Programme Review and Monitoring Panel (PRMP) which is an external group was contracted to monitor the implementation and performance of the programme. Based on the findings of the PRMP, ASARECA will improve its future organisational and operational development.

#### *The Implementation of the Fisheries Management Plan (IFMP) for Lake Victoria (8<sup>th</sup> EDF)*

The IFMP project was set up to strengthen the existing management measures, supported by monitoring, control and surveillance programme, on the one hand, and to build the capacity to involve the participation by the main beneficiaries, the fishing communities, in a co-management approach on the other hand. During 2004, the project implemented activities under the start-up work plan which included the harmonisation of the standard operating procedures by the respective regional working groups, carried out a trawl survey and environmental monitoring; and held a session of the LVFO Council of Ministers.

The team to provide technical assistance to the project was recruited which also resulted in the submission and approval of the first programme estimate in October 2004. This team is composed of a project manager, fisheries management expert, fisheries resources monitoring expert,

community development expert and a human resources development expert. The first work programme will be implemented under six broad components that include monitoring and surveillance; co-management; human resources development; resource, environmental and socio-economic research monitoring; database, information, communication and outreach; development and harmonisation of fisheries policies, laws, regulations and actions; and capacity building.

#### **4.5.3. Community budget lines**

The management of the NGO co-financing, the European Initiative for Democracy and Human Rights (EIDHR), environment, health and food security budget lines was “deconcentrated” to the Delegation in Uganda in November 2004. The Delegation will manage the on-going programmes and organise local calls for proposals.

Currently, the Delegation manages 17 NGO co-financing projects, 1 Human Rights project, 1 health project and 1 environment project under the budget lines. These complement the EDF programmes.

Details of these programmes can be found in the fact sheets in the annexes and in the summary table in annex Vbis.

#### **4.5.4. European Investment Bank**

The EIB and the Kenyan Government signed an agreement on the 16<sup>th</sup> of December 2004 paving the way for the opening of an EIB Regional Representation for East and Central Africa, to be based in Nairobi, Kenya. This is one of three regional representations in sub-Saharan Africa to bring the EIB closer to its customers and reinforce its operations in the field. The other Regional Representations will be in Dakar, Senegal, for Western Africa, and Pretoria, South Africa, for the Southern Africa region and Indian Ocean. The Nairobi-based Regional Representation is intended to increase the effectiveness of EIB activities and to reinforce its identity with the ACP countries in East and Central Africa.

A global loan arrangement of 5 M€ under the Cotonou Agreement (resources of the Investment Facility) has been concluded with DFCU Leasing Company Ltd. in August 2004, to finance new leasing transactions of small or medium size.

In October 2004, EIB and the Republic of Uganda signed the Apex IV global loan. This new finance operation amounts for 30 M€. It is funded from risk capital resources under the 4<sup>th</sup> Lomé Convention (2<sup>nd</sup> protocol) and aimed at promoting small and medium sized private sector investment projects in Uganda, through provision of long-term funds to selected commercial and development banks acting as intermediaries. The loans to the private promoters to be financed shall have a minimum term of 5 years, including at least 6 months grace period. The maximum funding for individual investment projects is 2 M€. As for the preceding Apex III global loan, the resources will be made available to the intermediary banks by BOU, acting on behalf of the borrower.

The EIB’s lending to the republic of Uganda, in accordance with the country’s minimum grant element requirements for new borrowers, has 15 years’ tenure, of which 5 years’ grace period, and carries an interest rate of 1% p.a.

Potential future financing support in Uganda is being considered by EIB in particular for infrastructure investments in the energy sector that are of vital interest to the development of private economic activities in the country.

**Table: EIB activities in 2004**

DFCU LEASING GLOBAL LOAN <sup>8</sup>	COTONOU LOME 4B- RESS.ADD. (COMM.)	IF	09/08/2004	5,000,000.00
APEX PRIVATE ENTERPRISE GL IV <sup>9</sup>		RC	not available	30,000,000.00

IF = Investment Facility

RC = Risk Capital

**4.5.5. ECHO**

During 2004 Directorate General Humanitarian Aid (ECHO) continued its humanitarian funding for the support of the victims of the LRA insurgency in northern Uganda. In 2004, ECHO was exclusively funding humanitarian intervention for victims of the LRA conflict.

In this respect, ECHO made three financing decisions in 2004 as per the below table. The latter two decisions were financed by the B-envelope under EDF funds.

Decision	Amount (EUR)	Source	Grants Awarded	Main Sectors Covered
ECHO/UGA/BUD/ 2004/01000	6,000,000	ECHO Budget	Concern, MSF-H, CESVI, AVSI, Goal	Health, nutrition, water, sanitation, child protection
ECHO/UGA/EDF/ 2004/01000	6,000,000	EDF funds	Oxfam, Danish Red Cross, MSF-F, COOPI, MSF-CH, ACF	Health, HIV/AIDS, water, sanitation, non-food items, child protection, food security
ECHO/UGA/EDF/ 2004/02000	6,620,000	EDF funds	ICRC, CINS	Protection (especially children and women), food security
<b>Total</b>	18,620,00			

The last financing decision was only taken in December 2004 wherefore the funds allocated will ‘de facto’ mainly be utilised during 2005.

ECHO’s funding in 2004 continued to focus on improving living conditions in IDP camps and obtaining minimum humanitarian standards for the IDPs. Approximate 50% of the funding provided has been allocated to primary and referral health care; another 25% has been allocated to improving water supply and sanitary condition; while the remaining 25% has been allocated to protection, especially child protection and support for night commuters, distribution of non-food items and small-scale food security interventions.

Externally provided primary health care continues to be indispensable in northern Uganda as the peripheral health care system virtually has collapsed in many places. In 2004, ECHO partners diagnosed and treated more than 500,000 cases of malaria alone.

Diarrhoea and other communicable diseases continued to cause wide-spread suffering and large-scale loss of life in northern Uganda. One ECHO partner has in some area documented alarmingly high mortality rates of 2.5-2.8 dead/10,000 people/day, which by international standards is considered an emergency out of control.

<sup>8</sup> Currently entering the disbursement phase

<sup>9</sup> In the process of signing (parliament approval stage)

Even though ECHO partners has managed to double water supply in many IDP camps from typically 3-4 litres/person/day to 6-8 litres/person/day, this provision remains most inadequate and far from a minimum international recognised standard of 15 litres/person/day.

In the later part of 2004 a modest food security component was added to ECHO's funding programme as the general security situation improved in the north and IDPs gradually gained increased and more sustained access to gardens and agricultural fields. The food security component will likely be expanded in 2005 provided the situation continues to improve. Food security activities enhance both self-sufficiency and self-esteem among the IDPs whether remaining in camps or returning home.

## **5. Programming perspectives for the following years**

In the non focal sectors, there are still two 9<sup>th</sup> EDF programmes in the pipeline: *the EU 9<sup>th</sup> EDF Human Rights and Good Governance Programme* (7M€) and *the EU 9<sup>th</sup> EDF Support to Decentralisation Programme* (10M€).

*The 9<sup>th</sup> EDF Northern Uganda Rehabilitation Programme* (20M€) will be based on Linking Relief, Rehabilitation and Development (LRRD) approach in close coordination with ECHO and will be financed through the B envelope.

As regards the use of Stabex resources, the table in Annex indicates that new programmes are under development in support of a Warehouse Receipt System to be implemented through the Ugandan Commodity Exchange and extension support for the MTCS, the Ugandan Wildlife Authority and the Technical Assistance for the PMA. Any additional Stabex resources are tentatively programmed to finance feeder roads for Northern Uganda.

The 2004 Mid Term Review did not lead to a reallocation of resources from the A envelope or a shift in the programming priorities.

In 2004 a modest amount of resources has been made available through closure of old programmes and projects. Preparatory steps have meanwhile been taken to focus on releasing funds through closures during 2005.

During 2005, preparations shall also start for the next programming cycle. Primarily two factors shall determine the direction of this exercise: 1) the solidity of the public finance management systems and sector programmes structures, to resist political pressure in the run-up to the 2006 elections and 2) the capacity to curb ongoing problems in the roads sector – primarily those that impede the adoption of the financing decision for the Kampala-Mbarara road project. Consideration will be given to the possibility of shifting support in infrastructure to the water and sanitation sector and an assessment is underway to establish the scope, taking into account that considerable donor resources are already available for this sector.

The preparations for the next programming exercise shall be aligned with ongoing processes and country-owned strategies, such as the revised Poverty Eradication Action Plan and shall be guided by the outcome of country-wide studies, jointly undertaken by the Government of Uganda and development partners, such as the Country Economic Memorandum. It shall also increasingly take into account the challenges of regional integration and progress made with regard to governance

issues. The involvement of NSA in this process shall be strengthened through the Steering Committee for the CSO support programme.

Provisions are being made to avail of the Technical Cooperation Facility to fund preparatory studies for the coming programming stage. Discussions to further delineate potential priority areas are underway between the NAO and the EC.

## **6. Dialogue in country with the NAO and NSAs, and donor co-ordination**

### **6.1. Dialogue in country with the NAO and non-State actors**

The NAO and the Delegation meet on a monthly basis to review the ongoing cooperation and to address programming issues. Separate monthly preparatory meetings are also foreseen between the different sections of the Delegation and the NAO office. The dialogue was facilitated through the presence of TA at the NAO office, and has been constructive throughout. Relations have however come under pressure due to important staff and institutional changes both at the level of the NAO office and within the EC delegation.

In addition, all major projects have steering committees in which the project management, the NAO, the Delegation and other stakeholders, sometimes including NSA, meet. A challenge lies in the ambition to successfully marry discussions in the respective sector working groups with the EC/NAO dialogue. The sector working groups should, in line with new budget directives, assess all project proposals against sector priorities and ceilings.

In Uganda, the Civil Society Steering Committee provides a structured forum for civil society dialogue and consultation in the context of the 9<sup>th</sup> EDF Civil Society Capacity Building Programme. In 2004, the donor community supported the civil society mobilisation against the restrictive regulatory framework (i.e. “NGO bill”) which was finally put aside in the parliament due to other urgent matters in relation to the political transition process and the constitutional reforms.

Beyond its role as a decision making instrument in the 9<sup>th</sup> EDF CSO support programme, the existence of a representative Civil Society Steering Committee gives the opportunity now in Uganda, to formulate interests of Civil Society in a more coordinated manner and to have a legitimate counterpart for government institutions discussing policy matters and increased involvement of Civil Society in decision making processes.

Dialogue with the private sector primarily takes place through the apex bodies which are supported by the EC, such as the Private Sector Foundation Uganda (PSFU) and the Secretariat for the Medium Term Competitiveness Strategy – the Ugandan Public Private Partnership. The PSFU is represented in the steering committees of all relevant EC funded projects, but its role as a representative body for the private sector is under stress given the PSFU’s time-consuming involvement as a programme management unit for primarily WB-funded activities. As regards the role of the MTCS steering committee, all stakeholders agree that its role of a coordinating body could be strengthened. Currently competing investment initiatives and the lack of agreed strategic direction undermine the commitment by some stakeholders. However, there is emerging consensus on a strategy to increase the commitment towards making the MTCS the focal point for the Public Private Partnership dialogue.

### **6.2. Donor coordination**

Donor coordination takes primarily place in the context of joint Sector Working Groups, around specific sectors which are critical for poverty eradication, and their sub-groups. Sector Working Groups are often constituted in the context of Sector Programmes, and usually comprise representatives from relevant ministries and development partners, sometimes including non state actors and private sector. The sub-groups either treat a specific theme within the sector, or concern donors only. The overall coordination of the donors is organized through the monthly Local Donor Group meeting, chaired by the World Bank, and comprising of Heads of Mission of all donor agencies and embassies. Parallel to this, the EU Heads of Cooperation meet monthly in a separate forum. The main fora for political dialogue are the EU Heads of Mission Meetings and the Donor Democracy and Governance Group. In 2004 the EC chaired several of these groups, including the Donor technical Group for Northern Uganda, Amnesty and Recovery from Conflict, the Civic Education Group, the Roads Sector Working Group, the Private Sector Working Group and the PMA Sector Working Group.

Sector Working Groups which are constituted around a Sector Programme organize annual (or bi-annual) sector reviews. The results of these reviews inform budget support disbursement decisions.

In 2004, following debate around a proposed increase in the Defence budget, the GOU and donors agreed to establish a Defence Working Group. This group is however not yet operational.

A full list of coordination fora to which the EC Delegation participates is attached in annex. Please note that the EC participates in all major coordination fora in country.

Concerns have however been expressed that the proliferation of coordination fora has led to inefficiency and in some cases to micro-management. A small task force, with the participation of the EC delegation, will review the role and set-up of those coordination groups. As regards cooperation between the EC and EU member states, efforts are being undertaken to better articulate the role of these coordination structures vis-à-vis the larger coordination fora, in order to avoid overlap and duplication of efforts and to identify the intrinsic added value of EU coordination.

## **7. Conclusions**

### ***Political situation***

The proposals for amendments to the Constitution are now being discussed in parliament. The modalities of this review and the proposed changes themselves stirred much debate in and outside Parliament and set the tone for the political dialogue in the run-up to the elections in 2006.

Attacks on civilians and displaced populations intensified in the beginning of 2004, but the supply of weapons to the LRA from the Sudan had virtually stopped and hopes of peace were high when a Government delegation and the LRA negotiation team agreed on the principle of a total ceasefire in December 2004. But the negotiations did not lead to a peace deal. Meanwhile LRA attacks on civilians and refugee camps continued. Some senior LRA commanders surrendered under the extended application of the amnesty law. Since the resumption of hostilities at the beginning of 2005, prospects of a peace deal have diminished.

The continued insecurity in Northern Uganda has negatively affected the poverty indicators for the region and has hampered preparation of a comprehensive reconstruction plan.

### ***The economy***

The economy grew at a rate of 5.4% in 2004, in relation to a recovery in the agricultural sector and a good performance of the service industry. This achievement is however partly offset by the continued high fertility rate, resulting in a 3.4 % population growth, i.e. the third highest in the world. The macro-economic environment remained stable and exports grew by 20%. Meanwhile, the trade deficit in has been widening since 2000, with the exception of trade with Europe – Uganda’s leading export market – where a surplus of 11 million € was registered in 2002. The share of non traditional exports has steadily increased but supply constraints prevent a steady increase of exports in many sectors.

Macro-economic stability was maintained through 2004 (the inflation rate remained at 4.1%). Important inflows of foreign currency both from donors and private investors, contributed to the revaluation of the Ugandan shilling against the dollar.

While fiscal performance was acceptable, supplementary spending at a rate of 0.9% of GDP was necessary to meet shortfalls, mainly in the security and public administration votes. The budget formulation for 2004/5 met resistance from the development partners who argued that allocations were not sufficiently in line with PEAP priorities. Subsequent corrections were made to the budget. The Longer-Term Expenditure Framework indicates that budgeting priorities will gradually shift in favour of the productive sectors and the social sectors. Donor dependency remains high and despite an ambitious agenda, reforms in the area of tax collection have been lagging and domestic revenues remain disappointing.

Only three years after reaching EHIPC completion point, Uganda’s NPV debt-to-exports ratio is over 250%. Rising domestic debt service - a direct consequence of Bank of Uganda’s sterilisation activities – is also a cause for concern, representing 10% of total allocations in the 2004/05 budget. It is hoped that the wider use of long-term government bonds will reduce the cost of domestic borrowing by easing the pressure on short-term interest rates.

Negotiations on the formation of a Customs Union between Kenya, Tanzania and Uganda were concluded in 2004. The creation of the EAC Customs Union is seen as an important step towards further economic and political integration. The new tariff band provides for an increase in applicable rates for intermediate and finished goods and Uganda has negotiated an important list of exceptions. Institutional reforms in light of the EAC CU have received secondary attention.

Negotiations for the creation of an EPA for the Eastern and Southern African sub-region, were kicked off in February. Progress has however been slow and the consultation process with non state actors leaves much room for improvement. Overall the understanding of EPAs remains limited. A study was carried out to assess the impact of the envisaged EPAs on Uganda’s economy, but the study was not conclusive. Measures taken to anticipate the EPA have been timid.

### ***Meeting the MDGs***

A recent survey indicates that the percentage of the population living in absolute poverty increased from 34% to 38% during the 2000-2003 period, possibly in relation to decelerating growth, weak agricultural prices and sector growth, and rising inequality. Also, information now available shows that there was less improvement in human development indicators in the 1990s than had previously been indicated (except for the achievement with HIV/AIDS). It should also be noted, however, that the living conditions of Ugandans have consistently improved since 1999, according to the indicators of welfare used in Uganda’s 2003 Household Survey. For every income quintile in both rural and urban areas, non-income indicators show large improvements in well being: access to

primary education, health care, safe water, and roads increased in all quintiles, and more so in the poorest two.

In 2004, in the education sector, steady progress has been made towards meeting the Access, Equity, Quality, Efficiency and Education For All / Millennium Development Goals, with the caveat that notwithstanding the special focus of some of the programmes, both in education and in health, the lack of progress with regard to the indicators for Northern Uganda has been a reason for particular concern. As referred above, the continued insecurity and the consequent lagging institutional and infrastructural capacity is largely responsible for this situation. Other MDGs that are likely to be met include the income poverty target and the hunger target, as well as the target for safe drinking water.

The health sector has also registered another year of improved performance although the key critical areas like Human Resources, Reproductive Health, Sanitation, Community mobilization, drug management remain under funded. The very low rate of deliveries attended by a health professional is one of the critical areas where little progress is being made. After years of remarkable improvements, HIV/AIDS prevalence stagnated at 6.2%. The Government continued to promote the use of ARVs and emphasized behavioural change (abstinence and faithfulness) as the main vector towards controlling the spread of the infection.

Progress towards meeting other critical MDG targets is constrained by insufficient economic growth and the slow transformation of the economy – and thus the necessary revenue generation to fiscally sustain the poverty reduction programmes, low capacity levels particularly at decentralised tiers of the administration, continued insecurity in parts of the country and incremental population growth.

### ***Focal sectors and programmes***

The process for the revision of the Poverty Eradication Action Plan (PEAP) was completed in November 2004, while the action and monitoring matrix for the PEAP remains a work in progress. The PEAP guides the development and budgetary agenda of the country, including the EC funded programmes.

The transport sector continued to grow, particularly road transport, but there is no marked improvement in the condition of the road network as a whole. The continued shortfall of road maintenance funding had caused a considerable maintenance backlog – this problem was recognised and budget ceilings for road maintenance were increased. On the institutional side, the creation of the Uganda National Roads Authority was delayed; a situation which is becoming an increasing obstacle to the external financing of the sector and has particularly obstructed the adoption of the financing decision for the rehabilitation of the Kampala – Mbarara road. Contracts were concluded for the construction of the Kampala Northern Bypass and for the rehabilitation of the Jinja-Bugiri road, but contractual problems have meanwhile arisen over the latter project. As regards the financing decision for the Kampala – Mbarara road, the situation is further constrained by the domination of the political agenda as described above. The problems in the roads sector have created some uncertainties about the continued engagement of the EC in this sector.

Achievements in the water sector were positive and the potential for an expansion of interventions in this sector was underlined by the large response to the first call for proposals to the EU-ACP Water Facility but with many development partners standing ready to finance forthcoming activities in the sector. Other EC-funded activities in the water sector progressed well during 2004.



The Plan for Modernisation of Agriculture provides the strategic framework for stimulating economic growth through multi-sectoral interventions in the rural area with the aim to increase agricultural incomes. Progress with regard to the implementation of PMA has been good although the finalisation of the NARS bill (research) and the expansion of the NAADS budget (extension services) are considered critical areas. The budget ceiling for the sector is likely to increase for the coming fiscal year, while indications of increased state intervention in the sector may imply a deviation from the current private sector driven strategy. EU contributions to the PMA have been implemented according to schedule.

As described, above macro-economic performance has been satisfactory and evidence points at the positive contribution of budget support operations in strengthening budget processes. At the same time, most poverty indicators have continued to register progress. Slippages in budget execution and increasing concerns over slow progress towards addressing problems of corruption point at important weaknesses in the system. Furthermore, a challenge lies in further improving the budgetary process to more efficiently direct expenditures towards productive and poverty related objectives.

The fourth Poverty Reduction Budget Support Programme (PABS) was successfully concluded, although the disbursement of the final tranche had been considerably delayed due to ambiguity in the indicators. Particular attention has therefore been attributed to indicator selection in the successor PABS programme – the preparations for which were finalised in 2004.

A particular challenge in carrying forward budget support operations, will be the reconciliation of meeting the intention to support the objectives formulated in the PEAP with growing concerns over political and economic governance and their incidence on the budget process as well as the poverty reduction agenda of the country.

### **Perspectives for the future**

With the exception of the financing decision for the Kampala-Mbarara road rehabilitation programme, considerable progress has been made with regard to committing Stabex and 9<sup>th</sup> EDF resources. Preparations for a recovery programme for Northern Uganda (to be financed from the B envelope<sup>10</sup>) and for a human rights and good governance programme, as well as for the support to decentralisation are well underway. Remaining Stabex resources will primarily be used in support of the economic reform agenda. Preparations for those programmes have also reached an advanced stage. Preparatory discussions on the use of other uncommitted resources under Stabex for feeder roads in Northern and Eastern Uganda have started. This would effectively exhaust any remaining Stabex resources.

However, programming in the roads sector is under stress. This not only in relation to the above referred issues concerning the lack of progress in meeting the preconditions for the Kampala-Mbarara road rehabilitation programme, but also in relation to contractual problems which have emerged with the Jinja-Bugiri rehabilitation project. Finally, doubts have been cast over the ability of the sector to effectively absorb sector budget support resources, in light of slow progress in the institutional reform. While efforts are being undertaken to correct this situation, the failure to find satisfactory solutions might result in a shift away from the road rehabilitation sector possibly in

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<sup>10</sup> The B-envelope was reduced as a result of the Mid Term Review.

favour of the water and sanitation sector, pending the outcome of an ongoing assessment of the absorption capacity in this sector.

The direction of future budget support operations may be influenced by developments with regard to political and economic governance issues.

As regards the next programming cycle, discussions are ongoing to further harmonise and align the CSP with the Government's PEAP and the intervention strategies of other development partners. This exercise will mainly be carried out in the context of the Ugandan Joint Assistance Strategy (UJAS) which is currently under preparation. All EU Member States have pledged to assess the possibility of becoming an UJAS partner. UJAS is spearheaded by the World Bank and DFID.

### **Measures to improve performance**

Particular attention has been given to the improvement of indicators for the focal sectors, both in the context of the preparation of the new Budget Support Programme, and in the larger context of the preparation of a Policy Action Matrix for the PEAP. The latter exercise has however not been finalised and particularly discussions about the chapter on governance indicators and targets has not been conclusive. The development partners continue to engage in a dialogue with the Government to conclude this exercise in a satisfactory manner. This matrix should ultimately provide the framework for donor interventions in Uganda. Support to the Monitoring and Evaluation system in the context of the PEAP, through the PABS V programme should benefit the quality of information on indicators. This support is due to start in 2005.

Programmes in water and sanitation, and in support of the PMA are progressing in a satisfactory manner and will continue to receive due attention.

As regards support to the third focal sector, besides the intensified dialogue around macro-economic support and particularly the intensive consultation around the latest budget support programme, preparations have been made for a mid term evaluation of all private sector and trade related activities with a view to improve the effectiveness, internal consistency and harmonisation of these programmes.

Finally, beyond its role as a decision making instrument in the 9<sup>th</sup> EDF CSO support programme, the existence of a representative Civil Society Steering Committee gives the opportunity now in Uganda, to formulate interests of Civil Society in a more coordinated manner and to have a legitimate counterpart for government institutions discussing policy matters and increased involvement of Civil Society in decision making processes.

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## Annex I: Intervention framework including an overview of policy measures and indicators (updates)

### Transport

Target/objectives/results	Performance Indicators	Sources of Verification	Status 2004	Targets 2004	Targets Longer Term	Assumptions/Risks
Long-term targets:  To sustain economic growth, reduce poverty and promote regional and national integration	- Gross Domestic product (GDP)	- Government statistics	5.9 % (FY 03/04)	5.4 % (FY 04/05)	7 % (2017)	Political and economic stability
EC-intervention objectives:  To provide a safe and sustainable transport network reducing transport costs and improving access to rural areas	Passenger fares Freight rates  Freight and passenger movement  - Vehicle operating costs  Fatalities and injuries in road accidents  Adequate Road maintenance funding	Government statistics  and MoWHC/RAFU records  - Uganda Police statistics  - MoFPED/WHC records	37.5 UGSh/Km 150 UGSh/T-Km  11% growth on annual basis (estimate)  15% increase  Approx. 1,995 fatalities  66.8 BUSH	35 UGSh/Km No Change  10% growth on annual basis  Stable  10% decline on annual basis  70.5 BUSH	25% reduction 30% reduction  10% growth on annual basis  Decline towards 60 % of 2004 level  No explicit long term target set.  Fully covered maintenance through Road Fund	International and regional regulations and agreements in operation between Uganda and neighbouring countries Other national sector policies (rural development, social policies etc) implemented efficiently Other transport modes operate regularly and efficiently (air, railway)
Expected results: - Improved national network  Improved district road network  Road Users conforming to traffic regulations, especially axle loading	Priority sections in the Kampala-Mbarara main road rehabilitated  Maintenance backlog on the national network reduced to two years by 2006  Percentage of national network in good to fair condition  Percentage of the districts road network in good to fair condition  Control number of overloaded vehicles and overloading.	Acceptance certificate of works  MoWHC/RAFU reports and road conditions surveys  MoWHC/RAFU reports and road conditions surveys  District reports and MoWHC/RAFU surveys  - URA statistic and MoWHC/RAFU axle load surveys	FP approved by EDF Committee, Decision pending  Backlog increased to 65% of national roads  20% Good 55% Fair 25% Poor/bad  Estimate: 20% Good 30% Fair 50% Poor/bad  Data collected, but no analysis available yet	- Launch Tenders  Stabilise backlog  30% Good 60% Fair 10% Poor/bad  20% Good 40% Fair 40% Poor/bad  No projection available yet	Works completed by 2008  65% Good 35% Fair 0% Poor/bad  60% Good 30% Fair 10% Poor/bad  reduced from widespread to marginal for over-loading	Routine and periodic maintenance on the NCR continue efficiently Contribution on road maintenance increased and private sector involvement in road works enhanced  Decentralisation and sector policy reforms enforced and implemented at district level  Regulation on axle load control enforced

## Rural development

Target/objectives/results	Performance Indicators	Status (2004)	Target (2004)	Target Longer Term	Sources of Verification	Assumptions/Risks
Long-term targets						
Directly increasing the ability of the poor to raise incomes and the quality of their life	Overall indicators of income poverty: %of rural population below the poverty line  Average income/expenditure  Income/expenditure of bottom 20% poorest  incidence of poverty	39% (2003)  N/A  N/A  35% (2000)	N/A  N/A  N/A	10% (2017)    10% (2017)	UNHS    UNHS	Stable macro-economic environment  Continuous GDP growth  Good Security and governance  Enabling socio-economic environment  Effective decentralisation
EC-intervention objectives:						
1. Increase incomes & quality of life of poor through increased productivity and increased share of marketed production.	GDP growth in monetary agriculture  % of household who sell over 50% of their production to earn income	2.3% (2002/03)  16.6% (2000)	5.2% (03/04)  16.6% (2000)	100% (2017)	Statistical Abstract, 2002-  NSDS	Stable macro-economic environment  Continuous GDP growth  Good Security and Governance
2. Improve household food security through the market rather than self-sufficiency.	% of households selling their produce at farm gate  % of food crop production marketed	62.3% (2000)  N/A	60% (2003)  N/A	10% (2017)  90%	NSDS	Enabling socio-economic environment  Effective Decentralisation
3. Provide gainful employment through secondary benefits of PMA implementation such as commercial farms, agro-processing factories and rural services.	Employment rate	44.9% (average: 1997/8-2001/2)			Statistical Abstract, 2002	
4. Promote sustainable use and management of natural resources by developing a land use and management policy and promotion of environmentally friendly technologies.	Land use policy in place.	Preparation started (2002)	Draft in place (2004)		MWLE	
5. Improving access to rural areas	Develop a 10-year district road investment Program  % of district road network in good to	Preparations began (2002)  50% (2002)	Completed (2003)	Implementation (2003/04)  55% (2006)	MWLE  MWLE	

Target/objectives/results	Performance Indicators	Status (2004 )	Target (2004)	Target Longer Term	Sources of Verification	Assumptions/Risks
	fair condition					
1. Productivity increased and household food security improved through appropriate technologies and skills	Number of technologies derived from RTD organisations	64 (2002)			NARO	Political willingness to enforce the land act
	Average yield rate of food crops (mt/ha)	Maize: 1.23 Beans:0.66 Bananas:6	2.5 0.7 6	8.0 3.0 35.0	NARO/ Statistical Abstracts	Sector policy reforms enforced and at local Government level
2. Share of marketed production and incomes of the poor increased through better transport, market access, market information, infrastructure, agro-processing, storage, agric. inputs, rural finance	Km. of feeder roads rehabilitated, maintained or opened	19,044 (2002)	20,127 (2003)	All (2017)	Annual Reports of MWHC	Roads policy and strategy complemented and implemented at central and district levels
	% of communities with access to market information	27.6 (200)	30% (2003)	100% (2017)	UNHS	Effective monitoring and evaluation systems in place
3. Gainful employment opportunities increased through the development of commercial farms, agro-processing factories and rural services. (Agric. education, rural finance, infrastructure, agro-processing and marketing)	Km. of feeder roads rehabilitated, maintained or opened	19,044 (2002)	20,127 (2003)	All (2017)	Annual Reports of MWHC	
	Employment rates	44.9% (2002)		90%	Statistical abstracts 2002	MIS services and policy in place and functioning at central and district level
4. Sustainable use and management of Natural Resources improved through appropriate land use and management policy and through adoption of environmentally friendly technologies.	National land use policy and national land policy developed	Preparations begin (2002)	Draft in place (2003)	Implementation (2004/05)	MWLE	
	Number of districts implementing environmental concerns in their development plans & programmes	26(03/04)	40 (2003/04)	56 (2007)	NEMA	

## Macroeconomic support and economic reform

Targets/ objectives/ results	Performance Indicators	Sources of Verification	Targets 2004/05	Status 2004	Targets Longer term	Assumptions / Risks
<i>Long-term targets:</i>  Sustainable poverty reduction in all the country	Number of Ugandans living below the poverty line	National Household survey	31%	38% (2003)	10% (2017)	PEAP remains the political framework in Uganda
	Discrepancies between rural and urban areas in household consumption	National Household survey	N/A	5.22 (1999/2000)		
<i>EU-intervention objectives:</i>  Macro economic stability	GDP growth rate	IMF PRGF	4.9% (2003/04)	5.4 (2003/04)	7.0% (2017)	International donor community continues to provide external support
Efficient and equitable use of public funds	Domestic revenue contribution to the MTEF	PER	14.4% (2003/04)	12.6% (03/04)	18% (2004/05)	
	Average budget deviation	PER	N/A	5.4 (03/4)		Spending on defence will remain affordable
An enabling environment for rapid and sustainable economic growth and structural transformation	Weighted average of the absolute percentage deviation between budget and outturns					
	Outward oriented trade policies	Poverty related sector shares of the budget: - PAF (% discretionary budget) - PAF (% execution)	PER	37.3% (03/4)	37.6% (03/4)	37.9% (04/05)
Private investment share of GDP		BoU economic reviews	15.5% (03/04)	15% 2003	sub-Saharan average (2005)	
	Export of goods and service in value	MoFPED/UBOS	USD 800 million	USD 674 million (04/05 proj.)	USD 1 billion (2006)	GoU remains committed to the peace process and regional integration process
<i>Expected results:</i>  Improve service delivery through cross-cutting reforms	Primary school net enrolment	National Household survey; EMIS	88.5%	88.7%	100% (MDG 2015)	PEAP priorities remains the overarching GoU document for PRS  Implementation of public service reforms

Targets/objectives/results	Performance Indicators	Sources of Verification	Targets 2004/05	Status 2004	Targets Longer term	Assumptions / Risks
Improved quality of education	P7 completion rate (Proportion of children taking Primary Leaving Exam. Over graduating age pop.)	UDHS	60	62		
Improved quality of health care provision	Infant Mortality rate (per 1,000 live births)	UDHS & UN	72 (2002/03)	82 (2003)	68 (2005) 31 (MDG 2015)	
	Under 5 mortality rates (per 1,000 children)	UDHS & UN	N/A	140 (2003)	103 (2005) 56 (MDG 2015)	
	Maternal mortality	UDHS & WDI (WB)	N/A	567 (2000/03)	354 (2005) 131 (MDG 2015)	
	Proportion of births supervised by skilled health worker	UDHS, MoH & WDI (WB)	35% (2003/04)	24.4% (2003/04)	45% (2005) 90% (MDG 2015)	
Access to safe water & sanitation	Rural access to safe water	DWD, MoWLE & WDI (WB)	61% (2004)	52% (2002)	65% (2005) 100% (GoU 2015)	
Increase in real incomes	Real annual per capita growth rate GDP at market prices	IMF	N/A	1.1% (02/03-03/04 average)	2.8% (2005)	
	Real annual per capita growth rate Private consumption	IMF/WB	2.1%	N/A	2.4% (2005)	

### Capacity building for good governance

Targets/objectives/results	Performance Indicators	Sources of Verification	Assumptions/Risks
Long term targets:			
Improving service delivery and decentralisation, reducing corruption ensuring law and order.	Perception of the level of corruption improved among the population and business community	AHS, business community surveys (by EAA)	Constitutional review confirms the importance of the decentralisation process.
	Timely comprehensive reporting on the use of public resources at all levels of public services	Reports by the OAG	GoU improves its commitment towards 0 level of corruption
EU interventions objectives Decentralisation			
Strong and reliable accountability for decentralised public spending	MOPPED, MOLG and line ministries ensure that mandatory public notices on transfers have been extended to all basic services at facility, district and sub-county level respectively.	MOPPED, MOLG, Line Ministries	The MOLG reinforces its coordination and supervision roles
	Central and local government adopt and implement the harmonised framework and MoLG completes a review of its implementation	MoLG reviews, Community perceptions	
District and sector plans adequately reflect community priorities, while participatory approaches are coordinated.	Service delivered in a satisfactory way. Volume of service delivery	Technical, M & E, Evaluation	Key positions are filled and



Targets/objectives/results	Performance Indicators	Sources of Verification	Assumptions/Risks
delivery and facilities as identified by the local communities increased.	increased by 20-30% annually.	and Stakeholder satisfaction reports (gender differentiated).	maintained at district and sub-county level
<u>Rule of Law</u> Increased transparency and accountability of both NGO and government service delivery entities.  Increased capacity of the criminal justice systems to process cases effectively and efficiently. Corrupt acts exposed and sanctioned effectively.	NGO policy and code of conduct adopted and OPM and NGOs establish channels of feedback from civil society to monitor service delivery in districts and sub-counties. JLOS makes the sector-wide approach and criminal justice reform programme fully operational. IGG has published its semi-annual reports IGG proposes a stronger follow-up mechanism for its reports and GOU initiates its implementation. IGG reviews implementation Minister of Ethics and Integrity has gazetted and tabled Leadership Code Bill 2000 and Inspectorate of Government 2000 Bill in Parliament. MEI and donors have initiated a process to develop quantitative monitoring indicators to assess progress in fighting corruption. IGG and MEI ensure that monitoring of corruption becomes part of harmonized M&E.	OPM, NGO reports  JLOS Institutions, reports, monitoring  IGG reviews  Official Journal	A better operational environment for GOU-NGO partnership and self-monitoring by NGOs.  Increased collaboration among agencies, more effective detection, investigation and prosecution, and higher public awareness.  Political willingness exists to sanction high corruption cases
<u>Human Rights</u>  Increased protection of human rights.  Support more comprehensive monitoring and analysis of the situations.  Increased demand for HR, rule of law and good governance through civic education and support to civil society.  Support Community Service as an alternative to prison.	Increased reporting to the UHRC (thematically and geographically) UHRC, AIN reports Media, Parliamentary debates, Local level  Greater public debate and advocacy campaigns on HR Baseline surveys of public and elected officials (national and local) awareness Increased awareness by Ugandans: - of their Human Rights - of the Constitution - of the roles and responsibilities of local councils - of Parliament and of MPs Reduced overcrowding in Ugandan prison Less incidence of inhuman & degrading treatment in prisons	UHRC and AIN reports,  Published results of the surveys  Reports by NGO on the awareness campaigns  Statistics on the prison population by MIA.	Government committed to democratisation human rights    No increase in political instability or increased arm conflicts  Community service is accepted by the public and stakeholders.

## Capacity building for Non-State Actors

Targets/objectives/results	Performance Indicators	Sources of Verification	Assumptions / Risks
Long-term targets: Increased role of NSAs the development process	- No. of national negotiation meetings held with active participation of non-state actors - Amount of media coverage given to non-state actors related to advocacy	- Government reports (e.g. Biennial National Integrity Surveys) - Media surveys (newspapers / radio / local television channels)	Government will accept inputs and criticism from non-state actors
EU-intervention objectives: - To enhance the capacity of NSAs to be involved within focal and / or non-focal sectors and to monitor and be part of the implementation - To enhance the advocacy capacity of non-state actors	- Increased and improved involvement of NSAs in policy dialogue and the sector review and evaluation processes	- Sector review and evaluation reports	Increased knowledge and capacity will be used for actual advancement of NSA interests  CSO act as legitimate representatives of grassroots
Expected results: - Improved ability of individual CSOs to represent grassroots interests at district and central level - Increased capacity of private sector to rep. interests of private sector groupings - Enhanced ability of NSA networks to access and deliver appropriate info. to members - Increased negotiation, advocacy and mobilisation capacity of NSAs - Improved capacity of NSAs to ensure involvement in implementation of national service delivery - Enhanced ability of CS to advocate national CS interests at international level related to e.g. trade, poverty, gender	- Qualitative assessments of relevant information available at grassroots level - Qualitative assessments of NSA networks ability to advocate grassroots needs - No. of Government projects implemented by PS or CSOs	- CSO reports (e.g. Deniva, NGO-Forum etc.) - Independent evaluation reports - Government / district reports	EC will be able to identify appropriate entry-points for capacity-building interventions

## Annex II Indicative timetable for commitments

9 <sup>th</sup> EDF BUDGET PLANNING	Original NIP	Proposed adjustments	Comments	Contributions from STABEX 1999
<b>Macro-economic Support and Economic Reform</b>	<b>€ 101,000,000</b>	<b>€ 92,000,000</b>		<b>€ 5,000,000</b>
Budget Support and Capacity Building	€ 88,000,000	€ 92,000,000	Received favourable opinion from the EDF committee in March 05	
Regional Integration	€ 4,000,000	€ 0		
Support to private sector development (MTCS)	€ 9,000,000	€ 0		€ 5,000,000
<b>Infrastructure</b>	<b>€ 101,000,000</b>	<b>€ 100,000,000</b>		<b>€ 0</b>
9/10 - Kampala-Mbarara Road	€ 81,000,000	€ 87,000,000	Not yet committed	
Replacement of Driving Surfaces (+ institutional support)	€ 20,000,000	€ 13,000,000	Under preparation as targeted budget support	
<b>PMA</b>	<b>€ 40,000,000</b>	<b>€ 28,750,899</b>		<b>€ 27,900,000</b>
Budget support to PMA	no breakdown given	€ 17,510,000	committed	€ 2,500,000
Feeder Roads	no breakdown given	€ 11,240,899	FIP for sector budget support submitted 3/05	€ 11,440,000
Commodity exchange, PACE/FITCA, SUFFICE + TA, etc	€ 0	€ 0		€ 13,960,000
<b>Non-focal Sectors</b>	<b>€ 25,000,000</b>	<b>€ 23,900,000</b>		
Governance/Human Rights	€ 7,000,000	€ 5,900,000	FP submitted	
9/4 - Support to CSOs	€ 8,000,000	€ 8,000,000	committed	
Decentralisation	€ 10,000,000	€ 10,000,000	Final draft submitted to EC	
Conflict Resolution	€ 0	€ 0	Move to 'B' envelope	
<b>All sectors</b>				
Technical Cooperation Facility		€ 3,800,000	committed	€ 1,000,000
<b>7<sup>th</sup> &amp; 8<sup>th</sup> EDF CARRY OVER</b>				
9/1 - SUFFICE II		€ 3,550,000	committed	

9/2 - Support to NAO (increase to 8/14)		€ 225,000	committed	
9/5 - Commercial Justice Reform		€ 1,950,000	committed	
9/7 – Kampala City Roads (increase to 7/08)		€ 205,000	committed	
Study on Road Construction Costs		€ 200,000	committed	
9/9 – TA to RAFU		€ 2,000,000	committed	
<b>TOTAL</b>	<b>€ 267,000,000</b>	<b>€ 256,580,899</b>		<b>€ 33.900.000</b>
<b>TOTAL AVAILABLE</b>	<b>€ 246,000,000</b>	<b>€ 256,580,899</b>		
<b>DIFFERENCE</b>	<b>-€ 21,000,000</b>	<b>€ 0</b>		

## Commitment schedule

### INDICATIVE TIMETABLE FOR COMMITMENTS (UPDATED)

9th EDF (million €)				
	2005	2006	2007	Total 2005-2007
Macroeconomic support & Economic reform	92	0	0	92
Poverty alleviation budget support	92			92
TCF				0
SUFFICE II				0
Support to NAO				0
Infrastructure - Transport	114.5	0	0	114.5
Kampala-Mbarara Road	87			87
TA to RAFU				0
Study on road construction				0
Kampala city roads				0
Roads Sector Budget Support Programme	27.5			27.5
Support to the PMA	0	0	0	0
PMA - NAADS & NARS sector budget support				0
Capacity-Building for Good Governance	0.95	5	7	12.95
Decentralization	0	2	4	6
Commercial Justice	0.95	1	0	1.95
Human Rights and Good governance	0	2	3	5
Institutional support to non-state actors	2	3	2	7
Total 9th EDF (including balances previous EDFs) - A	209.45	8	9	226.45
Humanitarian AID				0
Conflict resolution				0
Recovery programme for the North	0	3	7	10
Total 9th EDF (including balances previous EDFs) - B	0	3	7	10

## Disbursement schedule

9th EDF	(million €)				
		2005	2006	2007	Total 2005-2007
Macroeconomic support & Economic reform		31.8	33.55	32.6	97.95
Poverty Alleviation Budget Support		30	31	31	92
TCF		0.6	1.4	1.6	3.6
SUFFICE II		1.2	1.15	1.3	3.65
Support to NAO					0
Infrastructure – Transport		0.3	34.3	31.3	65.9
Kampala-Mbarara Road		0	24.8	21.8	46.6
TA to RAFU		0.3	0.5	0.5	1.3
Study on road construction					0
Kampala city roads					0
Roads Sector Budget Support		0	9	9	18
Support to the PMA		3	6	6	15
PMA - NAADS & NARS Sector Budget Support		3	6	6	15
Capacity-Building for Good Governance		0	4.975	6.475	11.45
Decentralization		0	2	3	5
Commercial Justice		0	0.975	0.975	1.95
Human Rights and Good Governance			2	2.5	4.5
Institutional support to non-state actors		1.5	3	2	6.5
Total 9th EDF (including balances previous EDFs) - A		13	0	0	196.8
Humanitarian AID		14.6			14.6
Recovery programme for the North		0	2	3.5	5.5
Total 9th EDF (including balances previous EDFs) - B		14.6	2	3.5	20.1

## Annex III Updated chronogram of activities

### 9<sup>TH</sup> EDF – ‘A’ Envelope – NIP (€246m)

	Amount proposed	Target FP submission	Target approval	Preparation status	Next action	Target date
<b>Macro-economic Support and Economic Reform</b>	<b>€92m</b>					
Budget Support and Capacity Building	€92m	10/2004	05/2005	Approved by EDF committee in March '05 In circuit in Brussels	GoU to provide Public finance management programme. Forecast for TA tender	May '05
<b>Infrastructure</b>	<b>€100m</b>					
9/10 - Kampala-Mbarara Road	€87m + €5m RIP	Submitted 12/2003	Approved 03/2004	FA to be signed as soon as the Road Agency Bill is presented to Parliament.	Road map with timeframe and benchmarks was submitted by NAO in Dec 04	30 May '05
Replacement of Driving Surfaces	€13m	10/2004	02/2005	Consultant recruited for identification/formulation.	Submission of draft FP by consultant	
<b>PMA</b>	<b>€28.75m</b>					
Sector Budget support to PMA	€17.51m	Committed Mar'05	Approved 11/2004	Committed	FA signed in March 2005	Mar '05
Feeder Roads	€11.24m	08/2004	11/2004	Identification fiche sent to Bxl. Draft FP submitted in Aug. Proposed for sector budget support	FP to be redrafted	Oct '05
<b>Non-focal Sectors</b>	<b>€25m</b>					
Human Rights	€7m	Submitted 11/2003	05/2005	FP rejected due to inclusion of basket funding components. FP to be redrafted excluding basket funding	FP redrafted excluding basket funding and submitted to Bxl	End June '05
9/4 - Support to CSOs	€8m	committed	Approved 12/2003	Start up PE signed on 15/03/2005. Programme Manager started on 01/03/2005	Set up PMU and prepare for 1st PE	End May '05
Decentralisation	€10m	08/2004	05/2005	NAO submitted revised FP to EC Delegation in Dec '04	Submission to Brussels in revised FP Format	End May '05
<b>All sectors</b>						
Technical Cooperation Facility	€3.8m	Submitted 15/9/03	Approved 03/04	The FA has been signed and first commitments are in place		
<b>7<sup>th</sup> &amp; 8<sup>th</sup> EDF CARRY OVER</b>						
9/1 - SUFFICE II	€3.55m	committed	08/03			
9/2 - Support to NAO (increase to 8/14)	€0.225m	committed	1/7/03			

9/5 - Commercial Justice Reform	€1.95m	Submitted 06/03	Approved 02/03			
9/7 – Kampala City Roads (increase to 7/08)	€0.205m	committed	Approved			
9/08 - Study on Road Construction Costs	€0.2m	committed	Approved 5/12/03			
9/9 - TA to RAFU	€2m	Submitted 02/2004	Approved 03/2004			
<b>TOTAL COMITTED</b>	€105.8					

**B Envelope (€111.6m) - Unforeseen**

Humanitarian Aid	€8m		27/6/03	Managed under ECHO	Meeting to be arranged between ECHO reps and D/NAO	Mid-April '04
Conflict Resolution/Recovery for the North	€20m	07/2004	09/2004	Draft FP prepared by consultants for €2m.	NAO/EU to prepare draft FP for larger programme based on consultants FP	Dec '04
<b>TOTAL</b>	€28m					



## Summary

### CHRONOGRAM OF ACTIVITIES

9th EDF	Amounts (million €)	Identification	Appraisal	Financing Decision
Macroeconomic support & Economic reform	99.575			
Poverty Alleviation Budget Support	92	Jun-03	Jun-04	Apr-05
TCF	3.8	Apr-03	Sep-03	Mar-04
SUFFICE II	3.55	Feb-02	Feb-03	Jul-03
Support to NAO	0.225	Apr-03	May-03	Jul-03
Infrastructure – Transport	89.405			
Kampala-Mbarara Road	87	Dec-01	Dec-03	Jun-05
TA to RAFU	2	Dec-03	Feb-04	Mar-04
Study on road construction	0.2	Jun-03	Sep-03	Dec-03
Kampala city roads	0.205	Jun-03	Oct-03	Dec-03
Roads Sector Budget Support Programme	27.5	Mar-05	May-05	Sep-05
Support to the PMA	17.5			
PMA - NAADS & NARS	17.5	Mar-04	Oct-04	Dec-04
Capacity-Building for Good Governance	18.95			
Decentralization	10	Jun-02	Jan-05	Sep-05
Commercial Justice	1.95	May-02	Jun-03	Mar-04
Human rights and good governance	7	Mar-02	Feb-05	Sep-05
Institutional support to non-state actors	8	Jun-01	Sep-03	Dec-03
Total 9th EDF (including balances previous EDFs) - A	233.43			
Echo Global Plan	14.62			Jan-05
Recovery programme for the North	20	Jun-04	Jan-05	Jun-05
Total 9th EDF - B	34.62			

## STABEX 1999

	Amount proposed	Target CA drafting	Target signing	Preparation status	Next action	Target date
<b>PMA</b>	<b>€25.4m</b>					
Policy Adviser to MAAIF	€0.56m	committed	6/06/03			
Feeder Roads	€11.44m	committed	26/05/03			
SUFFICE II	€2.647m	committed	27/08/03			
NAADS basket support	€1.61m	committed	11/08/03			
WRS/ACE	€2.3m	06/2004	06/2005	CA ready for signing at EU Delegation	Signing	June '05
UCDA/Kaweri Coffee	€1.77m	committed	01/11/04			
PACE/FITCA extension	€3.5m	committed	01/11/04			
NARO bridging	€ 1.57	committed	31/03/05			
<b>Total PMA</b>	<b>€ 25.367</b>					
<b>MTCS</b>	<b>€5m</b>					
Support to PSFU	€0.871m	committed	06/03			
Investment Strategy Study	€0.2m	committed	01/04		Recruitment of consultants under Framework contract	End June
Support to private sector development (MTCS) I	€0.852m	05/05	8/2005	Agreement reached on main components	Proposal and CA to be prepared	End May '05
Support to private sector development (MTCS) II	€ 2.0	09/05	11/05			
Support to private sector in tourism (UWA)	€ 1.6	05/05	06/05			
<b>Total MTCS</b>	<b>€ 5.036</b>					
<b>Planning/Audits/Eva.</b>	<b>€1m</b>					
Donor Coordination TA	€0.35	committed	05/05			
Audit framework	€ 0.25	07/05	08/05			
TA closure	€ 0.025					
<b>Total Planning</b>	<b>€ 0.625</b>					
<b>Interest Stabex 99</b>	<b>€ 2.768</b>					
TA to PMA ( complement to 9 ACP UG 012)	€ 2.5	05/05	06/05	All partners approved draft	signing	05/05
<b>Total Interest</b>	<b>€ 2.5</b>					
<b>Total programmed</b>	<b>€ 33.528</b>					
<b>TOTAL COMMITTED</b>		<b>€24.518</b>				

## Annex IV Donor matrix

### Donor project support by sector 2003/04 outturns (\$US million)

	Account-ability	Agriculture	Econ. Fun.& services	Education	Health	JLOS	Public Administr-ation	Roads & Works	Water & Sanitation	Securit-y	TOTAL Project	TOTAL Budget Support*	TOTAL
ADB	2.0	1.0	2.0	6.3	9.5			5.1	0.0		25.9	30.1	56
Austria	0.3						0.0		3.0		3.3	1.2	4.5
BADEA			0.0					0.1	1.7		1.8		1.8
Belgium	0.0		0.5	0.0							0.5		0.5
China							2.0				2.0		2
DANIDA	2.7	6.4	12.3		9.7	2.0	0.3	8.3	7.2		48.9	30.9	79.8
DFID	3.7	4.9	4.7	2.8	1.1	0.6	3.1			0.4	21.4		21.4
EGYPT		3.5		2.7							6.2		6.2
EIB	48.0										48.0		48
EU	8.1	7.3	7.7	4.5	0.3	0.2	1.6	15.6	3.1		48.3	41.2	89.5
FAO		0.8	0.4								1.2	0.9	2.1
France									2.0		2.0		2
Germany	2.0		2.3	2.8	2.2			1.7	1.1		12.1	5.6	17.7
Global Fund					18.6						18.6		18.6
IDA	16.3	2.4	36.4	0.9	18.0	0.0	0.0	24.7	0.1		98.8	177.2	276
IFAD		2.6	0.0								2.6		2.6
IDB	0.0			1.3							1.3		1.3
Ireland						0.0	0.2				0.2	37.3	37.5
Italy				0.7	4.6						5.3		5.3
IDB											0.0		0
Japan		0.2		0.2	1.4			3.6	0.1		5.5		5.5
Netherlands	0.9		1.5		0.0	0.3					2.7	37.4	40.1
Nordic fund	0.8		0.3	0.4				0.0			1.5		1.5
Norway	0.5		0.9	2.8	0.2		0.0				4.4	13	17.4
Sweden		0.3	2.3	3.6	0.5		0.3				7.0	19.9	26.9
Spain					11.5						11.5		11.5
UNDP	3.6		2.7								6.3		6.3
UNFPA	0.6		0.6		1.2						2.4		2.4
UNICEF			6.7	3.6	5.7				2.3		18.3		18.3

WFP		0.0		3.5								3.5		3.5
WHO					6.1							6.1		6.1
<b>Other (HIPC)</b>													61.9	61.9
<b>Total</b>	<b>89.4</b>	<b>29.3</b>	<b>81.3</b>	<b>36.2</b>	<b>90.5</b>	<b>3.2</b>	<b>7.5</b>	<b>59.1</b>	<b>20.7</b>	<b>0.4</b>	<b>417.6</b>	<b>456.6</b>	<b>874.2</b>	

\*: Estimates from Aid Liaison Dept.  
Source: BoU, Aid Liaison Dept.

**Donor project support by sector 2004/05 projections (\$US million)**

	Account-ability	Agriculture	Econ. Fun.& services	Education	Health	JLOS	Public Administration	Roads & Works	Water & Sanitation	Security	TOTAL
ADB	7.2	11.7	3.8	11.3	12.1			3.7	8.0		<b>57.8</b>
Austria	0.2						0.3		2.5		<b>2.9</b>
BADEA			0.3					4.1	3.1		<b>7.5</b>
Belgium	0.0		1.7	0.7							<b>2.4</b>
China							4.0				<b>4.0</b>
DANIDA	2.2	3.2	2.5		10.0	2.5	0.4	7.9	7.5		<b>36.2</b>
DFID	4.8	4.5	2.9	0.6	2.1	1.1	3.1			0.2	<b>19.3</b>
EGYPT		0.0		0.0							<b>0.0</b>
EIB	36.0										<b>36.0</b>
EU	11.6	6.4	10.9	4.3	0.4	0.0	1.1	40.9	6.1		<b>81.7</b>
FAO		0.8	0.3								<b>1.1</b>
France											<b>0.0</b>
France									1.7		<b>1.7</b>
Germany	0.0		1.6	4.3	1.2				0.7		<b>7.9</b>
Global Fund					55.1						<b>55.1</b>
IDA	24.8	7.0	110.3	1.3	13.0	2.2	0.0	48.9	0.0		<b>207.5</b>
IFAD		2.7	0.0								<b>2.7</b>
IDB	0.0			1.2							<b>1.2</b>
Ireland	0.5					0.2	0.2				<b>0.9</b>
Italy				0.7	4.7						<b>5.4</b>
IDB											<b>0.0</b>
Japan		0.4		0.5	0.3			0.8	1.9		<b>3.9</b>
Netherlands	0.6		1.5	1.3	1.6	0.0					<b>5.0</b>
Nordic fund	0.0		0.0					0.0			<b>0.0</b>
Norway	1.2		4.4	3.6	0.4		1.0				<b>10.7</b>
Sweden		0.4	1.6	4.7	0.5		0.3				<b>7.4</b>
Spain					5.8						<b>5.8</b>
UNDP	2.8		2.5								<b>5.2</b>
UNFPA	0.5		0.4		0.9						<b>1.9</b>
UNICEF			6.6	3.6	5.6				2.5		<b>18.3</b>
WFP		1.0		3.7							<b>4.7</b>
WHO					2.6						<b>2.6</b>
<b>Total</b>	<b>92.4</b>	<b>38.1</b>	<b>151.4</b>	<b>41.9</b>	<b>116.1</b>	<b>6.0</b>	<b>10.4</b>	<b>106.3</b>	<b>34.0</b>	<b>0.2</b>	<b>596.8</b>

Source: BoU, Aid Liaison Dept.

## Annex IV bis Donor coordination fora

Group	Donors	Government of Uganda	Non State Actors	Meetings Frequency	Chair	Comments
<b>Head of Delegation / Head of Cooperation</b>						
<b>Local donor group</b>	All heads of donor agencies	No	No	Monthly	World Bank	
<b>Donor Democracy and Governance Group (DDGG)</b>	EC, EU Member States, US, UN, Norway, Japan	No	No	Monthly	Denmark	HoMs group for governance and political affairs Lead section: <b>Governance</b>
<b>Donor Group for Northern Uganda, Amnesty and Recovery from Conflict (DG NARC)</b>	EC, EU Member States, US, UN, Norway, Japan	No	No	Every 3 months	Ireland	Special HoMs group to discuss Northern Uganda issues (EC initiated in 2000). Lead section: <b>Governance</b>
<b>Economic, Trade, and Social Sectors (ETS)</b>						
<b>Education Sector Consultative Committee (ESCC)</b>	EC, WB, AfDB, DFID, CIDA, UNICEF, US, Netherlands, Ireland, Japan, Italy, France	MoE, MoFPED, MoPS, MoH, MoLG	Federation of Education NGOs in Uganda	Every 2 months and ad hoc	Ministry of Education	SWAP
- <b>Budget working group</b>	Same	Same	Same	1 per quarter and ad hoc	Ministry of Education	Prepares technical work for ESCC meetings
- <b>Monitoring &amp; Evaluation working group</b>	Same	Same	Same	1 per quarter and ad hoc	Ministry of Education	Same
- <b>Education Funding Agencies Group (EFAG)</b>	Same	No	No	Monthly	Ireland Aid	Major forum to coordinate donor positions and interventions in ESCC
<b>Health Policy Advisory Committee (HPAC)</b>	EC, WB, DANIDA, DFID, SIDA, UNICEF, WHO, Japan, US, Ireland, Italy	MoH	Uganda Catholic Medical Bureau	Monthly and ad hoc	Ministry of Health	SWAP
- <b>Health Sector working group</b>	EC, WB, Denmark, DFID, SIDA, WHO, US, Ireland, Italy, Unicef, GTZ	MoH, MoFPED	No	Monthly and ad hoc	Ministry of Health	Discusses budget/funding issues
- <b>Health Development Partners Group (HDP)</b>	EC, WB, Denmark, DFID, SIDA, WHO, US, Ireland, Italy, France	No	Uganda Catholic Medical Bureau	Monthly and ad hoc	DANIDA	SWAP

Group	Donors	Government of Uganda	Non State Actors	Meetings Frequency	Chair	Comments
<b>Partnership Committee</b>	Chair health development partners	Uganda Aids Commission	Some	monthly	UAC	
<b>Aids Development Partners</b>	EC, WB, Denmark, DFID, SIDA, WHO, US, Ireland, Italy, Unicef, GTZ	No	No	monthly	USAID	
<b>Public Expenditure Review (PER) working group</b>	EC, EU member states, Norway, Japan, US, WB, IMF, UNDP, AfDB	MoFPED	No	1 or 2 per quarter	MoFPED	Monitoring Public expenditure, Public finance, Budget process, Macroeconomics,
<b>- PER Donor Sub- Group</b>	Same	No	No	Monthly and ad hoc	Netherlands	Major forum to coordinate donor positions on above mentioned issues
<b>- Budget Support Group</b>	Same	MoFPED	No	1 per quarter	MoFPED	Sub group for budget support issues (more long term view)
<b>Public Finance Working Group</b>	EC, Ireland, Sweden, DFID, KFW, WB	No	No	monthly	EC	
<b>Procurement working group</b>	Netherlands, WB, EC, USAID, UNDP, DFID, ADB	PPDA, Min Local Government, Office Auditor General, MOFPED, Directorate Ethics and Integrity, Mo Public Service	No	monthly	PPDA	
<b>Statistics informal Donor group</b>	EU, WB, IMF., UNICEF, Denmark, Dfid, Norway, Sweden,	No	No	1 or 2 per quarter	Dfid	Informal group coordinate donor support to the Uganda Bureau Statistics.
<b>Private sector Donor Group</b>	EU, WB, Ireland, Denmark, Dfid, NORAD, SIDA, Netherlands, GTZ, ADC (Austrian), USAID	MTCS/SEP Secretariat (under MOFPED) <b>on invitation</b>	<b>on invitation</b>	Monthly	DFID/SIDA	Coordinates support to Private Sector Development
<b>MTCS Steering Committee</b>	EC, Austrian Development Cooperation, DFID, USAID, WB	MoFPED, NAO, Bank of Uganda (BoU), MoWHC, MoTTI, MoJ, Uganda Revenue Authority, Uganda Investment Authority	PSFU, UMA, Chambers of Commerce and Industry	Quarterly	MoFPED	Review/Monitor the Secretariat progress in implementing the MTCS
<b>MTCS Management Committee</b>	EC, Austrian Development Cooperation	MoFPED, NAO	Private Sector Foundation,	Every 2 months	MoFPED	The Management Committee relates to daily operations
<b>Micro Finance Forum (MFF)</b>	EC, USAID, WB (IFAD), GTZ, Denmark	Microfinance Outreach Plan (coord. Unit), MoFPED, PMA secretariat, MAAIF, BoU, Parliament	Association of MFIs (AMFIU), MFIs, SUFFICE	Quarterly	MoFPED	Institutional coordination in the context of the Microfinance Outreach Plan. Includes several subcommittees, i.e., cap. building, finance, consumer education

**Governance**

Group	Donors	Government of Uganda	Non State Actors	Meetings Frequency	Chair	Comments
<b>Donor Technical Group (DTG)</b>	EU Member States, the EC, United States, Norway, UNDP, Japan, WB	No	No	Monthly	Norway	Overall governance coordination forum, reports to DDGG
<b>- Human Rights Group</b>	EU Member States, the EC, United States, Norway, UNDP, Japan,	No	No	Monthly	Netherlands	Interest Group under DTG
<b>- Anti-Corruption Group</b>	EU Member States, the EC, United States, Norway, UNDP, Japan,	No	No	Monthly	DFID	Interest Group under DTG
<b>- Towards 2006 democracy group</b>	EU Member States, the EC, United States, Norway, UNDP, Japan,	No	No	Monthly	Denmark	Interest Group under DTG, receives visitors from GoU/civil society, includes a <b>sub-group on civic education</b> (previously led by the EC)
<b>- Parliamentary Donor Group</b>	EU Member States, the EC, the United States, , Norway, UNDP, Japan,	No	No	Monthly	USAID	Sub-Group under Towards 2006 Group, coordination of parliament support donors
<b>- NEPAD Group</b>	UNDP, EC, few EU member states, , Norway, UNDP, Japan	No	No	Ad hoc	UNDP	Interest Group under DTG
<b>Donor Technical Group for Northern Uganda, Amnesty and Recovery from Conflict (DTG NARC)</b>	EU Member States, the EC, United States, UN agencies, ICRC, World Bank	No (but OPM regular visits)	No	Monthly and ad hoc	EC	Reports to DG NARC, participates in general DTG meetings
<b>West Nile working group</b>	EC, few EU member states	No	No	Ad hoc	Danida	Coordinates interested donors working in the West Nile region, reports to DTG NARC
<b>Karamoja Working Group</b>	EC, few EU member states, USAID, NGOs	No	Yes	Ad hoc	EC	Informal coordination forum of key actors working in the Karamoja region, reports to DTG NARC
<b>Amnesty Working Group</b>	Amnesty Commission, few EU member states, the EC	Yes	No	Ad hoc	Amnesty Commission	
<b>Justice, Law and Order Group (JLOS)</b>	EU Member States, the EC, United States	Yes (JLOS secretariat)	No	Monthly	Ireland	SWAP
<b>Gender Donor Group</b>	EU Member States, the EC, United States	No	No	Monthly	Netherlands	
<b>Civil Society Donor Group</b>	EU Member States, the EC, United States	No	No	Every 2 months	DFID	Coordination of civil society programmes



Group	Donors	Government of Uganda	Non State Actors	Meetings Frequency	Chair	Comments
<b>Decentralisation donor group</b>	EU Member States, the EC, United States, MoLG, LGFC	Yes	No	Monthly	Netherlands	
<b>PEAP “security, conflict resolution, disaster management” group</b>	????	Yes	Yes	Monthly /ad hoc	OPM	
<b>Food Security Group</b>	????	No	Yes	Monthly	FAO	
<b>OCHA Contact Group (Humanitarian aid)</b>	UN Agencies, NGOs, Donors	No	Yes	Every 2 weeks	OCHA	
<b>Rural Development</b>						
<b>PMA Steering Committee</b>	WB, Denmark, DCI, DFID, FAO, ADB, SIDA, IFAD, UNDP, USAID, WFP, EU	MoFPED, MAAIF, MTTI, MWHC, MoE, MWLE, NEMA, PMA Secretariat, NAADS secretariat	NFFU, DENIVA, IUCN and others	Monthly	MoFPED	Major forum for coordination and planning of PMA activities
<b>- PMA Donor Sub-group</b>	WB, Denmark, DCI, DFID, FAO, ADB, SIDA, IFAD, UNDP, USAID, WFP, EU	None	IUCN	Monthly	DFID	Major forum to coordinate donor positions and interventions in the PMA
<b>- PMA task force on Warehouse Receipts</b>	Denmark, DFID, EU	MTTI	UCA, Stanbic bank, UCoopAlliance	Monthly, or when required	MTTI	Working group to develop WRS system for Uganda
<b>- PMA task force Projects and Programmes</b>	WB, Denmark, DCI, DFID, FAO, ADB, SIDA, IFAD, UNDP, USAID, WFP, EU	PMA Secretariat		Quarterly	PMA Secretariat	Working group to vet proposed programmes in agric sector for PMA compliance
<b>- PMA task force M&amp;E</b>	WB, Denmark, DCI, DFID, FAO, ADB, SIDA, IFAD, UNDP, USAID, WFP, EU	PMA Secretariat		Quarterly	PMA Secretariat	Working group to monitor PMA interventions, and coordinate studies and evaluations
<b>- NAADS Donor/Secretariat meeting</b>	WB, DANIDA, DCI, DFID, FAO, IFAD, EU	NAADS Secretariat, PMA secretariat		Monthly	Naads secretariat	Monthly forum to discuss NAADS progress
<b>Core Implementation team NARO Reform</b>	WB, Denmark, DFID, EU	MAAIF, NARO, PMA Secretariat		Weekly (but practically fortnightly)	PS MAAIF	Steering committee for the NARS reform process

<b>Group</b>	<b>Donors</b>	<b>Government of Uganda</b>	<b>Non State Actors</b>	<b>Meetings Frequency</b>	<b>Chair</b>	<b>Comments</b>
<b>Agricultural Sector Working Group</b>	WB, Denmark, DCI, DFID, EU	MAAIF, PMA Secretariat, NAADS secretariat	Yes	During budget process: weekly	PS MAAIF	Annual development of the budget framework paper for the agricultural sector
<b>Environment Sector working group</b>	Belgium, USAID, EU, IUCN, UNDP, World Bank, AfDB, The Netherlands, Norway	MWLE		Ad hoc	Belgium	Evaluate and approve all projects and programmes in the Environment Sector. Discuss budget framework for the sector.
<b>Environment and Natural Resources donor group (ENR)</b>	Belgium, USAID, EU, IUCN, UNDP, World Bank, AfDB, The Netherlands, Norway	MWLE		Monthly	Belgium	Coordinate and monitor support in the environment and natural resources sector
<b>Forestry Donors</b>	Norway, UK, UNDP, AfDB, EU	MWLE	No	Ad hoc	EC	Sub-group to ENR. Monitor donor support in the Forestry Sector.
<b>NFA Donor</b>	Norway, UK, EU	MWLE	No	2 per year and ad hoc	EC	Evaluate and monitor the activities of NFA via joint reviews.
<b>Energy Donor Group</b>	Norway, Germany, Sweden, WB, Denmark, EC	Ministry of Energy and Mineral Development	No	1 per 2 month	Norway	Monitoring of programmes in the Energy sector
<b>Infrastructure</b>						
<b>Road Sector</b>	WB, Denmark, EC, Japan, ADB	Ministry of Energy and Mineral Development	No	1 per 2 month	DANIDA	
<b>Water Sector working</b>	EC, WB, EU Member States, UN Agencies, Japan,	No	No	Monthly	Germany	

## Annex V Summary financial situation

### Summary table 9<sup>th</sup> EDF

Amounts in million €

	Allocation	Decisions	Contracts	Payments
A envelope	246 000 000	25 454 774	2 183 124	914 606
B envelope	56 500 000 <sup>11</sup>	12 620 000	12 385 000	3 016 033
TOTAL	302 500 000	38 074 774	14 568 124	3 930 639

A envelope: programmable resources

B envelope: for unforeseen needs

### Summary table 8<sup>th</sup> EDF

	Allocation	Decisions	Contracts	Payments
NIP	210 000 000	0	88 404 947	58 037 414
Structural adjustment	94 800 000	0	1 194 796	3 601 337
Outside NIP	107 913 579 <sup>12</sup>	2 768 403	34 724 282	8 568 410

NIP: National Indicative Programme (programmable resources)

### Summary table 7<sup>th</sup> EDF

	Allocation	Decisions	Contracts	Payments
NIP	170 246 248	0	2 455 540	2 002 440
Structural adjustment		0	0	115 413

### Summary table 6<sup>th</sup> EDF

	Allocation	Decisions	Contracts	Payments
NIP	135 198 871	0	3 733 000	866 176

<sup>11</sup> Reduced as an outcome of the Mid Term Review, from the initial indicative allocation of € 117 million

<sup>12</sup> Total amount of the decisions taken. There is no 'indicative' amount.

Annex V bis Ongoing NIP, Budget Line and Stabex funded activities

## NIP / RIP (ACTIVE)

	Status*	Project code	Project description	EDF	Amount decision	Amount contracted
<b>6th EDF</b>						
1	1	FED/6-ACP UG-022	MID WESTERN TOWNS WATER SUPPLY	6	5,870,512	3,733,000
<b>7th EDF</b>						
2	1	FED/7-ACP RPR-773	STRENGTHENING OF NOTHERN CORRIDOR ROAD	7	5,600,000	5,600,000
3	1	FED/7-ACP UG-063	FARMING TSETSE CONTROL AREAS EAST (+RPR578+ET86+KE87+UG63).	7	1,600,000	1,539,769
4	1	FED/7-ACP UG-089	MID WESTERN TOWNS WATER SUPPLY +8 UG 23	7	8,282,111	7,269,787
5	1	FED/7-ACP UG-090	MID WESTERN TOWNS WATER SUPPLY	7	3,347,377	0
<b>8th EDF</b>						
6	1	FED/8-ACP ROR-014	SUPPORT AGRICULTURAL RESEARCH IN EAST AFRICA	8	29,335,000	16,046,725
7	1	FED/8-ACP ROR-020	STRENGTHENING OF NOTHERN CORRIDOR ROAD	8	8,000,000	8,000,000
8	1	FED/8-ACP ROR-028	KAMPALA NORTHERN BY PASS	8	6,500,000	1,629,000
9	1	FED/8-ACP ROR-029	IMPLEMENTATION OF A FISHERIES MANAGMENT PLAN FOR LAKE VICTORIA	8	29,900,000	11,266,525
10	1	FED/8-ACP TPS-103	SUPPORT TO HUMAN RIGHTS, DEMOCRATIC PRINCIPLE, RULE OF LAW & GOOD GOVERNANCE	8	1,000,000	1,014,900
11	1	FED/8-ACP UG-005	IMPROVING SEXUAL AND REPRODUCTIVE HEALTH IN UGANDA	8	8,000,000	6,771,311
12	1	FED/8-ACP UG-011	UGANDA NATIONAL BLOOD TRANSFUSION SERVICE PHASE III	8	2,569,000	2,410,081
13	1	FED/8-ACP UG-013	8TH EDF MICROPROJECTS PROGRAMME	8	15,000,000	14,300,000
14	1	FED/8-ACP UG-014	SUPPORT TO NAO'S OFFICE	8	1,500,000	1,500,000
15	1	FED/8-ACP UG-023	POVERTY ALLEVIATION BUDGETARY SUPPORT (PABS 4)	8	19,300,000	19,284,796
16	1	FED/8-ACP UG-029	SUPPORT TO HUMAN RIGHTS, DEMOCRATIC PRINCIPLE, RULE OF LAW & GOOD GOVERNANCE	8	4,000,000	3,985,532
17	1	FED/8-ACP UG-030	FOREST RESOURCES MGMT & CONSERVATION PROGRAMME	8	12,000,000	9,054,669
18	1	FED/8-ACP UG-031	STRENGTHENING OF NOTHERN CORRIDOR ROAD	8	36,600,000	34,045,000
19	1	FED/8-ACP UG-032	ACHOLI PROGRAMME (DECENTRALISED COOPERATION PROGRAMME NORTH OF UGANDA)	8	4,000,000	3,929,679

20	1	FED/8-ACP UG-035	HUMAN RESOURCES FOR HEALTH	8	17,000,000	4,044,565
21	1	FED/8-ACP UG-037	UGANDA SUSTAINABLE TOURISM DEVELOPMENT PROGRAMME USTDP	8	5,000,000	3,170,799
22	1	FED/8-ACP UG-038	Apex private enterprise iii gl	8	40,000,000	40,000,000
23	1	FED/8-ACP UG-039	Echo/uga/254/2002/01000 - humanitarian aid for population GROUPS AFFECTED BY INSECURITY IN UGANDA	8	1,200,000	1,190,766
24	1	FED/8-ACP UG-040	KAMPALA NORTHERN BY PASS	8	41,000,000	40,163,000
25	1	FED/8-ACP UG-041	Echo/uga/254/2002/02000 - humanitarian aid for vulnerable POPULATION IN UGANDA	8	500,000	500,000
26	1	FED/8-ACP UG-043	SUPPORT TO FEASIBLE FINANCIAL INSTITUTIONS AND CAPACITY BUILDING EFFORTS (SUFFICE), PHASE II	8	0	0
27	1	FED/8-ACP UG-044	Apex private enterprises iv gl	8	30,000,000	0
28	1	FED/8-ACP UG-045	EIB MICROFINANCE SCHEME (22253)	8	2,000,000	2,000,000

### 9th EDF

29	1	FED/9-ACP UG-001	SUPPORT TO FEASIBLE FINANCIAL INSTITUTIONS AND CAPACITY BUILDING EFFORTS (SUFFICE), PHASE II	9	3,550,000	617,000
30	1	FED/9-ACP UG-002	EXTENSION ET AUGMENTATION DE PLAFOND DU PROJET 8 ACP UG 14, SELON NOTE 12250 DE MR NAQVI	9	225,000	225,000
31	1	FED/9-ACP UG-003	ECHO/UGA/EDF/2003/01000 - HUMANITARIAN AID FOR POPULATION GR OUPS AFFECTED BY CIVIL STRIFE IN UGANDA	9	2,000,000	2,000,000
32	1	FED/9-ACP UG-004	CIVIL SOCIETY CAPACITY BUILDING PROGRAMME	9	8,000,000	0
33	1	FED/9-ACP UG-005	SUPPORT TO THE COMMERCIAL JUSTICE REFORM PROGRAMME	9	1,950,000	0
34	1	FED/9-ACP UG-006	TECHNICAL COOPERATION FACILITY (TCF) 2004-2009	9	3,800,000	237,578
35	1	FED/9-ACP UG-008	STUDY ON ROAD MAINTENANCE AND CONSTRUCTION COST	9	199,000	190,708
36	1	FED/9-ACP UG-009	TECHNICAL ASSISTANCE TO THE ROAD AGENCY FORMATION UNIT	9	1,999,500	0
37	1	FED/9-ACP UG-010	RECONSTRUCTION OF PRIORITY SECTIONS IN THE KAMPALA-MBARARA ROAD (NORTHERN CORRIDOR-UGANDA)	9	0	0

**TOTAL 360,827,500 245,720,190**

## BUDGET LINE B7-6000 renamed ONG 21.02.03

NGO NAME	Project number	Title	Start.Activit.	Fin. Activit.	Area	Total amount	EU contrib.
Tearfund	ONG/PVD/2000/651/UK (011/543)	Water and sanitation programme (KDSWSP)	01/04/2001	31/03/2007	Diocese of Kigesi	2,439,348	499,950
Care Denmark	OND/PVD/2000/666/DK (011-550)	Food Security through Farmer Innovations Project	01/04/2001	30/05/2005	Rubayaub-D, Kabale District,	978,644	489,322
Broederlijk Delen	ONG/PVD/2000/664/BE (011-548)	Promotion of sustainable organic farming and community-based organisations	01/11/1999	01/11/2004	Bushenyi, Mbarara, Ntungamo (SW Uganda)	780,237	383,450
International Care & Relief	ONG/PVD/2000/671/UK (011-553)	Rakai District Environmental Protection Project	01/04/2001	31/09/2004	Rakai District	279,646	213,948
The Uweso UK Trust	ONG/PVD/2000/668/UK (0111-552)	Mygyera Vocational Training Centre	01/04/2001	05/01/2004	Kasongola	1,063,650	476,917
Actionaid	ONG/PVD/2001/302/UK (011-743)	Initiative for Economic Empowerment	01/01/2002	31/12/2004	D-Kamlala, Wakiso, Mpigi, Mubende	1,084,434	639,816
World University services	PVD/2001/329/CSR (011-751)	Literacy and continuing Education in Uganda	01/11/2000	30/09/2005	Adjumani, Arua, Bugiri, Iganga, Jinja, Kampala, Kamuli, Kitgum, Mayuge, Moy, Yumbe	1,729,954	767,298
AMREF	ONG/PVD/2001/495/AUA (011-804)	School Health Programme	02/01/2002	01/01/2005	Primary School Health Prog, Kisoro District	463,169	231,583
Concern Worldwide	ONG/PVD/2003/020-018	Katakwi Decentralisation Project	01/05/2002	susp 06/03	Kapelebyong & Obalanga sub-count. Katakwi District	1,194,474	580,000
Care Oesterreich	ONG/PVD/2003/020-053	Income Smoothing through Agricultural Marketing Interventions (ISAMI)	01/01/2003	31/12/2007	Kabale District	1,430,275	715,138
CAFOD	ONG/PVD/2001/4/UK (011-774)	Environment and Sustainable Agriculture Project	01/09/2001	30/08/2007	Kabarole & bundubugyi Districts. West UG	1,248,186	902,586
WATERAID	ONG/PVD/2003/020-009	Integrated Water and Sanitation District Support Programme	01/04/2003	31/03/2006	Mpigi, Wakiso & Katakwi	2,110,463	750,000
CRATerre	ONG/PVD/2001/575/FR (011-837)	Promotion des modèles architecturaux respectueux de l'environnement et accessible aux populations défavorisées	02/01/2002	01/01/2005	Bushenyi District	277,541	118,845
ISF	ONG/PVD/2001/119/FI (011-664)	Strengthening Community based Resource Mobilisation to Empower vulnerable women & their children	01/01/2002	31/12/2005	Kiboga, Mubende & Hoima (Mid-Western)	853,531	640,148
SOS LAYETTES	ONG/PVD/2000/512/BE(011-497)	Réintégration sociale des enfants des rues	01/04/2001	31/03/2006	Districts- Mpigi, Mukono, Bwaise dans loc. Bbira	617,919	308,960
ADD	ONG/PVD/2001/457/UK (011-795)	Programme of work with disabled people	01/01/2002	01/01/2005	North & central Uganda, Kabarole & Kabale Districts	2,078,938	963,000

AVSI	ONG/PVD/2003/064-913	Improve preventive and curative health for vulnerable population in Acholiland”	11/11/2004	11/10/2007	Pader and Kitgum Hospitals	1,128,015.40	840,545,40
<b>BUDGET LINE B7-6311 renamed 21.020702</b>							
ICR	SANTE/2003/070-372	Averting Maternal Death and Disability through provision of Emergency Obstetric Care Services to refugees, Internally Displaced persons (IDPs) and the surrounding host communities in Tanzania, Southern Sudan and the Democratic Republic of Congo	05/01/2004	01/04/2007	Regional project: Congo, Kenya, Sudan, Uganda	1,824,598	1,642,138
<b>BUDGET LINE B7-702 renamed 19.04.04</b>							
The Law Society of England & Wales	DDH/2001/050-575	Strengthen the capacity of the Legal Aid Project of the Uganda Law Society	16/07/2002	16/07/2005	15 districts in Uganda	758,161	647,305

## STABEX EUR (ACTIVE)

Status	Project code	Project description	SX_NUM	Amount decision	Amount contracted	Amount not contracted	Amount paid	Amount unpaid
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### Funding Source: Stabex 1990 Bank of Uganda Counterpart Funds

1		VARIOUS PROJECTS Stabex 1990 FMO Bank of Uganda		0	11,593,923.38	0.00	3,525,806.53	8,068,116.85
		<b>Sub Totals:</b>		<b>0</b>	<b>11,593,923</b>	<b>0</b>	<b>3,525,807</b>	<b>8,068,117</b>

### Funding Source: Stabex 1990 CPF(Bank of Baroda)

1	CASX90CPFB/02	Financial Management, Review and Audit of EDF Programmes in Uganda	CASX90C	444,478.03	275,311.56	169,166.47	30,882.24	244,429.31
1	SX90C/17/01	Business Uganda Development Scheme Enterprise Development Support	CASX90C	1,649,432.18	937,271.29	712,160.89	624,658.46	312,612.83
		<b>Sub Totals:</b>		<b>2,093,910</b>	<b>1,212,583</b>	<b>881,327</b>	<b>655,541</b>	<b>557,042</b>

### Funding Source: STABEX 90 (SCBU)

1	SX90C/02	Geomaps Africa Ltd	SX90C	53,337.36	48,892.58	4,444.78	45,565.66	3,326.92
1	SX90C/05	Microprojects/Suffice-Techn.Supp.Unit [TBC]	SX90C	533,373.63	472,142.32	61,231.31	6,488.78	465,653.55
1	SX90C/10	Support For Participatory Planning	SX90C	113,576.55	113,576.55	0	69,729.06	43,847.48
1	SX90C/16	Capacity Building to NAO'S Office - PE for 2005 and TA for Aid Liaison Department	SX90C	1,124,529.41	496,464.99	184,089.01	496,464.99	0
1	SX90C/21	Supp. to Implement the Strategic Plan For Expansion	SX90C	2,824,115.82	2,150,222.57	673,893.25	1,044,660.24	1,105,562.34
1	SX90C/22	Support to Mengo-kisenyi Community Development Project	SX90C	155,833.99	0	155,833.99	0	0
		<b>Sub Totals:</b>		<b>4,804,767</b>	<b>3,281,299</b>	<b>1,079,492</b>	<b>1,662,909</b>	<b>1,618,390</b>

**in EUR TOTAL 6,898,677 16,087,805 1,960,820 5,844,256 10,243,549**



	Status*	Project code	Project description	SX_NUM	Amount decision	Amount contracted	Amount not contracted	Amount paid	Amount unpaid
<b>Funding Source: STABEX 91 Interest(€)</b>									
1	1	SXi91/12	Appraisal of Support to Decentralisation	Sxi91	63,781	63,781	0	53,533	10,248
			<b>Sub Totals:</b>		<b>63,781</b>	<b>63,781</b>	<b>0</b>	<b>53,533</b>	<b>10,248</b>
<b>Funding Source: STABEX 92(€)</b>									
2	1	SX92/17	The project's purpose is to repair sections of the railway track in total around 60km. In addition, urgent repairs took place on Nile Bridge Steel structure and reconstruction of culverts in Naigobwe.	Sx92	10,000,000	8,951,354	1,048,646	7,409,683	1,541,671
			<b>Sub Totals:</b>		<b>10,000,000</b>	<b>8,951,354</b>	<b>1,048,646</b>	<b>7,409,683</b>	<b>1,541,671</b>
<b>Funding Source: STABEX 92 Interest(€)</b>									
3	1	SXi92/03	NAO ACOM development +equipment CA/2001/09 Aid Coordination Monitoring Information system	SXi92	400,000	309,142	90,858	279,111	30,031
4	1	SXi92/08	Trade/Management Expert to Support UPTOP - Technical Assistance to UPTOP, specifically to oversee the implementation of the trade research fund, trade technical advice centres and training.	SXi92	350,000	0	350,000	0	0
			<b>Sub Totals:</b>		<b>750,000</b>	<b>309,142</b>	<b>440,858</b>	<b>279,111</b>	<b>30,031</b>
<b>Funding Source: STABEX 93(€)</b>									
5	1	SX93/04	Upgrading Kagamba-Rukungiri Road	SX93	18,000,000	16,414,601	1,585,399	8,758,671	7,655,931
6	1	SX93/06	UGANDA PROG. FOR TRADE OPPORTUNITES - Capacity building support for both Government and private sector to enhance their effective participation in trade policy. Components include support to trade negotiations team, training, trade research fund, technical trade advice centres, public awareness and institutional support.	SX93	4,500,000	2,332,487	2,167,513	1,096,965	1,235,523
7	1	SX93/08	SUPP.NATIONAL AGRIC. RESEARCH ORGANISATION: Support to 4 NARO research programmes, and technical assistance e to the NARO reform process	SX93	5,310,419	5,869,767	-559,348	4,420,210	1,449,557
8	1	SX93/09	SUPP. PLAN OF MODERNISATION OF AGRIC: logistical support to the PMA and NAADS secretariats	SX93	1,450,000	1,450,000	0	908,642	541,358
9	1	SX93/10	SUPP. TO MTCS AND STRATEGIC EXPORTS PROG.	SX93	400,000	360,800	39,200	335,225	25,575

			<b>Sub Totals:</b>		<b>29,660,419</b>	<b>26,427,655</b>	<b>3,232,764</b>	<b>15,519,712</b>	<b>10,907,944</b>
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### Funding Source: STABEX 93 Interest(€)

10	1	SXi93/06	RECRUITMENT OF TAs (Interviews)	SXi93	180,000	99,049	80,951	97,662	1,387
11	1	SXi93/10	SUPP. AFRENA FOR AGRO FORESTRY -CA/2001/07Rider No.1 [TBC]	SXi93	391,924	369,622	22,302	289,636	79,986
12	1	SXi93/11	KARAMOJA PROGRAMME	SXi93	4,200,000	4,200,000	0	2,046,692	2,153,308
13	1	SXi93/15	SUPPORT TO NAADS Programme: logistical and technical support to the NAADS secretariat, financing of farmers advisory contracts in 5 districts	SXi93	1,974,022	1,449,343	524,679	1,005,245	444,098
14	1	SXi93/16	The project's purpose was to improve the quantity and quality of water in Gaba I water treatment installations. It has been completed and it runs its defects liability period.	SXi93	900,000	532,186	367,814	343,067	189,118
15	1	SXi93/19	Support to Uganda Wildlife Authority	SXi93	927,814	927,814	0	670,490	257,323
16	1	SXi93/21	FINANCIAL MANAGEMENT AUDIT REVIEWS [TBC]	SXi93	370,000	369,417	583	241,616	127,801
17	1	SXi93/22	Assisted Learning On-line - Pilot project for distance learning	SXi93	1,017,630	1,017,630	0	130,320	887,310
			<b>Sub Totals:</b>		<b>9,961,390</b>	<b>8,965,062</b>	<b>996,328</b>	<b>4,824,730</b>	<b>4,140,331</b>

### Funding Source: STABEX 95(€)

18	1	CA/SX95/01	Financial Management Review & Audit of EDF Progs [TBC]	SX95	430,000	369,487	60,513	351,023	18,464
			<b>Sub Totals:</b>		<b>430,000</b>	<b>369,487</b>	<b>60,513</b>	<b>351,023</b>	<b>18,464</b>

### Funding Source: STABEX 99(€)

19	1	SX99/01	Support to Strengthen the Capacity of the Private Sector Foundation Uganda to Contribute to the MTCS	SX99	871,080	730,284	140,796	370,437	359,847
20	1	SX99/02	Policy Adviser to MAAIF; technical support to MAAIF top management	SX99	560,000	519,885	40,115	190,318	329,567
21	1	SX99/03	District roads Regravelling Phase 1	SX99	11,440,000	8,154,000	3,286,000	2,683,913	5,470,087
22	1	SX99/04	Support to Feasible Financial Institutions and Capacity building Efforts (SUFFICE)	SX99	2,646,695	757,000	1,889,695	446,890	310,110
23	1	SX99/05	Support to NAADS; support to NAADS district interventions and farmers advisory contracts through basket funding	SX99	1,610,000	1,610,000	0	998,200	611,800
24	1	SX99/06	Investment Strategy Study - Feasibility study for support towards Uganda's investment policy and the strategic plan for Uganda Investment Authority	SX99	200,000	0	200,000	0	0
		SX99/07	Support to Kaveri Farmers Coffee Alliance: support to build farmers' capacity to produce premium coffee to be marketed through the Kaveri Plantation	SX99	1,768,700				
25	1	SX99/08	Support to the Veterinary Association	SX99	80,000	36,954	43,046	17,149	19,804
		SX99/09	Support to the Uganda Commodity Exchange and Warehouse Receipts System	SX99	2,270,994				

		SX99/10	2nd Phase of support to FITCA and PACE	SX99	3,500,000				
			<b>Sub Totals:</b>		<b>24,947,469</b>	<b>11,808,123</b>	<b>5,599,652</b>	<b>4,706,908</b>	<b>7,101,214</b>

**TOTAL 75,813,059 56,894,603 11,378,761 33,144,700 23,749,903**

**Annex VI Project sheets (separate files)**

## Annex VII Country Conflict Assessment

The Northern and North Eastern parts of Uganda remain the least economically developed in the country. The reasons are rooted in the history of Uganda since the colonial times. Nevertheless, different regions have experienced the conflicts differently:

- *West Nile.* The West Nile region, which has experienced a rebel insurgency against the GoU, is already moving towards a post-conflict situation with a peace agreement signed in 2003. The West Nile also hosts an important population of Sudanese and Congolese refugees whose development needs need to be addressed.
- *The Rwenzori Region.* In the Rwenzori region, near the border of the Republic of Congo, the Allied Democratic Forces (ADF) incursions have also caused disruption in the livelihoods of local populations in the late 1990s and the region is slowly recovering from the conflict. Demining remains a challenge in the Rwenzori region. Also, the GoU has reported alleged activities of an unknown rebel group the People's Redemption Army (PRA) with linkages to the Uganda opposition across the Congolese border.
- *Acholiland.* Acholiland has suffered from conflict since 1986 when the rebels took arms against the GoU. The Lord's Resistance Army (LRA), led by Joseph Kony, has been fighting the GoU, while attacking civilian populations, looting food and abducting children from its bases in Southern Sudan. The GoU has responded by relocating local populations into the "protected camps" where the army is supposed to protect them. Conflict and insecurity have disrupted traditional livelihoods and coping mechanisms and denied access to land by the IDPs, who have become dependent on the food aid provided by the World Food Programme (WFP). At the same time, the IDP camps have become targets for rebel attacks. Continued abductions have led to a phenomenon of "night commuters" with thousands of women and children seeking for refuge in towns and hospitals during the night. In 2001, the GoU started an offensive, named "Operation Iron Fist" which extended the military operations to Southern Sudan. In December 2004, the situation temporarily improved with declarations of ceasefire and mediation efforts by former minister of state Betty Bigombe.
- *Lango and Teso regions.* In 2003, there was a tremendous increase in the number of IDPs and insecurity as a result of geographical expansion of LRA incursions beyond the three districts in Acholiland to the Lango and Teso sub-regions. Teso region has traditionally suffered from the cattle raids from Karamoja. In 2004, the situation with regard to the LRA conflict improved and the return of some IDPs started in Teso region.
- *Karamoja.* The situation in the Karamoja region is different with inter-ethnic conflict based on access to grazing land and to a warrior culture within a pastoralist tradition. In Karamojong cattle rustling has led to displacement and disruption of livelihoods in neighbouring districts, in Teso and Acholi regions. The GoU has made several attempts of disarmament but they have all failed so far. The latest disarmament initiative, which started in November 2004, has raised concern because it does not seem to address the root causes of conflict, such as continued insecurity with cross-border attacks by the Kenyan pastoralist tribes, a lack of pastoralist development, environmental degradation, rapid population growth and several cultural factors related to a warrior tradition.

Key challenges in the conflict areas include:

- Although some promising signs of the peace process with successive ceasefires appeared since November 2004, mediated by Betty Bigombe, the process faced setbacks with chief LRA negotiator Sam Kolo's defection and intensification of LRA attacks. Betty Bigombe travelled back to the United States, but has returned to resume the mediation effort. Meanwhile, the humanitarian situation in Acholiland in the context of increased insecurity show little sign of improvement despite more access to the camps.
- The potential impact of the International Criminal Court (ICC) investigation on the peace process still remains a concern. The ICC has progressed in its investigations and has gathered enough evidence to soon be ready to prosecute.
- The international community is concerned over inadequate protection of civilians against the LRA attacks by the Uganda People's Defence Front (UPDF).
- There are reports about the UPDF role in human rights abuses and violence against civilians who are accused of "collaboration" with LRA rebels.
- The Karamoja disarmament process was launched by the president in November 2004. Meanwhile, the Office of the Prime Minister (OPM) is coordinating a process of designing an alternative framework for voluntary disarmament which links to special considerations on pastoral development. Although previous attempts of forceful disarmament have failed, the UPDF is becoming impatient to see alternative options in place before moving to forceful means of disarmament.
- The upcoming elections in 2006 are likely to increase incidents of political violence and intimidation as the ruling party NRM-O and the opposition are organising rallies and mobilising "youth brigades". The role of UPDF and local militia in the political process remains an issue of concern.

## **Annex VIII Migration profile**

The quality of data on migration flows in Uganda is limited. This is partly related to the fact that borders are porous and that the capacity for border control management is weak. Inter-institutional linkages which would allow to present a more comprehensive migration profile leaves much room for improvement. Currently, IOM is implementing a project for capacity building on migration management. This will hopefully allow for improvements in the procedures.

### **REFUGEES:**

According to UNHCR and OCHA in May 2005 233,084 refugees were reported to reside in Uganda. These figures do not include refugees supported in urban areas. Currently a steady influx of refugees is reported from southern Sudan (around 1000 a months) much related to LRA insurgency. In addition influx continues from DR Congo and Rwanda – however numbers there are modest.

### **IDPs:**

As of May 2005 WFP estimated figures of 1 806 391 IDPs in Kitgum, Pader, Lira, Katakwi, Soroti, Kabermaido, Apac, Gulu – all in Northern Uganda. Another 40 000 are estimated to reside in Adjumani district.

### **UGANDANS ABROAD:**

No official figures are available on Ugandans residing abroad but on the basis of the remittances sent to Uganda from abroad some estimates can be made. (Bank of Uganda estimated remittances at USD 346.5 million in 2004 – other sources quote USD 500 million – the latter amount is little short of the official grant disbursements in 2005.) Ugandans migrate to neighbouring countries in Africa, Europe, Middle East, United States, etc. Many end up in low paid jobs as domestic labour (info from Ministry of Gender, Labour and Social Development).

### **MIGRANTS TO UGANDA:**

The kind and amount of migrants from neighbouring countries to Uganda is difficult to assess, due to the problems mentioned earlier. In addition, many migrants seek temporary visa, and then choose to stay.

The Indian/Asian community is well established in Uganda, including many returning after Idi Amin, but no figures were obtained.

### **COMMUTING WORKERS:**

Again, no official figures are available, but evidence indicates that Uganda is part of important and widely used communication routes that people commute for economic and social activities, of which the most important is the so called *Northern Corridor* and involves the countries of Kenya, Uganda, Sudan, Democratic Republic of Congo (DRC), Rwanda, and Burundi. (Mombasa-Nairobi-Naivasha-Nakuru-Eldoret-Malaba- Jinja- Kampala.)

In Kampala the route divides into two main sub-routes:

- 1) Kampala to Sudan (Kampala-Arua-Kaya-Yei-Maridi-Rumbek), and
- 2) 2) Kampala to Rwanda (Kampala-masaka-Mbarara-Kabale-Kigali).

The main commuters along these road axes are long distance truck drivers and bus companies with their passengers, travelling both internally and externally in Uganda. The commuters have frequented the same communities for refuelling, food and rest, which has led to the gradual but steadily evolution of “truck stop” communities including also the more negative phenomenon of bars with poverty stricken women and girls offering sexual services to the drivers in exchange for money. A study performed by the International Transport Workers Federation (ITF) in Uganda 1999-2000 reports that the living and working conditions of mobile transport workers greatly influenced the spread of HIV/AIDS both among themselves and the communities with which they closely interact.

#### TRAFFICKED VICTIMS:

Limited data are available but research is initiated that should provide a more accurate picture in the near future.

Uganda is classified as Tier 2 country, i.e. insufficient efforts to address human trafficking. So far the main efforts from GoU has included the return, resettlement and reintegration support to former LRA combatants and former abducted children under the Amnesty Act 2000.

Data on the trafficking phenomenon in Uganda has focused on the exploitation of children and women in the Northern part of the country as a result of the conflict between the LRA and the GoU for the last 19 years, but indications points towards other patterns of trafficking and victim profiles, possibly making Uganda a country of origin, transit and destination

UNOCHA and IRIN 2003 reports indicate that the rebels have kidnapped more than 10,000 children between June 2002 and October 2003 up from 101 in 2001. This brought the total number abducted by the LRA since the start of the conflict to more than 20,000. The children are abducted for purposes of slave-like services and child soldiering. Besides being trained to military activities, girls are sexually enslaved as "wives" to LRA commanders, and subjected to rape, unwanted pregnancies, and the risk of sexually transmitted diseases, including HIV/AIDS.



## **Annex IX Country Environmental Profile – Uganda**

The information presented in the Environmental Profile is mainly from the Uganda State of the Environment report (2002).

### **Introduction**

As a landlocked country with high altitude, equatorial country in East Africa, with landscapes ranging from wetlands to arid savannahs, with soils that are depleted and ancient to others, new and fertile, Uganda's position qualifies it for a land of contrasts for both inhabitants and visitors. The peoples, too, are diverse and dynamic. There are nomadic pastoralists, settled agriculturalists and refugees from regions of conflicts. This situation poses challenges for development, the provision of services and to environment.

### **Key Issues**

#### **Land Degradation – Soil erosion**

As a result of the different ownership types, utilisation and management systems the ability of Uganda's land to support plant and animal life, preserve terrestrial biodiversity and regulate hydrological cycles and other ecosystem services have been affected to various degrees, especially under freehold land tenure. The various activities on land have resulted in reductions in productive capacities, thereby leading to land degradation.

Land degradation is simply the physical, chemical or biological impairment of the attributes of land (NEMA, 2001). Over eighty percent of Uganda's population lives in rural areas. The magnitude of land degradation varies from one part of the country to another depending on the farming system practiced, population pressure, vulnerability of the soils to erosion, and the general relief of the area. The key issues related to land degradation are the escalating soil erosion, decreasing soil fertility, agrochemical pollution, and increasing tendency towards desertification. Land degradation is worst in the densely populated highland areas and the Lake Victoria Crescent and in the ecologically fragile semi-arid parts of Uganda, home to the pastoralists. The underlying causes of land degradation are high population growth rates and inappropriate management of rangelands.

Soil erosion is estimated to be responsible for over 80 percent of the annual cost of environmental degradation. Although the problem of soil erosion in Uganda is widely recognised, the actual quantities of soil lost per annum and the off-site damage it causes are not well quantified. There is, therefore, an urgent need to promote soil and water conservation and other sound agricultural practices. Planting and cropping for erosion control can be effective if properly planned.

## **Deforestation**

Uganda's forest cover has been decreasing drastically during the past century. FAO estimated the forest cover to have been as much 10.8 million ha in 1890, or 52% of Uganda's surface area. This has now shrunk to 5 million ha, or 24% of the land surface area. In 2000, the rate of deforestation in Uganda was estimated to be 55,000 ha per year based on the change in the amount of bush land and woodlands from 1990 to 1995. These figures put annual deforestation rate between 0.9% and 3.15%. According to the Forestry Department (FD 2002a), the net biomass decline for the Tropical High Forests (THFs), degraded THFs and woodland in 38 tonnes/h/year (17%), 10 tonnes/ha/year (11%) and 3 tonnes/ha/year (9%) tonnes/ha/year, respectively. The total annual biomass loss is close to 14 million tonnes. It is also estimated that land use change or deforestation would be equivalent to about 200,000 ha annual (FD, 2002a).

Uganda's forested land is being converted into agricultural land and other land uses. Increase in demand for forest products for both domestic and commercial purposes are also a cause of deforestation. There is increasing demand for timber for construction and furniture industry. Government policy has also been partly responsible for deforestation, for example, degazetting forest land for industrial development.

## **Climate**

Uganda is a signatory to the UN Convention on Climate Change and the Kyoto Protocol. Uganda is a net sink for greenhouse gases and contributes to carbon sequestration through 'Activity Implemented Jointly' initiatives – specifically through planting trees to absorb other countries' emissions.

## **Biodiversity**

Due to its unique biogeographical location, Uganda harbours seven of African's 18 plant kingdoms. It harbours more than half of all African bird species, and is second only to the Democratic Republic of Congo in terms of numbers of mammals species. Terrestrial life is scattered all over the country with very high concentrations in well-established forest reserves, national parks, wildlife reserves and community wildlife areas. Uganda's biodiversity is also rich in fauna and flora. Biodiversity's contribution to the national economy is estimated at about US\$ 1,000 million per year and probably greater if accurately valued.

## **Introduction of Alien Species**

There are 180 tree and 55 other plant species, which have been introduced to Uganda over the last few decades, many of which are fruit or ornamental trees. These plants have taken over the habitat of other indigenous shrubs in many parts of the country.

The introduction of coniferous and other exotic tree species for industrial and fuel wood has helped to reduce the pressure on natural forests for timber, firewood and building poles. However, their growth in monoculture plantations destroyed the biodiversity of these areas.

On the one hand, the introduction of the predatory Nile Perch (*Lates niloticus*) in Uganda's lakes in the 1950s and 1960s has resulted in the disappearance of some 200-250 haplochromine species by 1999. On the other hand, the introduction of the Nile Perch has contributed to a larger biomass available for harvest and also a shift in the tastes and preferences of Ugandans in favour of the species and the total annual fish catch has been on the increase at the expense of the cichlid species.

### **Policy responses**

Uganda has had a number of policy responses to address environmental issues. Many new policies, strategies and action plans, laws and regulations have been introduced. Uganda is also party to several multilateral and regional environmental agreements. The country has a very progressive Constitution that provides for the right of every citizen to a clean and healthy environment. There is in place a comprehensive national environment management policy that promotes the use of economic instruments, public participation, and environmental information and education. The national dream (*Vision 2025*), the comprehensive development framework (the Poverty Eradication Action Plan) and the agriculture-based modernization strategy (Plan for Modernization of Agriculture) explicitly include treatment of environmental concerns.

The catalogue of documents relating to environmental management clearly shows that problems have been extensively addressed "on paper". However, these merely remain intentions unless implemented. Even when implemented, one needs to be further assured of their positive effects on the environment and if these are sufficient.

The *National Environment Management Policy (NEMP)*, endorsed by Government in 1994, was the first of its kind in Uganda. The overall goal of the Policy is: *sustainable social and economic development which maintains or enhances environment quality and resource productivity on a long-term basis that meets the needs of the present general without compromising the ability of future generations to meet their own needs*. The *National Environment Management Policy (NEMP)* enabled the formulation of an equally comprehensive law in 1995 of the *National Environment Statute, 1995* and lists the functions of the National Environment Management Authority (NEMA). The policy sets out the objectives and key principles of environmental management and provides a broad framework for harmonization of sectoral and cross-sectoral policy objectives. It was on the basis of the policy that a comprehensive environmental legal and institutional framework was designed. The policy created new capacity building needs in environmental planning, information generation and dissemination, and the use of environmental tools in managing the environment. The policy also set the agenda for decentralized environmental governance in Uganda.

Several sectoral policies have also been developed after or in line with the comprehensive national environment management policy (**Table 1**).

Table 1 Key Environmental and Other Sectoral Policies

<b>Policy</b>	<b>Goal (s)</b>
The National Environment Management Policy, 1995	Sustainable social and economic development which maintains or enhances environment quality and resource productivity on a long-term basis, that meets the needs of the present general without compromising the ability of future generations to meet their own needs
National Policy for the Conservation and Management of Wetlands Resources 1995	<ul style="list-style-type: none"> <li>• to establish the principles by which wetlands resources can be optimally used now and in the future</li> <li>• To end practices which reduce wetlands productivity</li> <li>• To maintain the biological diversity of natural or semi-natural wetlands</li> <li>• to maintain wetlands functions and values</li> <li>• to integrate wetlands concerns into the planning and decision making of other services</li> </ul>
Water Policy 1995	To sustainably manage and develop the water resources in a coordinated and integrated manner so as to secure/provide water of an acceptable quality for all social and economic needs
The Draft National Soils Policy for Uganda 2000	<ul style="list-style-type: none"> <li>• to streamline soil management methods (framework)</li> <li>• to improve and maintain soil quality and productivity on a sustainable basis</li> </ul>
Wildlife Policy 1995	To conserve in perpetuity the resource within the national parks and other wildlife areas and to enable the people of Uganda and the global community to derive ecological, economic, aesthetic, scientific and educational benefits from wildlife, to generate revenue to support these conservation efforts and hereby contribute to the national economy
The Uganda Forestry Policy 2001	An integrated forest sector that achieves sustainable increases in the economic, social and environmental benefits from forests and trees by all the people of Uganda, especially the poor and vulnerable.

The Mineral Policy 2001	<ul style="list-style-type: none"> <li>• to stimulate mineral sector development by promoting private sector participation</li> <li>• to ensure that the mineral wealth supports national economic and social development</li> <li>• to minimise and mitigate and adverse social and environmental impacts of mineral exploitation to remove restrictive practices on women participation in the mineral sector and protect children against mining hazards</li> <li>• to develop and strengthen local capacity for mineral development</li> <li>• to add value to mineral ores and increase trade in minerals</li> </ul>
The National Fisheries Policy (draft)	To ensure increased and sustainable fish production and utilisation by properly managing capture fisheries, promoting aquaculture and reducing post-harvest losses.

## **Institutional Reforms**

The National Environment Management Policy advocated for a new institutional structure: the National Environment Management Authority (NEMA). The structure was provided for in the *National Environment Statute 1995*. NEMA is the principal agency in Uganda for the management of the environment with the express mandate to coordinate, monitor and supervise all activities in the field of the environment. An Inter-Ministerial Policy Committee (IPC), composed of 11 cabinet ministers, is the supreme organ of NEMA. It is chaired by the Prime Minister. The IPC provides policy guidelines, formulates and coordinates environmental issues in the country for NEMA, and liaises with the Cabinet on issues affecting the environment generally.

## **Decentralized Environment Management**

Uganda's decentralization policy provided for in the Local Governments Act 1997, involves devolution of powers from the Central Government to the districts and other lower councils. The district council is the highest level at the district to ensure the integration of environmental issues in the development planning process. The district council has direct communication linkages with the District Support Coordination Unit located within the office of the Executive Director of NEMA. In the first place, NEMA provides guidelines for the establishment of district environment committees in consultation with the district councils. The district environment committees are expected to ensure that environmental concerns are integrated in the district plans and projects, formulate bye-laws, promote dissemination of environmental information, and prepare the district state of environment reports annually

### **Multilateral and Regional Environmental Agreements**

Uganda is an active member of the global community of nations, having entered into several regional and international environmental conventions and agreements.

The Pre-Stockholm Conventions that Uganda entered into are:

- Convention on the Continental Shelf (1958).
- Convention on Fishing and Conservation of the Living Resources on the High Seas (1958).
- Convention on the High Seas (1958).
- Treaty Banning Nuclear Weapons Tests in the Atmosphere, in Outer Space and Under Water (1963).
- Treaty of Principle Governing the Activities of States in the Exploration and Use of Outer Space including the Moon and Other Celestial Bodies (1967).
- African Convention on the Conservation of Nature and Natural Resources (1968).
- Convention on Wetlands of International Importance especially as Waterfowl Habitat – Ramsar Convention (1971).

International conventions that came into force after the Stockholm Conference which Uganda is a member to and that are considered to be of significant importance to Uganda are shown below.

**Table 11.3 International Environmental Conventions of Importance to Uganda**

Convention	Objectives
African Convention on the Conservation of Nature and Natural Resources (1968)	To encourage individual and joint action for the conservation, utilization and development of soil, water, flora and fauna for the present and future welfare of mankind, from an economic, nutritional, scientific, educational, cultural and aesthetic point of view.
Convention on Wetlands of International Importance especially as Water fowl Habitat-Ramsar Convention (1971)	To stem the progressive encroachment on and loss of wetlands now and in the future, recognizing the fundamental ecological functions of wetlands and their economic, cultural, scientific and recreational values.
Convention Concerning the Protection of the World Cultural and Natural Heritage (1972)	To establish an effective system of collective protection of the cultural and natural heritage of outstanding universal value, organized on a permanent basis and in accordance with modern scientific methods.
Convention on the International Trade in Endangered Species of Wild Fauna and Flora-CITES (1973)	To protect certain endangered species from over exploitation by means of a system of import/export permits.
Convention on the Conservation of Migratory Species of Wild Animals (1979)	To protect those species of wild animals that migrate across or outside national boundaries.
Vienna Convention for the Protection of the Ozone Layer (1985)	To protect human health and the environment against adverse effects resulting from modifications of the ozone layer.
Montreal Protocol on Substances that Deplete the Ozone Layer (1987).	To protect the ozone layer by taking precautionary measures to control global emissions of substances that deplete it.
Convention Concerning Safety in the Use of Asbestos (1986).	To prevent and control the exposure of workers to asbestos and to protect them against health hazards due to occupational exposure to asbestos.
Basel Convention on the Transboundary Movements of Hazardous Wastes and their Disposal	To set up obligations for the state parties with a view to: <ul style="list-style-type: none"> <li>• reducing transboundary movements of wastes subject to Basel Convention to a minimum consistent with the environmentally sound and different effects of such wastes.</li> <li>• minimizing the amount and toxicity of hazardous wastes generated and ensuring their environmentally sound management (including disposal and recovery operations) as close as possible to the source of generation.</li> <li>• assisting developing countries in environmentally sound management of the hazardous wastes</li> </ul>

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Convention on Biological Diversity-CBD (1992)	To conserve biodiversity, promote the sustainable use of its components and encourage equitable sharing of the benefits arising out of the utilization of genetic resources. Such equitable sharing includes appropriate access to genetic resources, as well as appropriate transfer of technology, taking into account existing rights over such resources and such technology.
United Nations Framework Convention on Climate Change- UNFCCC (1992)	To regulate levels of greenhouse gases concentration in the atmosphere, so as to avoid the occurrence of climate change on a level that would impede sustainable economic development, or compromise initiatives in food production.
United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa-CCCD (1994)	To combat desertification and mitigate the effects of drought in countries experiencing serious drought and/or desertification, particularly in Africa, through effective action at all levels, supported by international cooperation and partnership arrangements, in the framework of an integrated approach which is consistent with <i>Agenda 21</i> , with a view to contributing to the achievement of sustainable development in affected areas.

## Annex X Key indicators and data

### *Economic Performance*

#### Selected Economic and Financial Indicators, 2002/03-2005/06

	2002/03	2003/04	2004/05	2005/06
		Est.	Proj.	Proj.
Percent of GDP unless indicated otherwise				
<b>GDP</b> (at constant prices ; annual percentage change)	4.7	5.9	5.4	6.2
<b>Terms of trade</b> (at constant prices ; annual percentage change; deterioration -)	5.3	6.9	-4.8	1.7
<b>Interest rate</b> (in percent) 3/ 4/	9.6	14.1	...	...
<b>Current account balance</b> (percent of GDP at market prices)				
- including official grants	-6.2	-1.9	-4.1	-5.4
- excluding official grants	-13.4	-11.8	-12.2	-11.2
<b>Government budget</b>				
Revenue 5/	12.1	12.6	12.8	12.9
Grants	7	9.6	8	5.8
Total expenditure and net lending	23.4	23.9	22.8	21.4
<b>Government balance (excluding grants)</b>	-11.3	-11.3	-10	-8.5
<b>Government balance (including grants)</b>	-4.3	-1.7	-2	-2.7
<b>Net donor inflows</b>	10.8	11.5	9.6	8.7
<b>Net present value of external debt-to-export</b> (in percent)				
5/	262.5	242.5	224.5	216.6
<b>Foreign exchange reserves</b> (in months of imports of goods and non-factor services)	6.2	6.5	6.2	6.2

Sources: Ugandan authorities; and IMF staff estimates and projections, 2005

3/ The 2003/04 figure is provisional.

4/ Weighted annual average rate on 91-day treasury bills.

5/Ratios for 2002/03 and thereafter are based on CIRRs and exchange rates at end-June 2003.

### **Budget policy**



## Long-term expenditure framework, 2002-2014

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Average UGSh/\$ Exchange Rate	1883	2024	2115	2202	2279	2359	2453	2561	2676	2799	2925
Nominal ER Depreciation		7.5%	4.5%	4.1%	3.5%	3.5%	4.0%	4.4%	4.5%	4.6%	4.5%
Real ER Depreciation		3.2%	2.6%	2.4%	0.7%	0.9%	1.5%	1.9%	2.0%	2.1%	2.0%
Nominal GDP at market prices: UGSh bns	11813	13133	14406	15747	17307	18894	20751	22790	24994	27468	30173
Nominal MP GDP growth		11.2%	9.7%	9.3%	9.9%	9.2%	9.8%	9.8%	9.7%	9.9%	9.9%
Real MP GDP growth	5.0%	5.0%	5.7%	5.4%	6.0%	5.4%	6.2%	6.3%	6.3%	6.5%	6.5%
Annual Headline Inflation	5.7%	5.9%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Fiscal Deficit/GDP	-11.2%	-10.5%	-9.8%	-8.8%	-8.3%	-7.7%	-7.1%	-6.5%	-6.5%	-6.5%	-6.5%
Revenue/GDP	12.1%	12.8%	12.9%	13.0%	13.2%	13.7%	14.1%	14.6%	14.9%	15.3%	15.8%
Govt Expenditure/GDP	23.5%	23.5%	22.9%	22.1%	21.7%	21.6%	21.4%	21.3%	21.6%	22.0%	22.4%
Aid/GDP	12.2%	12.8%	9.9%	9.2%	9.2%	8.9%	8.4%	7.8%	7.8%	8.0%	8.3%
Investment/GDP	21.1%	22.5%	22.6%	23.1%	23.7%	24.6%	25.0%	25.6%	25.4%	25.6%	25.9%
FDI/GDP	2.5%	2.5%	3.2%	3.4%	3.7%	4.0%	4.3%	4.5%	4.5%	4.5%	4.5%
Exports/GDP	12.6%	13.5%	14.1%	14.6%	14.9%	15.3%	15.6%	15.8%	15.9%	16.0%	16.1%
Imports/GDP	26.8%	28.1%	28.2%	28.4%	28.8%	29.2%	29.6%	29.7%	29.5%	29.6%	29.9%
Trade Balance/GDP	-14.2%	-14.6%	-14.1%	-13.8%	-13.9%	-13.9%	-14.0%	-13.9%	-13.6%	-13.6%	-13.8%
Population growth	3.4%	3.5%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.5%	3.5%
Growth in real consumption per capita		1.7%	1.7%	1.4%	1.9%	1.8%	1.7%	1.7%	1.8%	1.9%	1.8%

Source: Ministry of Finance, Planning and Economic Development

## LTEF Sector Shares, 2003/04 and 2013/14

Sector	2003/04	2013/14
Security	10.3%	10.1%
Roads and Works	10.5%	14.2%
Agriculture	3.1%	4.1%
Education	18.6%	21.1%
Health	11.4%	15.0%

Water	3.4%	3.5%
Justice Law and Order	5.0%	5.5%
Accountability	4.5%	3.1%
Economic Functions and Social Services	9.1%	7.2%
Public Administration	11.7%	8.9%
Interest payments	7.6%	3.7%

**Note:** sector shares do not sum to 100% because of unallocated budget resources.

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

### Medium Term Budget Framework – Sectoral allocations (UGSh billions)

	2002/03	2003/04	2004/05	2005/06	2006/07
Sector	Outturn	Approved budget	Budget	Proj	Proj
Security	296.92	331.1	390.4	374.2	385.4
Roads and works	154.98	325.7	386.8	405.9	427.6
Agriculture	49.14	99.1	109.7	122.8	138.2
Education	491.76	592.6	599.9	613.7	651.2
Health	189.89	360.7	331.1	341.2	366.1
Water	55.17	93.7	111.1	90.1	99.1
Law and order	145.69	161.9	151.3	157.2	167.6
Accountability	26.09	170.3	133.3	110.8	115.5
Economic functions & social services	151.94	251.3	278.6	304.2	324.0
Public administration	367.15	371.5	390.7	404.9	409.8
Interest payments	180.78	227.8	265.2	302.8	327.1
<b>Total</b>	<b>2109.5</b>	<b>2985.5</b>	<b>3148.1</b>	<b>3227.8</b>	<b>3411.6</b>
<i>Memorandum items:</i>					
Education (% of total expenditure)	25%	21%	21%	21%	21%
Health (% of total expenditure)	10%	13%	11%	12%	12%

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

**Budget and Releases by Sector, FY 2001-02/2003-04 (UGSh billions)**

Sector	2001-2			2002-3			2003-4		
	Budget	Release	Perf.	Budget	Release	Perf.	Budget	Release H1	Perf.
Security	229.2	237.9	103.8%	261.7	296.9	113.5%	331.1	165.6	102.8%
Roads and Works	170.2	156.7	92.0%	150.5	155.0	103.0%	168.9	74.3	88.0%
Agriculture	49.1	42.4	86.4%	46.8	49.1	105.0%	48.6	22.8	94.0%
Education	458.3	445.8	99.5%	505.2	491.8	97.3%	529.9	245.4	92.5%
Health	170.1	162.9	95.8%	196.	189.9	96.9%	218.8	95.9	86.3%
Water	54.0	49.0	90.8%	48.7	55.2	113.2%	61.9	26.6	84.9%
Law and Order	128.5	127.3	99.0%	142.2	145.7	102.5%	160.7	83.8	104.1%
Accountability	22.8	21.5	94.4%	26.6	26.1	97.9%	79.7	35.8	87.6%
EF and SS *	139.9	122.4	87.5%	149.9	151.9	101.4%	129.2	35.7	82.6%
Public Administration	325.3	365.8	112.4%	361.0	367.2	101.7%	355.0	195.4	123.1%
<b>Total (excl. interest)</b>	<b>1763.6</b>	<b>1741.6</b>	<b>98.8%</b>	<b>1893.0</b>	<b>1928.7</b>	<b>101.9%</b>	<b>2083.9</b>	<b>981.3</b>	<b>98.3%</b>
Interest Payments	155.1	153.4	98.9%	144.6	180.8	125.0%	227.8	112.3	98.6%
<b>Total (incl. interest)</b>	<b>1918.7</b>	<b>1895.0</b>	<b>98.8%</b>	<b>2037.6</b>	<b>2109.5</b>	<b>103.5%</b>	<b>2311.7</b>	<b>1093.6</b>	<b>98.3%</b>

*Sources: Ministry of Finance, Planning and Economic Development*

## Socio-economic performance

Source MoES, MoH, MoFPED, UN, UNICEF, WB

### Social developments indicators

Type	Indicator	1999/2000	2000/2001	2001/2002	2002/2003	2003/2004 (forecasts)	2004/2005 (forecasts)
<b>Impact</b>	1. Proportion of population below \$1 per day		34%		38%		
	2. Prevalence of moderately or severely underweight children (under five years of age)		23%				
	Maternal mortality		505				354
	3. Under-five mortality rate	152	127				103
<b>Outcome</b>	4. Net enrolment ratio in primary education	70%	71%	83%	86%	98%	100%
	5. Primary completion rate				22%		
	6. Ratio of girls to boys in:						
	-primary education			0.96			
	-secondary education	0.64	0.75	0.79	0.82		
	-tertiary education	0.51	0.52				
	7. Proportion of births attended by skilled health personnel	25.0%	23.0%	19.0%	20.3%	35.0%	
	8. Proportion of 1 year old children immunised against measles	53%	62%	67%	84%	> 80%	> 80%
	9. HIV prevalence among 15-24 year old pregnant women		6.5%	6.1%	6.2%	5.5%	
	10. Proportion of population with sustainable access to an improved water source.		53.0%	55% (rural) 62% (urban)	58%(rural) 63% (urban)	61%(rural) 66% (urban)	65% (rural) 70% (urban)

## Millennium Development Goals

	1990	1994	1997	2000	2003
<b>Goal 1: Eradicate extreme poverty and hunger</b>					
Percentage share of income or consumption held by poorest 20%	..	..	..	5.9	..
Population below \$1 a day (%)	87.7	..	86.1	84.9	..
Population below minimum level of dietary energy consumption (%)	..	..	26.0	..	19.0
Poverty gap ratio at \$1 a day (incidence x depth of poverty)	52.7	..	44.8	45.6	..
Poverty headcount, national (% of population)	..	55.0	44.0	..	..
Prevalence of underweight in children (under five years of age)	23.0	25.5	..	23.0	..
<b>Goal 2: Achieve universal primary education</b>					
Net primary enrolment ratio (% of relevant age group)	52.7	..	..	..	..
Primary completion rate, total (% of relevant age group)	..	..	..	58.0	63.0
Proportion of pupils starting grade 1 who reach grade 5	..	..	..	63.6	..
Youth literacy rate (% ages 15-24)	70.1	73.8	76.3	78.7	80.2
<b>Goal 3: Promote gender equality and empower women</b>					
Proportion of seats held by women in national parliament (%)	12.0	..	18.0	18.0	25.0
Ratio of girls to boys in primary and secondary education (%)	77.2	..	89.0	94.4	96.3
Ratio of young literate females to males (% ages 15-24)	75.8	79.5	82.0	84.4	85.7
Share of women employed in the non-agricultural sector (%)	43.2	..	..	..	..
<b>Goal 4: Reduce child mortality</b>					
Immunization, measles (% of children ages 12-23 months)	52.0	59.0	54.0	61.0	82.0
Infant mortality rate (per 1,000 live births)	93.0	92.0	..	85.0	81.0
Under 5 mortality rate (per 1,000)	160.0	156.0	..	145.0	140.0
<b>Goal 5: Improve maternal health</b>					
Births attended by skilled health staff (% of total)	38.3	37.8	..	39.0	..
Maternal mortality ratio (modelled estimate, per 100,000 live births)	..	..	..	880.0	..
<b>Goal 6: Combat HIV/AIDS, malaria, and other diseases</b>					
Contraceptive prevalence rate (% of women ages 15-49)	..	14.8	..	22.8	..
Incidence of tuberculosis (per 100,000 people)	159.2	302.9	318.4	339.2	411.2
Number of children orphaned by HIV/AIDS	..	..	..	910000.0	940000.0
Prevalence of HIV, total (% of population aged 15-49)	..	..	..	5.1	4.1
Tuberculosis cases detected under DOTS (%)	..	..	58.0	49.8	44.0
<b>Goal 7: Ensure environmental sustainability</b>					
Access to an improved water source (% of population)	44.0	..	..	..	56.0
Access to improved sanitation (% of population)	43.0	..	..	..	41.0
Access to secure tenure (% of population)	..	..	..	..	..
CO2 emissions (metric tons per capita)	0.0	0.0	0.1	0.1	..
Forest area (% of total land area)	25.9	..	..	21.3	..
GDP per unit of energy use (2000 PPP \$ per kg oil equivalent)	..	..	..	..	..
Nationally protected areas (% of total land area)	..	..	..	..	24.6
<b>Goal 8: Develop a global partnership for development</b>					
Aid per capita (current US\$)	38.5	38.0	38.1	35.2	38.0

Debt service (% of exports)	..	..	..	..	..
Fixed line and mobile phone subscribers (per 1,000 people)	1.7	1.6	2.9	10.9	32.7
Internet users (per 1,000 people)	..	0.0	0.1	1.7	4.9
Personal computers (per 1,000 people)	..	0.5	1.5	2.6	4.0
Unemployment, youth female (% of female labour force ages 15-24)	..	..	..	..	..
Unemployment, youth male (% of male labour force ages 15-24)	..	..	..	..	..
Unemployment, youth total (% of total labour force ages 15-24)	..	..	..	..	..
<b>Other</b>					
Fertility rate, total (births per woman)	7.0	..	6.6	..	6.0
GNI per capita, Atlas method (current US\$)	320.0	180.0	300.0	270.0	250.0
GNI, Atlas method (current US\$) (billions)	5.6	3.6	6.5	6.3	6.2
Gross capital formation (% of GDP)	12.7	14.7	16.8	19.8	20.7
Life expectancy at birth, total (years)	46.8	..	42.5	42.1	43.2
Literacy rate, adult total (% of people ages 15 and above)	56.1	60.7	63.9	67.0	68.9
Population, total (millions)	17.4	19.8	21.4	23.3	25.3
Trade (% of GDP)	26.6	27.8	34.2	34.4	38.7

Source: *World Development Indicators database, April 2005*

### Selected health indicators (discrepant from above MDG report figures)

#### Goal 4: Reduce child mortality

Immunization, measles (% of children ages 12-23 months)	52.0	59.0	54.0	44.0	71.0
Infant mortality rate (per 1,000 live births)	122.0	81.0	..	88.0	....
Under 5 mortality rate (per 1,000)	180.0	147.0	..	152.0	...

#### Goal 5: Improve maternal health

Births attended by skilled health staff (% of total)	38.3	37.8	..	25.2	24.4
Maternal mortality ratio (modelled estimate, per 100,000 live births)	527.0	506.0	..	505.0	..

#### Goal 6: Combat HIV/AIDS, malaria, and other diseases

Contraceptive prevalence rate (% of women ages 15-49)	..	14.8	..	15%	23%
Incidence of tuberculosis (per 100,000 people)	159.2	302.9	318.4	339.2	411.2
Number of children orphaned by HIV/AIDS	..	..	..	910000.0	940000.0
Prevalence of HIV, total (% of population aged 15-49)	..	..	..	6.8	6.2
Tuberculosis cases detected under DOTS (%)	..	..	58.0	49.8	49.0

Source:

Annual Health Sector Performance Report, FY 2003/2004

Health Sector Strategic Plan II Final Draft, March 2005

## Various Development indicators

	1999	2002	2003
<b>People</b>			
Population, total	22.6 million	24.6 million	25.3 million
Population growth (annual %)	2.8	2.8	2.7
National poverty rate (% of population)	..	..	..
Life expectancy (years)	42.1	43.1	43.2
Fertility rate (births per woman)	..	6.0	6.0
Infant mortality rate (per 1,000 live births)	..	..	81.0
Under 5 mortality rate (per 1,000 children)	..	..	140.0
Births attended by skilled health staff (% of total)	..	..	..
Child malnutrition, weight for age (% of under 5)	..	..	..
Child immunization, measles (% of under 12 mos)	57.0	77.0	82.0
Prevalence of HIV, total (% of population aged 15-49)	..	..	4.1
Literacy rate, adult male (% of males ages 15 and above)	76.7	78.8	..
Literacy rate, adult female (% of females ages 15 and above)	55.6	59.2	..
Primary completion rate, total (% age group)	..	64.0	63.0
Primary completion rate, female (% age group)	..	59.0	58.0
Net primary enrolment (% relevant age group)	..	..	..
Net secondary enrolment (% relevant age group)	14.6	14.2	..
Surface area (sq. km)	241.0 thousand	241.0 thousand	241.0 thousand
Forests (1,000 sq. km)	..	..	..
Deforestation (average annual % 1990-2000)	..	..	..
Internal freshwater resources per capita (cubic meters)	..	..	1,542.7
CO2 emissions (metric tons per capita)	0.1	..	..
Access to improved water source (% of total pop.)	..	56.0	..
Access to improved sanitation (% of urban pop.)	..	53.0	..
GNI, Atlas method (current US\$)	6.5 billion	6.0 billion	6.2 billion
GNI per capita, Atlas method (current US\$)	290.0	240.0	250.0
GDP (current \$)	6.0 billion	5.9 billion	6.3 billion
GDP growth (annual %)	7.9	6.8	4.7
GDP implicit price deflator (annual % growth)	0.3	-3.9	10.1
Value added in agriculture (% of GDP)	38.4	31.0	32.4
Value added in industry (% of GDP)	19.9	21.6	21.2
Value added in services (% of GDP)	41.7	47.5	46.4
Exports of goods and services (% of GDP)	12.3	11.9	12.3
Imports of goods and services (% of GDP)	24.4	26.5	26.4
Gross capital formation (% of GDP)	19.4	19.7	20.7
Revenue, excluding grants (% of GDP)	11.7	12.2	..
Cash surplus/deficit (% of GDP)	-1.2	-4.6	..



**Technology and infrastructure**

Fixed lines and mobile telephones (per 1,000 people)	5.1	18.1	32.7
Telephone average cost of local call (US\$ per three minutes)	0.2	0.2	..
Personal computers (per 1,000 people)	2.5	3.3	4.0
Internet users	25,000.0	100,000.0	125.0 thousand
Paved roads (% of total)	6.7	..	..
Aircraft departures	3,000.0	300.0	300.0
Trade in goods as a share of GDP (%)	31.2	26.5	28.8
Trade in goods as a share of goods GDP (%)	..	..	..
High-technology exports (% of manufactured exports)	10.5	12.4	7.8
Net barter terms of trade (1995=100)	120.0	87.0	..
Foreign direct investment, net inflows in reporting country (current US\$)	140.2 million	186.6 million	194.2 million
Present value of debt (current US\$)	..	1.3 billion	1.9 billion
Total debt service (% of exports of goods and services)	13.8	6.3	7.1
Short-term debt outstanding (current US\$)	131.7 million	158.5 million	148.4 million
Aid per capita (current US\$)	26.1	25.9	38.0

Source: World Development Indicators database, April 2005