Uganda

Case Study for the MDG Gap Task Force Report

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* Disclaimer: The views presented in this paper are those of the author and do not necessarily represent the views of UN DESA. Contributors to this draft include Jodie Keane, Jane Kennan, Massimiliano Cali, Isabella Massa and Dirk Willem te Velde of ODI and Sarah Ssewanyana and James Wokadala from the EPRC in Uganda.

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1. Introduction

The United Nations (UN) compiles the Millennium Development Goal (MDG) Gap Report. The 2010 version of the report will emphasise the 'needs gap', which measures the gap between actual delivery on global commitments and 'estimated needs for support' by developing countries. This is an important gap, because it provides an estimate relating to whether the partnership envisaged under MDG 8 is effectively helping to address the needs of developing countries.

One way to analyse the needs gap and the way MDG 8 commitments could help is through in-depth country case studies of individual countries to review where the gaps are and discuss recent trends with respect to development finance. Four country studies (Bangladesh, Bolivia, Cambodia and Uganda) will focus on the needs gap in official development assistance (ODA), trade and debt relief. They will analyse whether the commitments and delivery in these three essential and interrelated areas are meeting the actual needs of these countries over 2000 until 2009, with attention regarding the impact of the economic crisis on these three areas.

This paper discusses these issues in the case of Uganda. It will first review progress towards reaching the MDGs (Section 2). It will then provide evidence on how indicators in the areas of aid, trade and debt have evolved (Section 3). This will provide the background of a discussion on how MDG 8 has already been addressing the MDG needs gaps (Section 4). Section 5 concludes.

Uganda has performed extremely well since the mid 1990s. It has had two decades of uninterrupted growth (albeit with rising inequality and string population growth) and several of the MDGs are likely to be met (e.g. halving poverty and improving access to water and education), although some (health related) may not be attained so this is a serious shortcoming. Uganda has weathered the storm of the financial crisis relatively well (te Velde et al., 2010), as its macroeconomic indicators such as debt, government deficits and growth have remained stable. Of course, the crisis has had some impact and will reinforce the relevance of MDG 8 commitments, but it is unlikely that the crisis has seriously affected progress towards the MDGs.

Specifically:

- Uganda is on track to reach MDGs 1, 3 and 6 and MDG 7, though it may fail to reach MDGs 4 and 5. This requires a renewed effort.
- Uganda has benefited from debt relief and its external debt to GNI ratio has remained low during the global financial crisis, which has affected the country but in a relatively mild way, in part because of the diversified nature of its exports.
- Uganda is a major recipient of aid, including Aid for Trade (AfT); a stable and predictable flow will remain important for the future. Given its landlocked status it is important that AfT is also channelled to regional integration via regional partnerships to improve regional infrastructure such as roads, railways and flight connections, as well as the traditional access to electricity issues.
- Uganda already benefits from several preference schemes in developed countries; it may suffer from preference erosion.
- Uganda is behind several of the information, communication and technology (ICT) indicators even though it has come a long way. This is a challenge, especially for a landlocked country where ICT may lead to substantial progress in development.

2. Context and progress in reaching MDGs

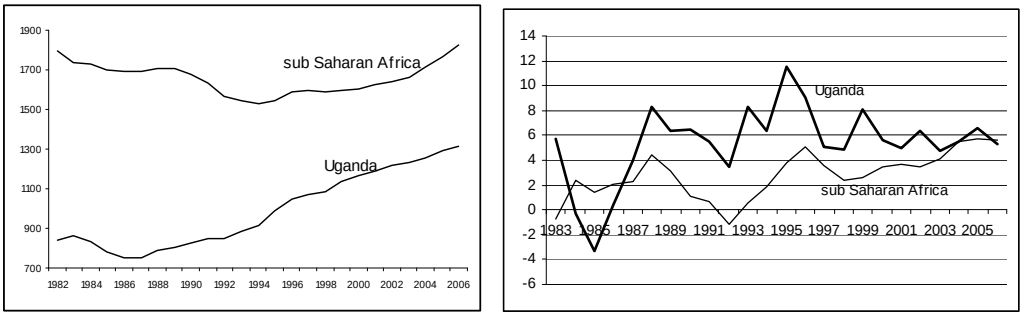
2.1 Macroeconomic and policy context

2.1.1 Macroeconomic context

Uganda has experienced unprecedented, rapid and uninterrupted growth for the past two decades. This is a remarkable achievement for a landlocked country that is constrained by a number of factors. This period of uninterrupted growth has brought Uganda's living standards closer to the average of sub-Saharan Africa (see Figure 1, left panel).

Figure 1: Growth in Uganda and sub-Saharan Africa until the global financial crisis

GDP per capita, 2000 int. dollar **Real GDP growth**



Source: World Development Indicators.

Investment (at 23.4 % of gross domestic product (GDP)), especially private investment (18.5% of GDP), is high by African standards – although not as high as in Asian countries (Selassie, 2008). However, real physical capital stock in particular is falling behind (especially considering expected strong growth in the labour force), and the level in 2000 was the same as in 1975. Within capital formation, the shares of machinery and equipment and public infrastructure need to expand (World Bank, 2007), while real estate is booming.

Total factor productivity (TFP) growth contributed most of the GDP growth in the 1990s. Apart from policy and prices, other macro factors that may have driven TFP growth in Uganda include quality of growth, rising hi-tech products in both exports and imports, increasing number of firms that export, rural-urban migration and diversification within and out of agriculture (World Bank, 2007).

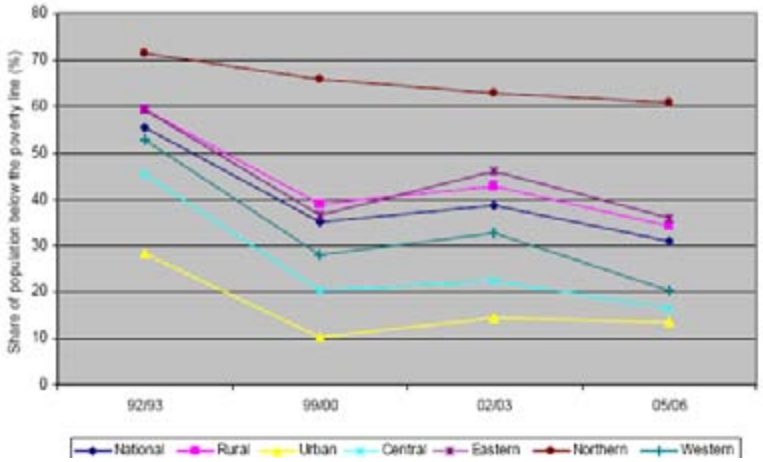
Half of GDP growth over 1990-2005 can be attributed to services, and industry and agriculture have a quarter each. Services have replaced agriculture as the most important sector, from 35% in 1990/91 to 46.4% in 2008/09, while the industry share rose from 13% to 24.2% during the same period. The share of the labour force in services increased from 14% in 1992/93 to 23% in 2003/04. There has also been limited structural transformation of the economy owing to the growth largely emanating from the services sector which largely employs the highly skilled and less from the agriculture sector which still employs 73% of the population.

Strong growth has coincided with falling poverty (though not at all times). Figure 2 shows that the share of the population below the poverty line fell from 56.4% in 1992/93 to 33.8%[1] in 1999/00, then increased to 38.8% in 2002/03, but based on the latest data fell again to around 31.1% in 2005/6 (Ssewanyana and Okidi, 2007). This is a marked decline, however, in absolute numbers Uganda is not doing very well owing to a high population growth rate (of 3.2%). The incidence of

[1] Poverty estimates for 1999/00 exclude the Acholi sub-region, and districts of Kasese and Bundibugyo. These areas were not covered in the survey owing to insecurity at the time.

poverty has a spatial dimension. The disproportionate contribution of rural areas to national poverty has remained above 90% and the contribution of Northern Uganda has been increasing over time, from 26.1% in 1992/93, to 29.6% in 2002/03, to 38.5% in 2005/06 (Ssewanyana, 2010). Ssewanyana (2010) further shows that poverty in the northern region, including Teso sub-region, declined significantly from 67.5% in 2004 to 57.6% in 2008[2]. The region, however, remains with a significant number of persons living in chronic poverty.

Figure 2: Poverty is falling (with some temporary exceptions)



Note: These data have subsequently been revised.
Source: Merotto (2007).

That said, while the poorer segments *are* better off (though perhaps not all groups within the poor), they tend not to have benefited as much from strong growth, as the Gini coefficient has been increasing steadily since 1997 in all areas (at least until 2002/03). Interestingly, the Gini declines from 1992/93 to 1997 and some studies have linked this to sectoral performances (e.g. the coffee sector).

Table 1: Gini coefficient

	1992/93	1997	1999/00	2002/03	2005/06
National	0.36	0.35	0.40	0.43	0.41
Urban	0.40	0.35	0.43	0.48	0.43
Rural	0.33	0.31	0.33	0.36	0.36

Source: Okidi et al. (2003) and Ssewanyana and Okidi (2007).

2.1.2 Policy context

The government prepared its first Uganda's Poverty Eradication Action Plan (PEAP) in 1997, and revised it in 2000 and again in 2004. The core challenges were

- Restoring security, dealing with the consequences of conflict and improving regional equity;
- Restoring sustainable growth of the incomes of the poor;
- Human development; and
- Using public resources transparently and efficiently to eradicate poverty.

There were five policy pillars in PEAP 2004: First was economic management (including macroeconomic stability, fiscal consolidation, export promotion and private sector investment). Second was boosting production, competitiveness and incomes (via agricultural modernisation,

[2] . These estimates are based on the two-wave panel on Northern Uganda survey conducted in 2004 and in 2008.

preservation of natural resources and infrastructural development). Third was conflict resolution/disaster management. Fourth was governance (human rights, democratisation, accountability and elimination of corruption). The fifth was human development pillar (MoFPED, 2004).

Challenges and weaknesses still remain, including: slow agricultural transformation and unemployment; low tax revenue and aid dependence; a diversified export based but mainly in commodities, and terms of trade vulnerability; weak human and institutional capability; slow private sector development; infrastructural challenges; and slow progress on attainment of certain MDGs.

While economic performance under the PEAP has been impressive, there has not been a transformational shift in the economy. The government launched a five-year National Development Plan (NDP) in April 2010 that allows for a longer planning horizon. The NDP classifies sectors into Primary growth drivers, Complementary drivers, Social services and Enabling sectors (Republic of Uganda, 2010).

2.2 Progress on reaching the MDGs in Uganda

MDG 1 (poverty) and MDG 7 (access to safe water) will likely be achieved in 2015. The MDG target on HIV/AIDS has been achieved. Environmental degradation threatens attainment of the MDGs, but projections indicate that the environmental sustainability MDG will be achieved (Table 2).

Table 2: Uganda – MDG and PEAP targets and status

Uganda: MDG and PEAP Targets and Status

	1990 (or closest available)	2005 (or latest available)	2007/2008 PEAP Target	2013/2014 PEAP Target	2015 MDG Target	*Target possible at current trend ?*	*Target possible with better policies, institutions, and additional funding?*
1 Eradicate extreme poverty and hunger	*2015 target = halve 1990 $1 a day poverty and malnutrition rates*						
Poverty headcount ratio (%)	56	38		28*	28	yes	yes
Prevalence of child malnutrition (% of children under 5)	23	23			12	no	yes
2 Achieve universal primary education	*2015 target = net enrollment, etc. to 100*						
Net primary enrollment ratio (% of relevant age group)	58 boys 48 girls	87 boys 86 girls	90 boys 89 girls	100*	100	yes	yes
Primary completion rate (% of boys and girls)		56	69		100	no	yes
3 Promote gender equality	*2005 target = education ratio to 100*						
Ratio of girls to boys in primary education (%)	83	99	100*	100*	100	met	yes
4 Reduce child mortality	*2015 target = reduce 1990 under 5 mortality by two-thirds*						
Under 5 mortality rate (per 1,000)	177	152			53	no	uncertain
Infant mortality rate (per 1,000 live births)	98	88	68		32	no	uncertain
Immunization, DPT3 (% of children)	45	83	90		n/a		
5 Improve maternal health	*2015 target = reduce 1990 maternal mortality by three-fourths*						
Maternal mortality ratio (modeled estimate, per 100,000 live births)		505	354		126	no	uncertain
Deliveries in health care centers (% of total)		24	50		n/a	met	yes
6 Combat HIV/AIDS, malaria and other diseases	*2015 target = halt, and begin to reverse, AIDS, etc.*						
Prevalence of HIV, total (% of adult population)	20	6.2	5*		<20	met	yes
7 Ensure environmental sustainability	*2015 target = integrate into Gov. policies, reverse loss of environmental resources, halve proportion of people without access to safe water and sanitation*						
Forest area (% of total land area)		24	27*	30*	>24		
Access to safe water (% of population)	45	65 urban 55 rural	100* urban 90* rural		90	yes	yes
Access to improved sanitation (% of population)		65 urban 56 rural	100* urban 80* rural				
Titled land (% of land)		13	17	25			
8 Develop a Global Partnership for Development	*2015 targets = sustainable debt, make available benefits of new technologies*						
Debt service (% of exports of goods and services)		305	238	187		yes	yes

* PEAP Targets more ambitious than MDGs

Sources: 2004 PEAP, Demographic and Health Surveys, National Household Survey

Note: This was progress reported in 2007/08 and updates have occurred since, e.g. there are new estimates of poverty data, as reported above.

Table 2 suggests that Uganda has made substantial progress towards achieving the MDGs, although more needs to be done if all of these goals are to be achieved.

Table 3: Progress by Uganda on the MDGs

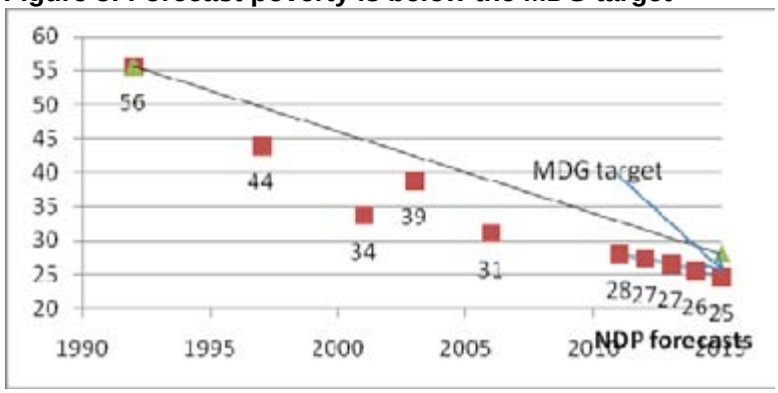
MDGs that are likely to be attained, with continued good policies
MDG 1 Eradicate extreme poverty
MDG 3 Promote gender equality and empower women
MDG 6 Combat HIV/AIDS
MDG 7 Ensure environmental sustainability
MDG8 Develop a global partnership for development
MDG that may be achieved with intensified efforts
MDG 2 Universal primary education
MDG for which strengthened policies, institutions and funding are necessary
MDG 1 Hunger
MDG unlikely to be met, even with improved policies, institutions and funding
MDG 4 Reduce child mortality
MDG 5 Improve maternal health

Source: Reported in EC,

MDG 1: Extreme poverty and hunger

Uganda has experienced significant poverty reduction since the 1990s. The proportion of the population living below the absolute poverty line declined from 56.4% in 1992/93 to 31.1% in 2005/06. The forecasts contained in the NDP suggest that Uganda will grow by an average of 7.2% over the 2010/11-2014/15 period, as the proportion of people below the poverty line is to fall from 31.1% in 2005/06 to 24.5% by 2014/15, which is better than MDG Target 1 of 28% (which would halve the proportion living in extreme poverty) (Republic of Uganda, 2010). However, the achievement of MGD1 (poverty) is dependent on the government's efforts to address the poverty situation in Northern Uganda.

Figure 3: Forecast poverty is below the MDG target



Source: Republic of Uganda (2010).

Target 2 is to halve the proportion of people suffering from hunger between 1990 and 2015. According to the Uganda Demographic Health Survey (UDHS), there was a reduction in the prevalence of underweight children under five from 23% to 16% between 1991 and 2006 (UBoS and Macro International Inc, 2007). There has also been an increase in vitamin A supplementation from 37% to 70%, and apparently a 100% increase of household consumption of iodized salt (Twimukye, 2009). Thus the hunger target may also be achieved contrary to what was thought a few years ago. Food insecurity seems to be increasing in the country.

MDG 2: Achieve universal primary education

There has been progress in education but not as much as was hoped. Despite positive trends, the country has failed to meet all its PEAP national objectives.

The MDG target for the net enrolment ratio in primary education is 100% by 2015 while the outturn in 2005/06 was 84% based on the Uganda National Household Survey (UNHS) 2005/06 data (Ssewanyana et al. 2007).

Uganda seems still on the right path to achieving the MDG target of 100% by 2015, for example, Twimukye (2009) argues that the ongoing success of the Universal Primary Education (UPE) programme introduced in 1997 is helping with meeting MDG 2. The percentage of the budget allocated to education has increased significantly over time and was estimated to be 16.1% of total government expenditure in 2007, or 3.2% of GDP.

The government has continued to implement the Universal Secondary Education (USE) initiative introduced in January 2007, which has led to a marked increase in enrolment rates in secondary schools.

MDG 3: Promote gender equality and empower women

Uganda has exercised affirmative action in favour of women with regard to admission into university and other tertiary institutions since 1990. The policy has led to a significant increase in the number of women at universities. The proportion of females in total student enrolment increased from 31% in 1993/94 to 40% in 2002 and 42% in 2004. In primary teacher colleges, women made up 48% of the total student population in 2003.

The enrolment growth rate was substantially faster for girls (of 48.3%) than for boys (of 9.2%) in UPE, indicating a fairly rapid narrowing of the gender gap. The gender enrolment gap in primary education has narrowed, with the proportion of girls in total enrolment rising from 44.2% in 1990 to 49.8% in 2006.

The percentage of female members of parliament (MPs) increased from 18% in 1995 to 29% in 2009. At the national level, every district has an elected woman MP. In Parliament, 89 of the 310 members are women, 28.7% of the legislative body. Despite these improvements, the number of women MPs still lags far behind that of men.

MDG 4: Reduce child mortality

Government expenditure on health has steadily increased from $3.46 per capita in 1995 to almost $9 per capita in 2006. Investments were targeted at construction of health centres at local levels and equipping them with drugs and staff to reduce the distances patients must travel to get medical care. The government allocated about 9% of its budget to health in 2007, about 1.8% of GDP.

The infant mortality rate, which measures child deaths before the age of one, improved to 76 deaths per 1000 live births in 2007, from 122 deaths per 1000 live births in 1991. This is short of the MDG 4 target of 31.

The under-five mortality rate, which measures child deaths before the age of five, declined from 167 to 137 deaths per 1000 live births during the same period. This is also unlikely to meet the MDG 4 target.

Thus, while there have been some improvements here, the target is unlikely to be achieved.

MDG 5: Improve maternal health

The maternal mortality rate reduced from 527 to 435 per 100,000 between 1995 and 2006 but remains high and short of the MDG target of 131 (a reduction in mortality of two-thirds). The slow progress is largely explained by poor maternal nutrition, short birth intervals and early age at first birth among others. Uganda has one of the highest teenage pregnancy rates in Africa. Maternal health indicators for Uganda have generally remained poor and the goal and target are unlikely to be reached.

MDG 6: Combat HIV/AIDS, malaria and other diseases

Uganda has made progress on its health indicators. HIV prevalence reduced from 30% in the 1980s to 6-7% in 2005[3] (thanks to progress at the start of the period). The recent patterns indicate that HIV prevalence has a gender dimension with higher rates among women (7.5%) than men (5%). The HIV-related target has already been reached but there are fears of new infections and re-infections. Progress on the malaria-related target is less successful. Life expectancy increased from 45 years in 2003 to 52 in 2008.

MDG 7: Ensure environmental sustainability

Data from the UNHS 2005/06 and information from the Directorate of Water Department (DWD) indicate an increase in water service coverage nationwide from a little over 20% in 1991 to almost 68% in 2006. Equally, Uganda Population and Housing Census (UPHC) data report a rise in water service coverage from 26% in 1991 to 68% in 2006. Access remains low in rural areas, however, and the availability of latrines is also low.

There was a positive trend in rural water coverage between 1992 and 2002, although this is still below the target of providing safe water. However, the rate of access to safe water is projected by the NDP at 89.3% in 2014/15 compared with the MDG target of 72% by 2015.

2.3 Development finance gaps

The Millennium Project (2003) estimated that, in order to meet the MDGs, Uganda will need to spend a total of $70.2 per capita in 2005, increasing to $106 by 2015. This translates into a total investment need of $33.5 billion between 2005 and 2015, which is equivalent to an average annual per capita need of $92. Of the $92, it is estimated that $42 will be financed domestically through household and government contributions. ODA commitments to Uganda were $976 million in 2001, or $42 per capita. In comparison, an average external financing need of approximately $50 per capita between 2005 and 2015 is projected.

Table 4: Summary of projected financial resources required to meet the MDGs in Uganda

	Year 2005		Year 2010		Year 2015		Over the full period 2005-2015			
Total Cost (Sum of A+B+C below)	Annual total ($m)	Per capita ($)	Annual total ($m)	Per capita ($)	Annual total ($m)	Per capita ($)	Overall total ($m)	Average per year ($m)	Average per capita ($)	Average % GDP
Hunger	118	4.3	206	9.0	370	9.4	2,089	272	8.2	2.0%
Education	338	12.2	445	13.5	644	16.4	5,069	461	13.9	3.4%
Gender Equality	46	1.7	78	2.4	100	2.7	854	78	2.3	0.6%
Health	632	22.9	1,060	31.8	1,648	39.3	11,756	1,069	32.2	7.7%
Environment	tbd.	tbd	tbd.	tbd	tbd.	tbd	tbd.	tbd.	tbd.	tbd.
Water Supply and Sanitation	75	2.7	121	3.7	170	4.5	1,361	123.7	3.7	0.9%
Improving the Lives of Slum Dwellers	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd
Science and Technology	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd
Energy	164	5.9	433	13.1	654	16.6	4,743	431	13.0	3.1%
Roads	563	20.4	612	18.5	660	16.8	6,730	612	18.4	4.5%
Total	1,936	70.2	3,054	92.0	4,162	105.8	33,561	3,046	91.8	22.2%

Source: Millennium Project (2003).

[3] This estimate was based on the Uganda HIV-Sero and Behavioural Survey of 2005.

Table 5: Summary of projected sources of funding in Uganda

A. Household Contributions	Year 2005 Annual total ($m)	Year 2005 Per capita ($)	Year 2010 Annual total ($m)	Year 2010 Per capita ($)	Year 2015 Annual total ($m)	Year 2015 Per capita ($)	Over the full period 2005-2015 Overall total ($m)	Average per year ($m)	Average per capita ($)	Average % GDP
Hunger	-	0.0	-	0.0	-	0.0	-	-	0.0	0.0%
Education	64	2.3	97	2.0	73	1.8	739	67	2.0	0.5%
Gender Equality	-	0.0	-	0.0	-	0.0	-	-	0.0	0.0%
Health	-	0.0	-	0.0	-	0.0	-	-	0.0	0.0%
Environment	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd
Water Supply and Sanitation	34	1.2	56	1.7	84	2.1	631	57.4	1.7	0.4%
Improving the Lives of Slum Dwellers	tbd.	tbd.	tbd.	tbd.	tbd.	tbd.	tbd.	tbd.	tbd.	tbd.
Science and Technology	tbd.	tbd.	tbd.	tbd.	tbd.	tbd.	tbd.	tbd.	tbd.	tbd.
Energy	68	2.5	141	4.3	222	5.6	1,573	143	4.3	1.0%
Roads	-	0.0	-	0.0	-	0.0	-	-	0.0	0.0%
Total	166	6.0	263	8.0	379	9.6	2,943	268	8.1	2.0%

B. Domestically Financed Government Expenditures* **	Year 2005 Annual total ($m)	Year 2005 Per capita ($)	Year 2010 Annual total ($m)	Year 2010 Per capita ($)	Year 2015 Annual total ($m)	Year 2015 Per capita ($)	Over the full period 2005-2015 Overall total ($m)	Average per year ($m)	Average per capita ($)	Average % GDP
Hunger	38	1.4	105	3.8	159	5.8	1,111	101	3.0	0.7%
Education	110	4.0	159	4.8	277	7.0	1,884	171	5.2	1.3%
Gender Equality	15	0.6	26	0.8	46	1.2	317	29	0.9	0.2%
Health	200	7.4	374	11.3	600	10.9	4,309	397	12.0	2.9%
Environment	tbd.	tbd.	tbd.	tbd.	tbd.	tbd.	tbd.	tbd.	tbd.	tbd.
Water Supply and Sanitation	24	0.9	43	1.3	77	2.0	506	46.0	1.4	0.3%
Improving the Lives of Slum Dwellers	tbd.	tbd.	tbd.	tbd.	tbd.	tbd.	tbd.	tbd.	tbd.	tbd.
Science and Technology	tbd.	tbd.	tbd.	tbd.	tbd.	tbd.	tbd.	tbd.	tbd.	tbd.
Energy	53	1.9	154	4.7	281	7.2	1,782	160	4.8	1.2%
Roads	182	6.6	219	6.6	284	7.2	2,501	227	6.9	1.7%
Total	627	22.7	1,081	32.7	1,791	45.5	12,449	1,132	34.1	8.3%

C. Required Total External Budget Support	Year 2005 Annual total ($m)	Year 2005 Per capita ($)	Year 2010 Annual total ($m)	Year 2010 Per capita ($)	Year 2015 Annual total ($m)	Year 2015 Per capita ($)	Over the full period 2005-2015 Overall total ($m)	Average per year ($m)	Average per capita ($)	Average % GDP
Hunger	60	2.2	191	5.2	211	3.6	1,878	171	5.1	1.2%
Education	185	6.0	220	6.7	294	7.5	2,446	222	6.7	1.6%
Gender Equality	32	1.2	50	1.5	62	1.6	536	49	1.5	0.4%
Health	427	15.5	676	20.5	882	22.4	7,388	672	20.2	4.9%
Environment	tbd.	tbd.	tbd.	tbd.	tbd.	tbd.	tbd.	tbd.	tbd.	tbd.
Water Supply and Sanitation	17	0.6	22	0.7	17	0.4	224	20	0.6	0.1%
Improving the Lives of Slum Dwellers	tbd.	tbd.	tbd.	tbd.	tbd.	tbd.	tbd.	tbd.	tbd.	tbd.
Science and Technology	tbd.	tbd.	tbd.	tbd.	tbd.	tbd.	tbd.	tbd.	tbd.	tbd.
Energy	42	1.5	138	4.2	150	3.8	1,408	128	3.9	0.9%
Roads	381	13.8	394	11.9	376	9.6	4,229	384	11.6	2.8%
Total	1,145	41.4	1,690	51.2	1,993	50.7	18,108	1,646	49.6	12.0%

Source: Millennium Project (2003).

2.4 The effects of the global financial crisis on Uganda and MDGs

The monetary and fiscal authorities in Uganda initially expected they would not suffer adverse effects of the global financial crisis. But Uganda quickly witnessed reduced capital inflows. An early sign of reduced capital inflows was the depreciation of the local currency.

Further:

- Uganda's year-on-year fourth quarter total value of exports of 2009 dropped by 7.9%.
- Uganda recorded a reversal in portfolio capital inflows, from a net inflow of $66.30 million in 2007/08 to a net outflow of $108.95 million in 2008/09.
- Tullow and Heritage companies had to reduce the level of investment between 2008 and 2009 because of crisis.
- Remittances increased from $546.36 in FY2007/08 to $745.85million in FY2008/09, representing an increase of 36.5%; but remittances to Uganda during the second quarter of 2009 were down by 11.4% compared with the same period in 2008

Real GDP growth in 2008/09 was lower than targeted (7.1% instead of 8.5%) and lower than that of 2007/08. Nonetheless, Uganda's economic performance compared with other sub-Saharan African countries (and especially Western countries) was very good. From September 2009, Uganda began to rebound from the adverse effects of the global financial crisis. The first signs were the appreciation of the local currency.

The adverse effect of reduced capital inflows was a reduction in the rate of economic growth, which may have adverse effects on poverty. For every 1 percentage point decrease in growth, the percentage of people living below poverty line is expected to increase by 2% holding distribution constant (Ssewanyana, 2008). As the economy is rebounding, the expectation is that growth of the Uganda economy will once again recover to targeted levels and poverty will begin to rescind as was the position before the onslaught of the global financial crisis.

There is no direct empirical evidence on the impact of the crisis on poverty and inequality (Ssewanyana and Bategeka, 2010). No major budget cuts are evident in the social sectors and tax remained unchanged (see Republic of Uganda, 2009). It should also be noted that before the crisis there were efforts by government to address horizontal inequalities beyond the current poverty reduction interventions with the aim of reducing conflict and increasing social cohesion. Such programmes include the Peace, Recovery and Development Plan (PRDP) and Northern Uganda Social Action Fund (NUSAF) II, whose implementation has already started.

According to Ssewanyana (2008), household incomes need to grow by 4% annually; and other similar studies (McGee, 2000; Okidi et al., 2003) estimate growth of at least 7% at national level if Uganda is to achieve MDG 1. Going by these estimates and our earlier discussion, one would not expect a significant increase in poverty. Furthermore, income poverty reduction in Uganda is closely linked to the performance of the agricultural sector, especially the performance of the coffee sub-sector (Okidi and Ssewanyana, 2007) and return of peace in Northern Uganda, the poorest region in Uganda. In their impact evaluation of the NUSAF project on the peoples of Northern Uganda, Ssewanyana and Younger (2009) reported that the strong growth in the agricultural sector owing to the return of peace in the region greatly contributed to the significant reduction of income poverty.

3. Trends in relation to trade, debt and aid

This section provides a discussion on the trends and context of development finance over the past decade in the areas of trade, debt and aid. This discussion will provide the background needed to understand how MDG 8, partnerships, can help address MDGs 1-7, which is the topic of Section 4.

3.1 Trade analysis

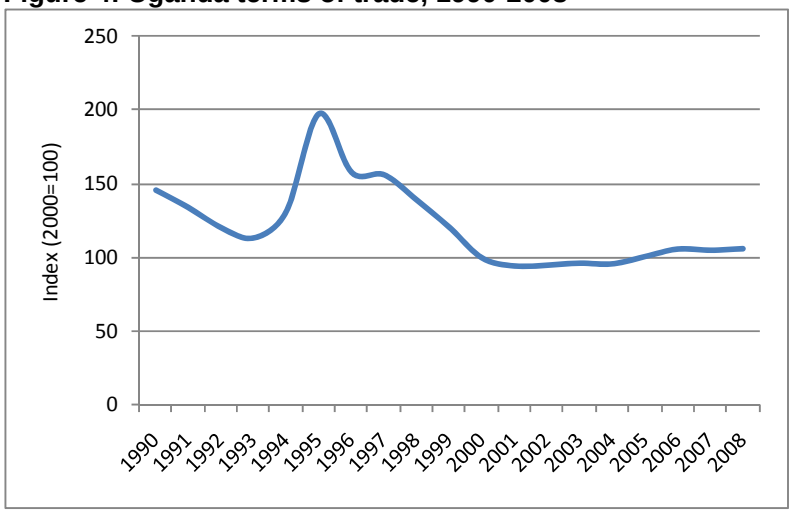
Uganda's total exports have increased in recent years (see Figure 6). However, traditional commodities continue to dominate. Coffee accounted for 26% of the total value of exports in 2008, down from almost 30% in 2001, most of which is destined for traditional markets such as the European Union (EU) and Switzerland. However, the category 'Electrical and electronic equipment' has experienced the fastest average annual growth over this period (see Table 6), the main destination for which has been the United Arab Emirates (UAE).

The EU remains Uganda's main trade partner for both imports and exports. But other regional partners such as Kenya and the Sudan are important, as well as other high-income partners such as the UAE. No decline in Uganda's total exports in 2008 as a result of the financial crisis is apparent. However, it is known that the main export – coffee – was affected by dramatic swings in prices during 2008.[4] This product supports a large number of smallholders and labourers and is therefore an important export product for poor people.[5] It is difficult to distinguish at an aggregate level the impact the crisis may have had on poverty, given that the share of income that accrues to smallholders in the coffee value chain continues to be disputed; similarly, there are questions about the extent to which positive as well as negative price developments are passed onto producers.

However, it is possible to discern other more general trends at the aggregate level such as recent improvements in Uganda's terms of trade (Figure 4), in addition to exchange rate developments (Figure 5). Uganda is close to a commodity currency, which means exchange rate movements tend to correspond closely to the price developments of its major export, coffee. As Figure 5 shows, as the price of coffee increased between 2007 and 2008 Uganda's nominal exchange rate appreciated. This situation subsequently reversed by the last quarter of 2008 and into 2009.[6] The resultant impacts of volatile price and exchange rate movements on export competitiveness as well as on poverty are not currently known. Uganda is net fuel importer, but is also a large food exporter to the region (not all of which is formal trade).

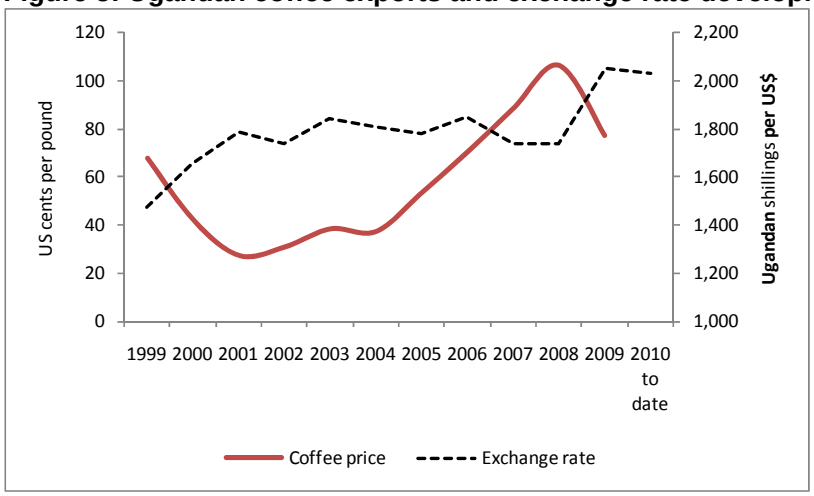
[4] See Figure 8 for Ugandan coffee export value and volume data.
[5] The sector accounts for around one-quarter of total employment in Uganda (see Lewin et al., 2004; Masiga et al., 2007). However, information on the proportion of coffee export
[6] See also Ssewanyana and Bategeka (2010); te Velde et al. (2010).

Figure 4: Uganda terms of trade, 1990-2008



Note: Calculated based on net barter terms of trade defined as the ratio of the export unit value index to the import unit value index.
Source: http://stats.unctad.org/Handbook/ReportFolders/reportFolders.aspx.

Figure 5: Ugandan coffee exports and exchange rate developments

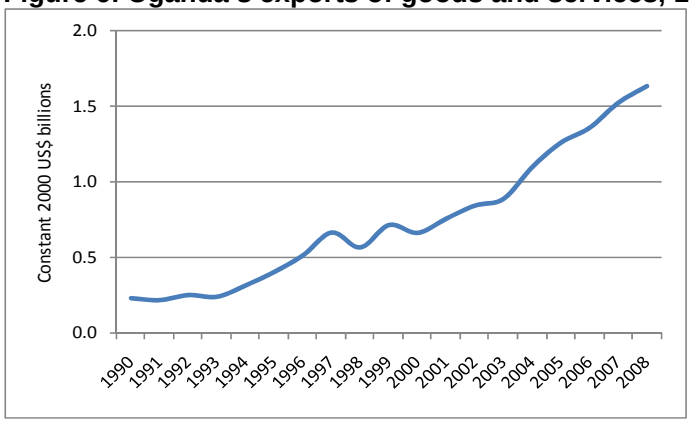


Source: http://www.imfstatistics.org/imf/.

In terms of export diversification, products have become more diversified than export partners (see Figure 9). This is to some extent an expected result given that Uganda is a landlocked country. However, the proportion of Uganda's exports going to its regional partners – with the exception of Kenya – increased over the period 2001-2008. Sudan now accounts for almost 15% of Uganda's exports compared with just 2% in 2001. The Democratic Republic of Congo (DRC) and Rwanda are also important destinations (see Table 8).

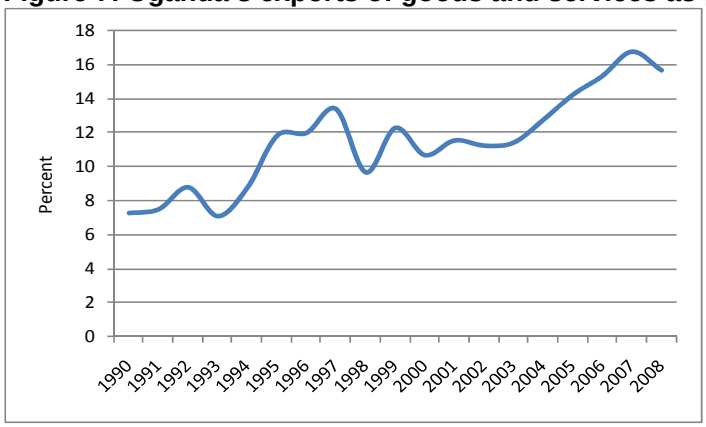
On the import side, fuel has consistently been the most important product category (2001-2008), for which the UAE is the most important supplier. Nuclear reactors, boilers and machinery have also become increasingly important, supplied by India (see Tables 9 and 10). After the EU, Kenya is Uganda's largest regional import partner (for mineral fuels and oil), followed by Tanzania (for iron and steel).

Figure 6: Uganda's exports of goods and services, 1990-2008



Source: World Development Indicators.

Figure 7: Uganda's exports of goods and services as proportion of GDP, 1990-2008



Source: World Development Indicators.

Table 6: Major exports from Uganda

HS	Description	Export value (US$ million)									Avg. ann. change
		Avg. 2006–8	*2001*	*2002*	*2003*	*2004*	*2005*	*2006*	*2007*	*2008*	
	Total export value	**1,341**	**451**	**467**	**532**	**654**	**813**	**962**	**1,337**	**1,724**	**21.1%**
09	Coffee, tea, mate and spices	340	131	135	150	168	214	246	320	455	**19.5%**
03	Fish, crustaceans, molluscs, aquatic invertebrates nes	126	75	86	85	100	138	141	118	119	**6.7%**
85	Electrical, electronic equip.	81	3	3	2	7	18	57	96	89	**65.0%**
71	Pearls, precious stones, metals, coins, etc	79	51	61	34	61	73	124	68	44	**-2.1%**
24	Tobacco and manufactured tobacco substitutes	55	32	45	43	41	32	28	67	69	**11.5%**
	Total these product groups	**680**	**292**	**330**	**313**	**377**	**476**	**595**	**668**	**776**	**15.0%**
	Share of total export value	**50.7%**	**64.9%**	**70.5%**	**58.9%**	**57.6%**	**58.6%**	**61.8%**	**50.0%**	**45.0%**	**-5.1%**

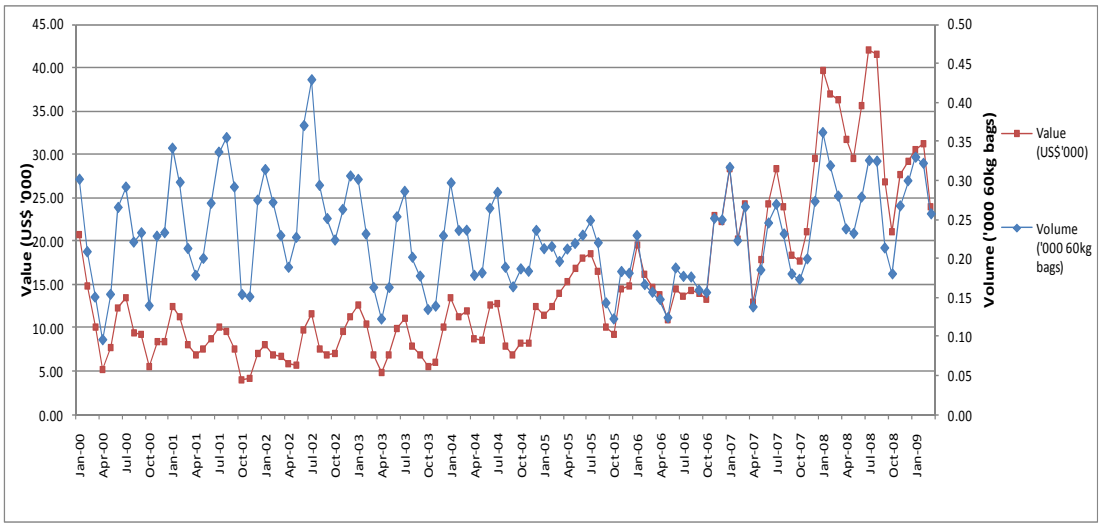
Note:
Top five product groups exported, based on 2006–8 average export values.
Source: Calculated from data obtained from ITC Trade Map.

Table 7: Uganda's main exports and destinations [a]

Destination	Share of total export value									Avg. ann. change
	Avg. 2006–8	*2001*	*2002*	*2003*	*2004*	*2005*	*2006*	*2007*	*2008*	
HS 09: Coffee, tea, mate and spices										
EU27	38.8%	13.9%	30.2%	26.5%	25.9%	36.4%	36.3%	40.5%	38.9%	15.8%
Switzerland	25.0%	42.8%	30.8%	29.1%	27.0%	20.4%	16.1%	23.5%	30.8%	-4.6%
Kenya	14.7%	28.7%	24.3%	25.6%	22.2%	16.6%	21.3%	15.2%	10.9%	-13.0%
Sudan	12.8%	6.0%	3.6%	7.9%	11.3%	13.6%	14.4%	13.2%	11.6%	9.9%
Singapore	3.3%	4.6%	5.0%	4.0%	8.5%	8.8%	6.4%	2.0%	2.5%	-8.3%
United States of America	1.9%	0.9%	3.6%	3.9%	2.2%	2.3%	2.4%	2.3%	1.4%	5.7%
India	1.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.7%	2.3%	100.5%
All developed countries [b]	*68.4%*	*62.4%*	*69.7%*	*63.9%*	*63.8%*	*65.9%*	*59.8%*	*68.2%*	*73.3%*	*2.3%*
BRICs/South Africa	*1.4%*	*0.0%*	*0.0%*	*0.1%*	*0.2%*	*0.2%*	*0.4%*	*0.8%*	*2.4%*	*90.4%*
HS 03: Fish, crustaceans, molluscs, aquatic invertebrates nes										
EU27	73.6%	57.2%	63.4%	54.0%	72.3%	76.0%	72.0%	73.3%	75.8%	4.1%
Israel	5.9%	3.9%	2.3%	5.8%	0.8%	1.7%	6.9%	6.3%	4.4%	1.8%
United Arab Emirates	4.8%	3.8%	3.9%	9.5%	5.9%	5.0%	4.9%	5.5%	4.1%	0.9%
Hong Kong (SARC)	3.6%	2.0%	1.0%	2.4%	1.6%	2.3%	2.3%	3.5%	5.2%	14.7%
United States of America	2.3%	4.1%	3.6%	4.2%	6.5%	3.3%	3.4%	1.7%	1.6%	-12.5%
Egypt	2.0%	6.3%	2.2%	1.6%	1.5%	2.3%	2.9%	2.1%	0.9%	-24.5%
Japan	1.9%	9.2%	11.6%	4.5%	2.4%	0.5%	1.5%	1.9%	2.4%	-17.5%
Australia	1.6%	6.8%	4.8%	10.5%	3.1%	2.5%	2.2%	1.6%	1.0%	-24.3%
China	1.0%	0.1%	0.0%	0.3%	0.3%	0.0%	0.5%	0.9%	1.6%	55.9%
All developed countries [b]	*89.8%*	*84.7%*	*87.6%*	*85.2%*	*88.7%*	*87.5%*	*89.2%*	*89.4%*	*91.0%*	*1.0%*
BRICs/South Africa	*1.0%*	*0.2%*	*0.0%*	*0.4%*	*0.3%*	*0.0%*	*0.6%*	*0.9%*	*1.6%*	*37.1%*
HS 85: Electrical, electronic equip.										
United Arab Emirates	82.3%	15.0%	0.8%	0.6%	18.9%	53.5%	88.3%	88.8%	71.5%	25.0%
EU27	4.1%	16.4%	37.3%	38.2%	27.7%	28.5%	5.9%	1.4%	5.8%	-13.9%
Sudan	2.8%	0.0%	0.0%	0.4%	0.3%	1.9%	1.6%	3.5%	2.9%	48.2%
Rwanda	2.3%	6.5%	4.4%	12.0%	0.9%	2.1%	0.3%	0.5%	5.4%	-2.6%
India	1.4%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	3.9%	115.5%
Kenya	1.2%	8.7%	9.3%	10.7%	25.6%	2.1%	0.8%	1.6%	1.0%	-27.0%
All developed countries [b]	*4.4%*	*36.1%*	*63.7%*	*46.3%*	*31.8%*	*28.3%*	*6.2%*	*2.4%*	*5.3%*	*-24.0%*
BRICs/South Africa	*3.0%*	*4.4%*	*3.3%*	*7.9%*	*7.7%*	*3.0%*	*1.0%*	*0.8%*	*6.7%*	*6.4%*
HS 71: Pearls, precious stones, metals, coins, etc										
United Arab Emirates	97.4%	0.1%	1.0%	9.7%	33.8%	81.2%	99.5%	99.9%	87.4%	152.4%
Sudan	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	6.3%	
Congo	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	6.1%	
All developed countries b	*0.3%*	*40.1%*	*38.2%*	*35.2%*	*63.1%*	*18.8%*	*0.5%*	*0.0%*	*0.2%*	*-52.3%*
BRICs/South Africa	*0.0%*	*37.4%*	*60.8%*	*55.1%*	*3.1%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	
HS 24: Tobacco and manufactured tobacco substitutes										
Kenya	44.1%	5.1%	8.9%	20.5%	10.1%	5.7%	10.7%	36.4%	65.0%	43.7%
EU27	26.8%	71.9%	64.6%	38.6%	35.0%	35.2%	37.2%	41.7%	8.2%	-26.7%
South Africa	12.7%	9.1%	6.3%	9.8%	10.6%	17.0%	24.4%	8.5%	12.1%	4.1%
Russian Federation	2.6%	0.0%	2.9%	4.5%	3.5%	1.4%	2.8%	2.6%	2.5%	-2.1%
Sudan	1.9%	0.0%	0.0%	0.0%	0.1%	0.2%	0.3%	0.6%	3.8%	177.5%
Congo	1.3%	2.1%	1.6%	1.1%	0.1%	0.9%	1.8%	1.4%	1.1%	-8.4%
Republic of Korea	1.3%	0.0%	0.0%	1.5%	2.0%	1.3%	2.1%	1.2%	1.2%	-4.7%
Singapore	1.3%	0.0%	0.0%	0.2%	0.0%	1.1%	1.7%	2.2%	0.2%	-1.4%
All developed countries [b]	*29.2%*	*73.3%*	*70.9%*	*55.3%*	*61.3%*	*42.6%*	*45.5%*	*44.2%*	*8.1%*	*-27.0%*
BRICs/South Africa	*15.3%*	*9.1%*	*9.2%*	*14.3%*	*14.3%*	*18.4%*	*27.3%*	*11.1%*	*14.6%*	*7.0%*

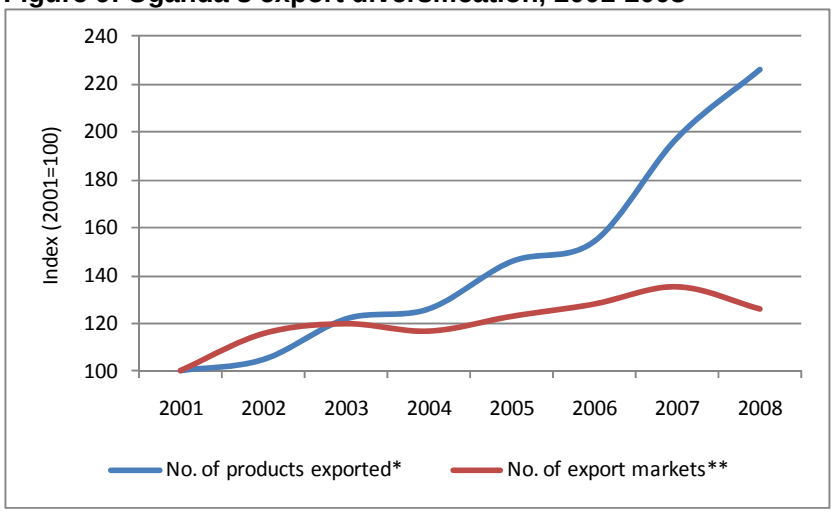
Notes:
(a) All markets accounting for 1% or more of average 2006–8 total export value.
(b) IMF list of advanced economies, *World Economic Outlook*, October 2009.
Source: Calculated from data obtained from ITC Trade Map.

Figure 8: Uganda's coffee exports



Source: Bank of Uganda.

Figure 9: Uganda's export diversification, 2001-2008



Notes: * index calculated on the number of HS6 subheads exported in each year as a percentage of total number of subheads in whichever version of the HS nomenclature Uganda reported its trade in that year (the period 2001-2008 covers three versions of the HS). ** EU countries counted separately; various 'unspecified' markets not included.
Source: Calculated from data obtained from ITC Trade Map.

Table 8: Uganda's exports – main destinations [a]

Destination	Share of total export value									Avg. ann. change
	Avg. 2006–8	*2001*	*2002*	*2003*	*2004*	*2005*	*2006*	*2007*	*2008*	
EU27	26.1%	29.4%	34.0%	27.5%	28.3%	31.9%	27.6%	24.3%	26.7%	-1.4%
Sudan	12.3%	2.0%	1.2%	2.6%	3.5%	6.2%	9.5%	11.8%	14.3%	32.1%
United Arab Emirates	12.2%	1.4%	1.5%	2.4%	5.1%	10.4%	19.4%	13.3%	7.4%	27.5%
Kenya	9.2%	13.1%	13.2%	14.8%	11.8%	8.9%	9.1%	8.8%	9.5%	-4.4%
Switzerland	7.2%	15.5%	14.7%	13.3%	16.6%	9.2%	4.7%	6.5%	9.0%	-7.4%
Congo Democratic Republic	6.7%	2.0%	1.6%	2.4%	4.4%	7.4%	4.7%	7.5%	7.2%	20.5%
Rwanda	6.2%	3.7%	2.8%	3.9%	3.8%	4.4%	3.2%	6.2%	7.9%	11.6%
Burundi	2.7%	1.1%	1.3%	1.9%	2.8%	2.6%	2.1%	3.2%	2.6%	13.9%
Singapore	2.1%	1.6%	1.9%	2.6%	3.4%	3.6%	3.6%	1.7%	1.5%	-1.0%
United Republic of Tanzania	1.9%	1.5%	1.2%	1.1%	1.9%	1.9%	1.4%	2.3%	1.8%	2.5%
Congo	1.8%	1.8%	2.2%	2.7%	1.9%	1.2%	0.8%	3.2%	1.3%	-5.0%
United States of America	1.2%	1.5%	2.0%	2.4%	2.3%	2.0%	1.5%	1.5%	0.9%	-6.9%
Hong Kong (SARC)	1.0%	5.9%	2.9%	2.3%	2.4%	1.7%	1.3%	0.8%	0.9%	-23.1%
All developed countries [b]	*38.7%*	*57.6%*	*59.9%*	*52.6%*	*54.9%*	*49.3%*	*40.6%*	*36.0%*	*39.7%*	*-5.2%*
BRICs/South Africa	*2.6%*	*5.5%*	*9.7%*	*6.3%*	*2.6%*	*2.1%*	*2.2%*	*2.5%*	*2.9%*	*-8.8%*

Notes:
(a) All markets accounting for 1% or more of average 2006–8 total export value.
(b) IMF list of advanced economies, *World Economic Outlook*, October 2009.
Source: Calculated from data obtained from ITC Trade Map.

Table 9: Uganda's main imports

HS	Description	Import value (US$ million)									Avg. ann. change
		Avg. 2006–8	*2001*	*2002*	*2003*	*2004*	*2005*	*2006*	*2007*	*2008*	
	Total import value	**3,526**	**1,005**	**1,074**	**1,375**	**1,720**	**2,054**	**2,557**	**3,493**	**4,526**	**24.0%**
27	Mineral fuels, oils, distillation products, etc	689	164	176	190	221	350	542	658	866	26.8%
85	Electrical, electronic equip.	419	118	81	102	158	165	246	483	527	23.8%
87	Vehicles other than railway, tramway	290	90	108	116	154	207	224	298	348	21.3%
84	Nuclear reactors, boilers, machinery, etc	271	72	88	120	150	164	181	268	365	26.2%
72	Iron and steel	197	42	52	73	89	111	134	163	293	32.2%
	Total these product groups	**1,866**	**486**	**505**	**601**	**772**	**997**	**1,327**	**1,870**	**2,400**	**25.6%**
	Share of total import value	**52.9%**	**48.3%**	**47.0%**	**43.7%**	**44.9%**	**48.5%**	**51.9%**	**53.5%**	**53.0%**	**1.3%**

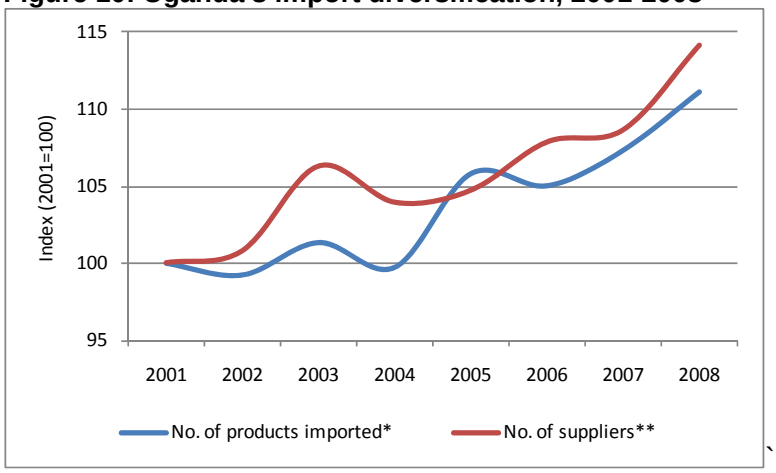
Note:
Top five product groups imported, based on 2006–8 average import values.
Source: Calculated from data obtained from ITC Trade Map.

Table 10: Uganda's main suppliers [a]

Supplier	Share of total import value									Avg. ann. change
	Avg. 2006–8	*2001*	*2002*	*2003*	*2004*	*2005*	*2006*	*2007*	*2008*	
EU27	19.7%	22.0%	18.5%	18.8%	18.2%	18.9%	19.1%	20.6%	19.4%	-1.8%
Kenya	13.1%	28.0%	29.1%	26.0%	23.2%	25.3%	15.7%	13.5%	11.3%	-12.2%
United Arab Emirates	11.9%	5.6%	5.8%	5.8%	4.9%	6.7%	12.7%	12.0%	11.4%	10.7%
India	9.7%	6.6%	6.7%	7.4%	7.1%	6.4%	8.2%	9.9%	10.4%	6.7%
China	7.4%	3.6%	4.1%	5.1%	6.0%	5.3%	5.4%	7.9%	8.1%	12.2%
Japan	6.4%	7.5%	8.1%	6.6%	7.1%	7.1%	6.8%	6.7%	5.9%	-3.2%
South Africa	6.3%	7.2%	7.8%	7.2%	8.2%	7.0%	6.1%	5.9%	6.7%	-1.0%
United States of America	2.9%	2.8%	3.3%	5.7%	6.0%	3.8%	3.5%	2.9%	2.6%	-1.1%
Malaysia	2.4%	2.3%	3.0%	3.1%	3.9%	2.3%	1.9%	1.8%	3.2%	4.9%
Saudi Arabia	2.0%	0.8%	0.7%	0.9%	0.9%	1.1%	2.0%	1.4%	2.6%	18.0%
Bahrain	1.8%	0.0%	0.0%	0.0%	0.0%	1.0%	3.4%	1.8%	1.0%	115.6%
Singapore	1.8%	0.5%	0.6%	0.8%	0.7%	0.5%	1.5%	1.7%	2.1%	22.2%
United Republic of Tanzania	1.1%	0.7%	0.7%	0.8%	0.9%	1.5%	1.1%	0.8%	1.2%	9.2%
Russian Federation	1.1%	0.0%	0.0%	0.2%	0.1%	0.3%	1.2%	1.3%	0.8%	61.4%
Hong Kong (SARC)	1.0%	2.0%	1.6%	1.2%	0.8%	0.8%	0.8%	1.1%	1.0%	-8.7%
Republic of Korea	1.0%	0.5%	0.4%	0.5%	0.7%	0.8%	1.0%	0.8%	1.1%	11.6%
All developed countries [b]	*34.3%*	*39.5%*	*37.1%*	*37.6%*	*37.4%*	*35.1%*	*33.6%*	*34.9%*	*34.3%*	*-2.0%*
BRICs/South Africa	*24.6%*	*17.8%*	*18.8%*	*20.2%*	*21.8%*	*19.3%*	*21.2%*	*25.2%*	*26.1%*	*5.6%*

Notes:
(a) All suppliers accounting for 1% or more of average 2006–8 total import value.
(b) IMF list of advanced economies, *World Economic Outlook*, October 2009.
Source: Calculated from data obtained from ITC Trade Map.

Figure 10: Uganda's import diversification, 2001-2008



Notes: * Index calculated on the number of HS6 subheads imported in each year as a percentage of total number of subheads in whichever version of the HS nomenclature Uganda reported its trade in that year (the period 2001–8 covers three versions of the HS). ** EU countries counted separately; various 'unspecified' sources not included.
Source: Calculated from data obtained from ITC Trade Map.

3.1.1 Trade policy context

Uganda had non-reciprocal preferential access to the EU until 2007. An economic partnership agreement (EPA) was initialled in 2007 between Uganda and the EU, negotiated by the East African Community (EAC) and the European Commission (EC); this agreement maintains preferences to the EU market but it will be reciprocal (and therefore World Trade Organization (WTO) compliant) over time. Although the EPA still needs to be signed by all EAC members, the alternative in Uganda's case – should the agreement fail to be ratified – is the Everything But Arms (EBA) scheme, which would also grant duty-free quota-free (DFQF) market access.

The agreement initialled in 2007 between the EC and the EAC covered goods only; negotiations continue on services and other 'behind the border' issues including the Singapore issues – which relate to intellectual property – as well as more contentious clauses such as Most Favoured Nation (MFN).[7] However, there are some aspects included in the agreement that relate to services and for which Uganda (and other EAC members) have formulated offensive positions; this includes in relation to Mode 4 liberalisation on the EU side (which corresponds closely with demands made by least developed countries (LDCs) at the WTO).

Table 11 presents a range of estimates of the potential welfare gains and losses that may result from the conclusion of the Round. These estimates are based on a number of different scenarios. It is important to bear in mind first that these models rely on a number of assumptions as to how economies work, and second that they reflect different levels of ambition and expected outcomes from the negotiations.

Table 11: Welfare gains and losses for African countries under plausible Doha scenarios

Model	Country/region	Gains or losses from plausible Doha Round (percent of GDP)
Carnegie	South Africa	0.25
	East Africa (Tanzania, Uganda, Malawi)	-.80
	Rest of Sub-Saharan Africa	-0.10
World Bank	South Africa	0.53
	Selected Sub-Saharan Africa	0
	Rest of Sub-Saharan Africa	-0.27
Centre d'Etudes Prospectives et d'Informations Internationales (CEPII)	South Africa	0.32
	Selected Sub-Saharan Africa	-0.18
International Food Policy Research Institute (IFPRI) scenario with basic duty-free, quota-free for LDCs	Madagascar	-0.22
	Malawi	4.06
	Mozambique	0.11
	Tanzania	0.21
	Uganda	0.35
	Zambia	0.08
	Rest of Sub-Saharan Africa	-0.07
IFPRI scenario with full duty-free, quota-free for LDCs	Madagascar	0.75
	Malawi	6.67
	Mozambique	0.33
	Tanzania	0.49
	Uganda	0.23
	Zambia	0.66
	Rest of Sub-Saharan Africa	0.63
Source: Adapted from Vyborny, 2007.		

As Table 11 shows, the results of the various simulations suggest that, in aggregate, sub-Saharan African countries would face a welfare loss from the conclusion of the DDR and, for those few that would not, the gains would be small. Uganda can be seen to gain in the IFPRI scenario only if the round incorporates *basic* DFQF (97%). However, the gains for Uganda are reduced under the IFPRI scenario that includes *full* DFQF (100%).[8]

It is important to point out that general equilibrium models rely on a number of assumptions as to how economies work. Moreover, estimates are unable to take into account supply-side constraints; they also assume that demand responds positively to increases in supply. The potential benefits for producers in LDCs from the removal of tariffs also depend on the nature of the value chain within which they trade (See Box 1).

[7] It is important to point out that LDCs such as Uganda are not required to adhere to Singapore issues at the multilateral level. The MFN clause has also been argued to contravene the enabling clause to which all WTO members are parties and which upholds the principle of special and differential treatment.
[8] See Annex Table A1 for the full breakdown of the Doha scenarios used.

Box 1: The potential effects of duty-free, quota-free access (DFQF) for all LDCs

- The first and most immediate impact would be the transfer of import taxes, formerly levied by more developed trade partners to respective supply chains. If this accrues to producers and exporters, it will make exports more profitable.
- Second, if part of the revenue transfer accrues to importers, it could induce them to buy more from LDC suppliers, leading to an increase in exports. If it accrues to producers/exporters, it may also enable LDC suppliers to increase their supply of competitive products without substantial new investment.
- Third, by removing tariff barriers, DFQF may make it commercially feasible, for LDC suppliers to export new markets where these exports were previously constrained.
- The fourth effect could be greatest, but is hardest to predict. If DFQF means increased supply from LDCs, there could be increases in foreign exchange earning and knock-on effects for the rest of the economy.

Source: Adapted from Stevens et al. (2008).

One useful study is by Abuka et al. (2007). They suggest that a a micro-simulation indicates that a reduction in welfare arises from OECD total trade liberalisation for all deciles irrespective of household poverty status, residence and region, with households engaged in other crop agriculture worst affected. The northern region of the country would experience the highest reduction in household welfare of about 1.8%. The central region was least affected with a reduction of 0.8%. The results suggest that overall expenditure increased by 0.5% while income reduced by about 1.7%, implying a welfare reduction of 1.2% for all households.

Developed country markets such as the EU are becoming less important to Uganda as the share of other markets grows. Table 12 presents a summary of the tariffs faced by Uganda in each of its major markets. As can be seen, other regional and high-value export markets are much more restrictive than Uganda's traditional partners (such as the EU). Table 13 summarises the applicable preference schemes for Uganda in its major markets.

Table 12: Market access for Uganda's exports in 2008

	EU27	Sudan	UAE	Kenya	Switzerland
Uganda share of market's total import value (%)	0.01	1.5	0.1	1.5	0.1
All products:					
Value of Uganda's exports (US$ mn) [a]	460	2,456	128	165	156
Share of value for which simple AV tariff known (%) [b]	100	99.9	99.9	100	100
Share in value of non-arms exports (*for which simple AV tariff known*) of products eligible for duty-free entry (%) [c]	100	4.2	77.0	100	100
Simple average tariff (%) [d]	0	10.0	7.1	0	0
Trade-weighted average tariff (%)[d]	0	12.3	1.3	0	0
Agricultural products:					
Value of Uganda's exports (US$ mn)	250	150	6	127	153
Share of value for which simple AV tariff known (%) [b]	100	100	100	100	100
Simple average tariff (%)[d]	0	12.4	13.5	0	0
Trade-weighted average tariff (%)[d]	0	12.2	8.6	0	0
Textile and clothing products:					
Value of Uganda's exports (US$ mn)	5	1	2	3	2
Share of value for which simple AV tariff known (%) [b]	100	99.9	100	100	100
Simple average tariff (%)[d]	0	12.5	5.0	0	0
Trade-weighted average tariff (%)[d]	0	13.2	5.0	0	0

Notes:

(a) i.e. items actually exported by Uganda to the market shown in 2008.

(b) For some markets not all applicable duties are known because a specific or compound duty applies (for which *ad valorem* equivalents have not been calculated), or the rate is simply missing from the schedule. The share of the total value of imports of goods to which simple *ad valorem* tariffs apply and are known is shown here – and it is only the exports accounting for the total representing this share that have been included in the average tariff calculations in this table.

(c) Because the trade data are at the 6-digit level of the HS and tariffs are set at the more disaggregated national tariff line level, in many cases a range of tariffs applies to different items within an HS 6-digit sub-heading. In calculating this share the *maximum* rate applicable to any item within the 6-digit sub-heading has been used. The proportion of trade eligible for duty-free entry shown here may, therefore, be understated.

(d) Again, *maximum* tariff rates (preferential wherever applicable) have been used in these calculations.

Sources: Calculated from trade data obtained from ITC Trade Map and the latest tariff schedules available in UNCTAD's TRAINS database (2009 for Switzerland, 2008 for the other markets shown).

Table 13: Preferential access for Uganda its main export markets

Market	Applicable preferential regime(s)
EU	EBA
Sudan	Pref. for COMESA non-FTA
UAE	
Kenya	EAC
Switzerland	LDC GSP/GSP

In terms of non-tariff barriers, those faced in the Kenyan and European market have been better documented than those faced by producers in Sudan and the UAE. In Kenya, despite moves towards a common market (the EAC is already a customs union), non-tariff barriers are considered problematic. But they are also *ad hoc* and multifaceted, although generally they relate to agricultural products that are processed, such as dairy, and for which EAC producers compete against each other directly (see WTO, 2006).

3.1.2 Aid for Trade

Most AfT disbursed to Uganda is destined for the agricultural sector (Table 14) and the amounts disbursed have been fairly stable over time. While proportions destined for other categories tend to be more variable, industry and mining is an important category, as are trade policy services and administration (tourism less so). As a share of Uganda's trade, AfT disbursements have decreased over time as export values have increased (Table 15).

Table 14: Aid for commitments pledged to Uganda (constant 2008 US$ millions)

	2000	2001	2002	2003	2004	2005	2006	2007	2008
33110: Trade policy and admin.	4.52	0.49	0.00	0.21	12.84	5.25	0.68	1.97	8.61
33120: Trade facilitation	3.36	0.00	0.00	0.24	0.01	0.00	0.00	0.00	0.44
33130: Regional trade agreements	0.00	0.00	0.00	0.00	0.05	0.21	5.19	0.06	0.00
33140: Multilateral trade negotiations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
33150: Trade-related adjustment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
33181: Trade education/training	0.00	0.16	0.00	0.00	0.00	0.22	0.00	0.02	0.00
33210: Tourism policy and admin.	0.35	8.37	0.00	0.21	0.14	0.07	0.01	0.05	0.08
200: II. ECONOMIC INFRASTRUCTURE AND SERVICES	182.63	393.05	131.75	47.79	178.14	222.98	115.16	649.60	188.08
300: III. PRODUCTION SECTORS	127.99	128.74	214.47	68.10	241.80	53.37	82.11	106.67	125.13
310: III.1. Agriculture, Forestry,	104.96	112.05	211.73	46.04	162.69	29.71	54.26	99.75	91.51
320: III.2. Industry, Mining,	14.81	7.68	2.74	21.39	66.07	17.91	21.97	4.82	24.48
331: III.3.a. Trade Policies &	7.88	0.65	0.00	0.45	12.90	5.68	5.87	2.06	9.06
332: III.3.b. Tourism	0.35	8.37	0.00	0.21	0.14	0.07	0.01	0.05	0.08

Source: OECD.

Table 15: Aid for Trade and total exports ($ '000s)

	2001	2002	2003	2004	2005	2006	2007	2008
Total AfT disbursements (USD'000)	659.6	560.7	184.7	674.8	335.5	285.2	865.0	447.5
Total exports (USD'000)	451.0	467.0	532.0	654.0	813.0	962.0	1337.0	1724.0
AfT as a % of total exports	146.2	120.1	34.7	103.2	41.3	29.7	64.7	26.0

Source: OECD DAC for AfT data.

We next analyse the extent to which the AfT received by Uganda is consistent with its trade-related priorities as emerging from the most recent OECD questionnaire on AfT (2009). In order to make the link we analyse specialisation index of different types of AfT. As described in Section 3.3 below, this measures the extent to which a country is receiving more ODA in that sector (within the broader AfT sector) relative to the other developing countries. In particular, an index greater than 1 indicates a relative specialisation in the specific AfT sector controlling for the overall specialisation in AfT, i.e. a measure of the allocation of AfT across sub-sectors, and vice-versa. We also compute the specialisation index for AfT to measure to what extent AfT has been prioritised in total ODA to the country.

According to the questionnaire response, trade is not a development priority for Uganda although it is mentioned in the NDP. Consistently with this, the extent to which AfT to Uganda has been a priority in terms of funding has varied throughout the 2000s, with the specialisation index often below 1 (and only in 2007 above 1 in the past five years).

The sectoral allocation of AfT seems to be fairly erratic over time, with shifting priorities in terms of funding. However, some inconsistencies between the stated priorities (as emerging from the response to the questionnaire) and the actual sectoral allocation of AfT are noticeable. For example, trade facilitation does not receive almost any AfT funding although it is one of the top trade priorities for the country. A similar case is also valid for aid to economic infrastructure, which is relatively neglected (value of the index often below 1 including in 2008) compared to the high importance assigned to this area in the questionnaire.

Table 16: AfT specialisation index in Uganda (based on 2008 US$ constant commitments)

	2000	2001	2002	2003	2004	2005	2006	2007	2008
33110: Trade policy and management	1.3	0.1	0.0	0.1	2.0	0.8	0.1	0.2	1.6
33120: Trade facilitation	31.6	0.0	0.0	0.9	0.0	0.0	0.0	0.0	0.2
33130: RTAs	0.0	0.0	0.0	0.0	0.0	0.6	4.0	0.0	0.0
33140: Multilateral trade negotiations		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
33150: Trade-related adj.								0.0	0.1
33181: Trade education		2.2	0.0	0.0	0.0	1.9	0.0	0.0	0.0
33210: Tourism policy	0.5	5.4	0.0	0.4	0.1	0.0	0.0	0.0	0.2
200: II. Econ Infra	0.9	1.1	0.6	0.7	0.6	1.2	0.9	1.3	0.8
300: III. PROD Sectors	1.3	0.7	1.7	1.6	1.8	0.6	1.2	0.4	1.4
310: III.1. Agriculture, Forestry, Fishing	1.5	0.9	2.9	1.7	2.2	0.5	1.4	0.6	1.5
320: III.2. Industry, Mining, Construction	0.6	0.2	0.1	1.8	1.4	0.7	1.4	0.1	1.2
331: III.3.a. Trade Policies & Regulations	2.1	0.0	0.0	0.1	1.1	0.6	0.6	0.1	0.9
332: III.3.b. Tourism	0.5	5.4	0.0	0.4	0.1	0.0	0.0	0.0	0.2
Total AfT (broad)	***0.7***	***1.4***	***1.1***	***0.4***	***1.0***	***0.9***	***0.7***	***1.7***	***0.6***

Source: OECD CRS database.

In terms of the modalities through which AfT is provided to Uganda, the questionnaire notes that, while the donor community has achieved a good level of coordination in co-financing and sector-wide approaches, it is still performing poorly as far as joint implementation of trade-related activities is concerned.

AfT may not address the development needs sufficiently as it has so far ignored some development challenges which impede trade. Whilst focusing on agriculture is important, the effectiveness of AfT is limited without well developed value chains and with a poor state of infrastructure which raises the costs of doing business.

3.2 Debt and capital flows analysis

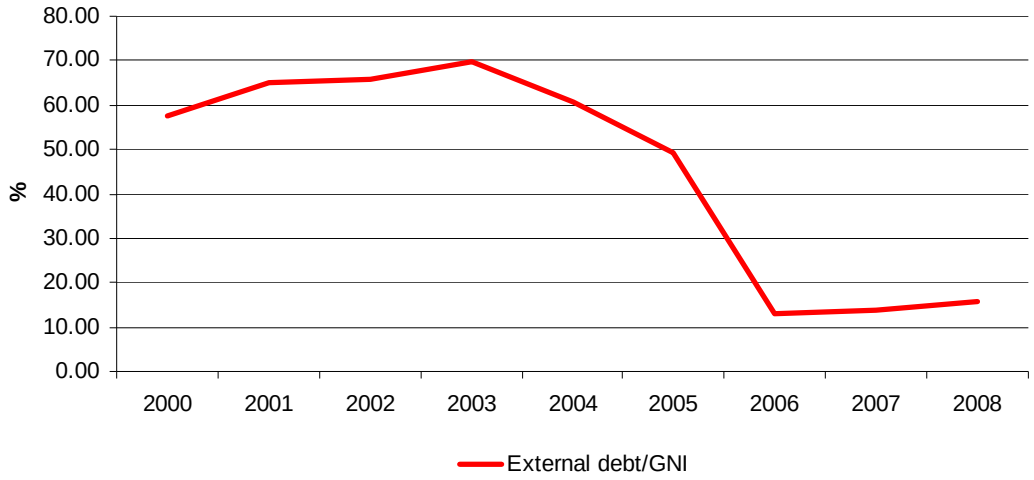
Debt sustainability is a key issue for developing countries since the burden of debt may become a serious threat to achieving the MDGs. The assessment of debt sustainability encompasses two main aspects: solvency and liquidity. Solvency can be defined as a country's ability to discharge its future external debt-servicing obligations without indefinitely accumulating debt. Liquidity is the ability of an economy to fully meet its current debt-servicing obligations.

We analyse the trends in the level and composition of debt in Uganda over the period 2000-2009 and then assess the country's debt sustainability over the same years by looking at a number of standard solvency and liquidity indicators. On the basis of the International Monetary Fund (IMF)/World Bank Debt Sustainability Analysis, we assess the risk of debt distress in Uganda by looking at the projected debt and debt service dynamics in the next 20 years under a baseline scenario and in the face of plausible shocks. Additional debt data are provided in the Annex.

3.2.1 Debt level and composition

Overall, the level of external debt in Uganda declined in the period 2000-2008. As shown in Figure 11, the external debt to GNI ratio came down from 57% in 2000 to 16% in 2008. This was the result of sound macroeconomic policies which fostered economic growth but also of continuous debt forgiveness and reduction which was quite significant (Table 17), especially in 2006, when Uganda was given debt relief under the Multilateral Debt Relief Initiative (MDRI) (Figure 12 below). Thanks to the latter, the stock of external debt fell from $4.5 billion in 2005/06 to $1.5 billion in 2006/07, before slightly increasing to $1.7 billion at the end of 2009 because of new borrowing to finance the country's development priorities such as transport and energy infrastructure,

Figure 11: External debt stocks, 2000-2008 (% of GNI)



Source: World Bank's GDF.

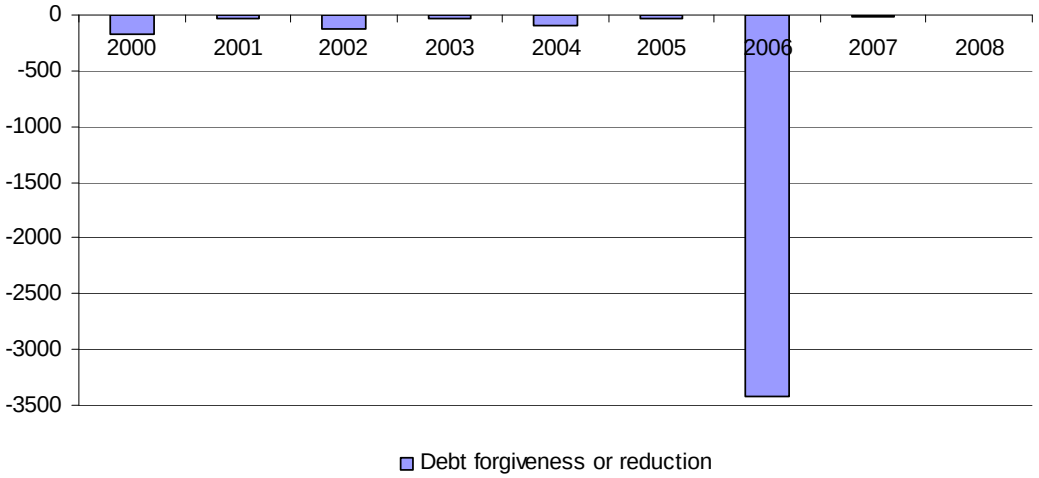
It is worth noting that the external debt to GNI ratio came down significantly between 2003 and 2006, but then it slightly increased again in 2007 and in particular in 2008. This reflects the initial negative effect of the global financial crisis.

Table 17: HIPC and MDRI debt relief (US$ millions), 2003-2009

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
HIPC	86.9	80.1	60.0	49.1	33.3	52.0
MDRI	0.0	0.0	17.7	74.3	84.8	79.9

Source: Uganda's Ministry of Finance Planning and Economic Development (MoFPED)

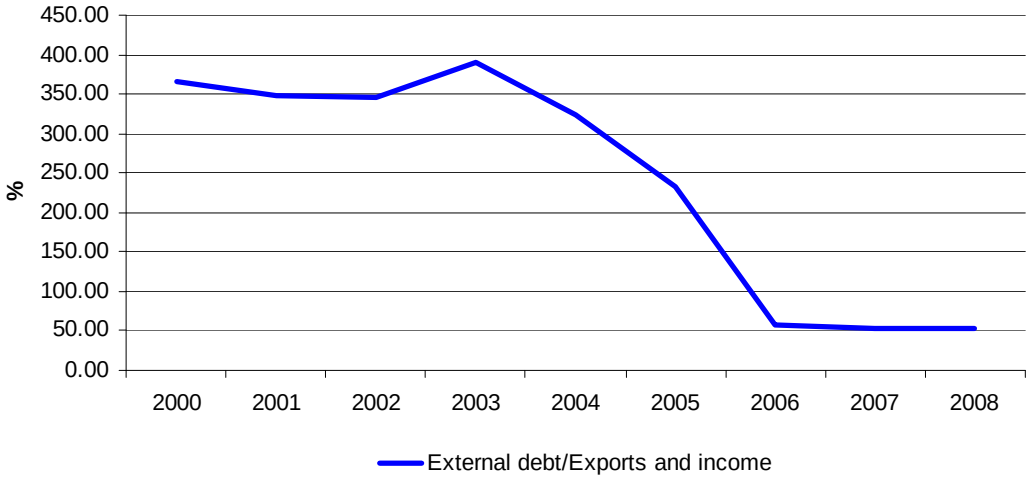
Figure 12: Debt forgiveness or reduction, 2000-2008 (US$ millions)



Source: World Bank's GDF.

The reduction of the debt burden over the period of analysis is also confirmed by the external debt to exports and income ratio. As shown in Figure 13, external debt as a share of exports of goods, services and income dropped from 366% in 2000 to 53% in 2008.

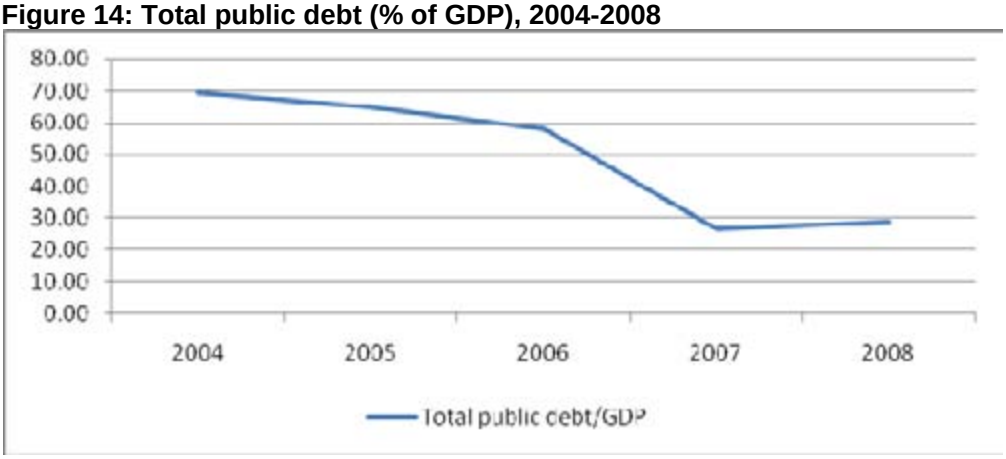
Figure 13: External debt stocks, 2000-2008 (% of exports of goods, services and income)



Source: World Bank's GDF.

Uganda's total public debt declined significantly over the last years and in particular since 2006 as a result of the MDRI. As shown in Figure 14, total public debt as a share of GDP declined from 69% in 2004 to 29% in 2008.

Figure 14: Total public debt (% of GDP), 2004-2008



Source: World Bank's World Development Indicators.

The domestic debt burden is larger than the external one since domestic debt, which consists mainly of treasury bills and treasury bonds, is characterised by short maturities ranging between 3 sand 18 months. As of December 2009, domestic debt amounted to $999 million.

Table 18: Uganda's outstanding external debt (US$ millions)

Creditor Category	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09
Multilateral	1,515.6	1,563.0	1,654.1	1,771.8	1,985.7
Non-Paris Club	194.1	193.2	189.4		195.4
Bilateral				213.9	
Paris Club Bilateral	65.0	62.1	60.9	60.4	63.4
Commercial	0.39	0.35	0.35	0.32	0.32
Commercial Non Bank	0.00	0.00	0.00	0.00	0.00
Grand Total	**1,775.10**	**1,818.64**	**1,904.80**	**2,046.37**	**2,244.88**

Source: Bank of Uganda.

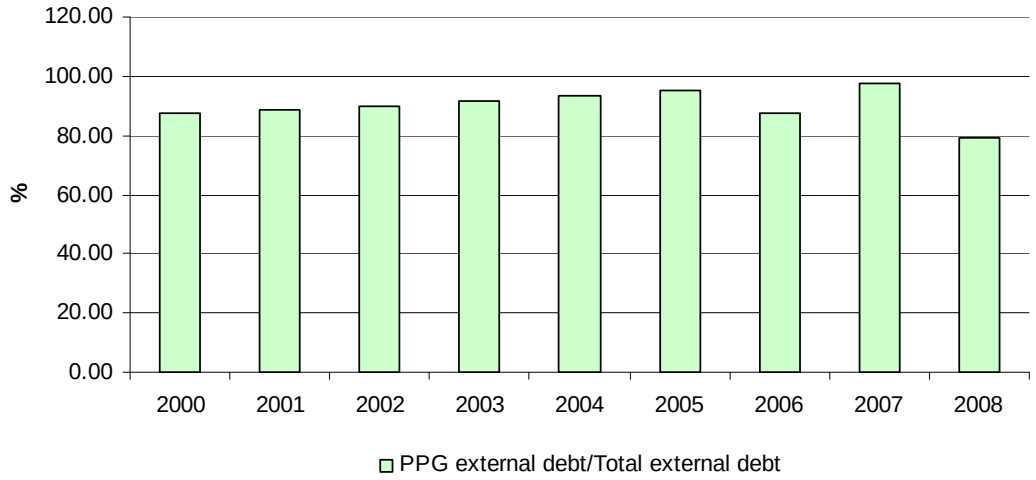
Table 18 shows that Uganda's external debt did increase from September 2008 to September 2009. However, the ratio of public debt service to exports of goods and services was 1.8% for the quarter to September 2009, compared to 2.4% in the corresponding quarter in 2008. This drop was a result mainly of an increase in exports.

In terms of composition, the biggest share (87.6%) of Uganda's external debt is owed to multilateral creditors, followed by the Non-Paris Club creditors (9.2%) and the Paris Club bilateral creditors (3.2%). As of December 2009, the IDA of the World Bank, the African Development Bank (AfDB) and IFAD were the three main sources of borrowing.

Moreover, it is worth looking at: 1) share of public sector debt; 2) concessional debt, 3) foreign debt; and 4) short-term debt. Some of these indicators may also help assess the vulnerability of the economy to solvency and liquidity risk arising from the external debt position.

Public sector debt represents the largest share of external debt throughout all the period of analysis. The evolution of public and publicly guaranteed (PPG) external debt to total external debt ratio appears too volatile to identify a clear trend.

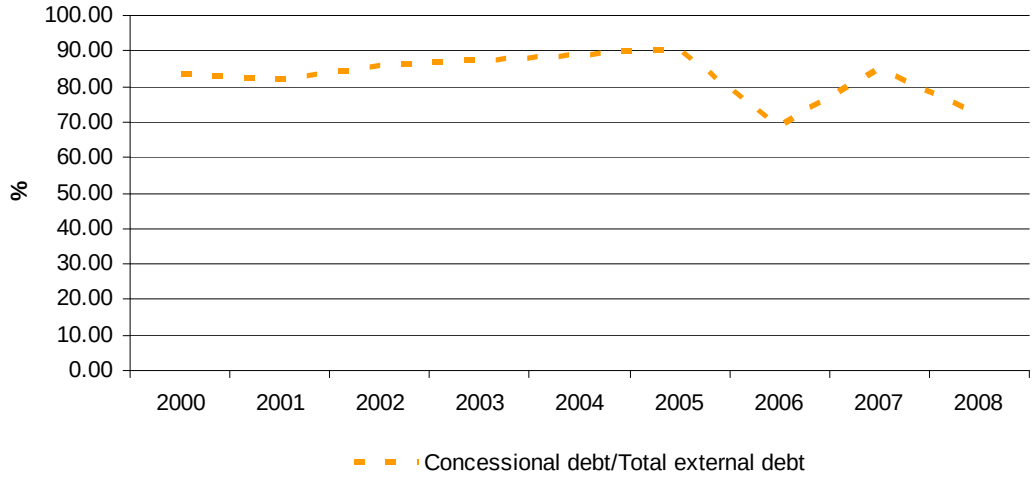
Figure 15: PPG external debt, 2000-2008 (% of total external debt stocks)



Source: World Bank's GDF.

The share of concessional debt in total external debt was around 83% on average between 2000 and 2008, experiencing a decline since 2005 (Figure 16).

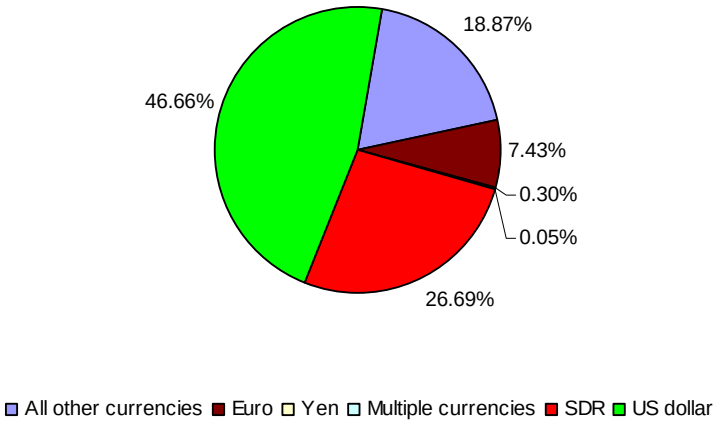
Figure 16: Concessional debt, 2000-2008 (% of total external debt)



Source: World Bank's GDF.

If we look at the currency composition of debt, it appears that foreign debt and in particular debt payable in US dollars prevails. Indeed, as shown in Figure 17, in 2008 a share of about 47% of PPG debt was payable in US dollars. Such a high share of foreign debt might represent an important source of vulnerability for the economy in the case of a depreciation of the domestic currency as happened for example in 2003, when the exchange rate went from Ush1797.6 per US dollar to Ush1963.7.

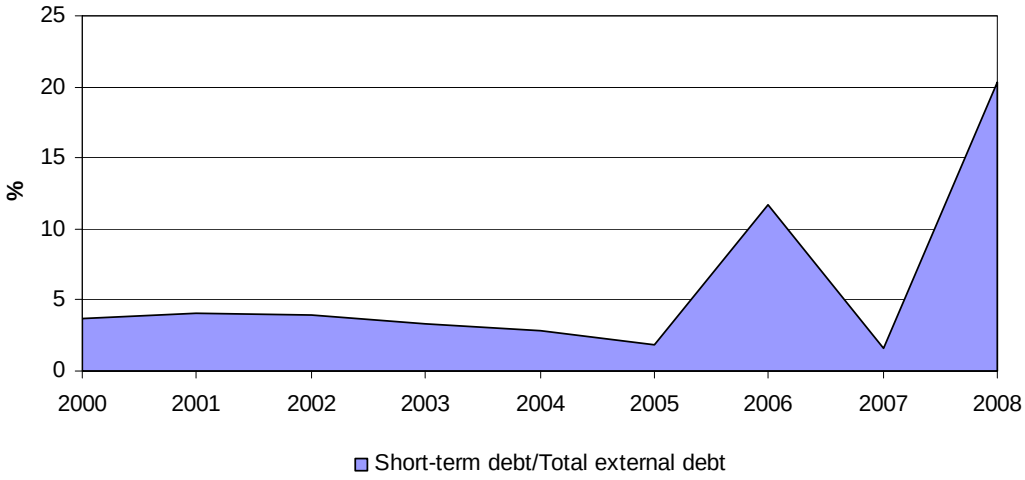
Figure 17: Currency composition of PPG debt, 2008 (%)



Source: World Bank's GDF.

The maturity composition of debt shows that in Uganda the share of short-term debt was quite small in early 2000s but this appears to have been increasing since 2005. Indeed, the ratio of short-term debt to total external debt increased from 1.8% in 2005 to 20.4% in 2008 (Figure 18). Continued high levels of short-term debt might make the economy vulnerable to sudden changes in investor sentiment.

Figure 18: Short-term debt, 2000-2008 (% total external debt)



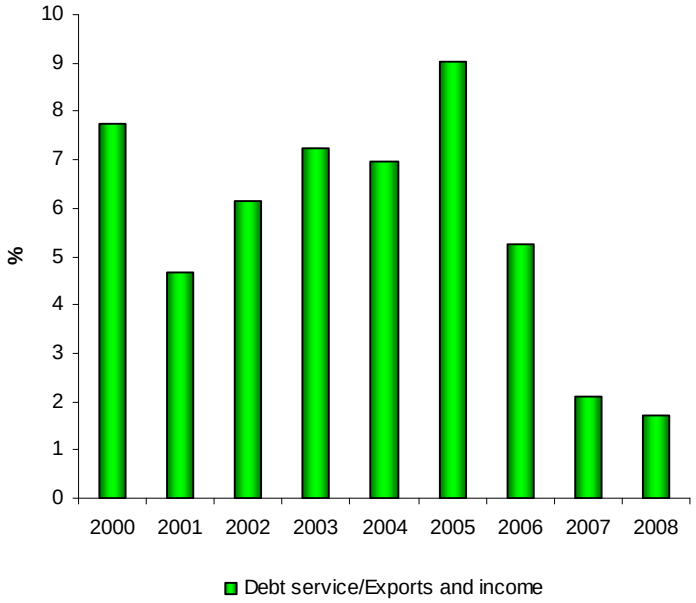
Source: World Bank's GDF.

3.2.2 Debt sustainability

In the period 2000-2008, the key solvency indicators for Uganda remained well below the debt burden thresholds identified for those countries (such as Uganda) that are classified as 'strong performers' on the basis of the quality of their policies and institutions as measured by the World Bank's Country Policy and Institutional Assessment (CPIA): 50% for NPV of debt to GDP ratio, 200% for NPV of debt to exports ratio, 300% for NPV of debt to revenue ratio, 25% for debt service to exports ratio and 35% for debt service to revenue ratio.

The debt service to exports ratio dropped sharply from 7.8% in 2000 to 1.7% in 2008, thus remaining constantly well below the threshold level of 25% (Figure 19).

Figure 19: Debt service, 2000-2008 (% of exports of goods, services and income)



Source: World Bank's GDF.

Table 19 suggests that government spending on external debt has been lower than government spending for health and education throughout the entire period of analysis. For example, in 2004 Uganda had to pay 0.83% of GDP to meet external debt obligations, while the figure was around 1.93% and 4.95% for health and education services, respectively.

Table 19: Public expenditure pattern – essential services vs. external debt service

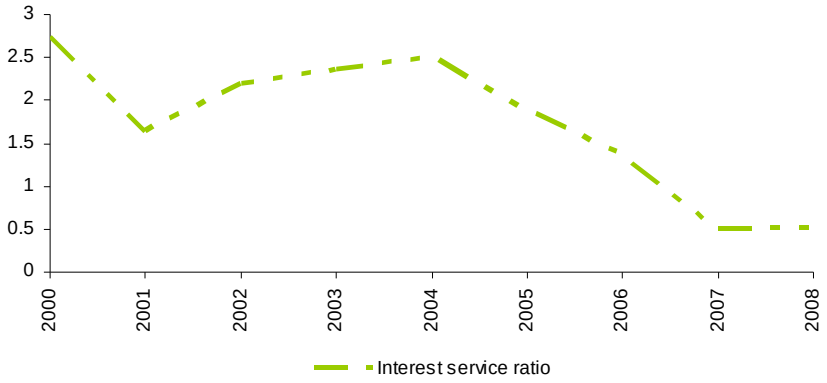
	Health expenditure (% GDP)	Education expenditure (% GDP)	External debt service (% GDP)
2000		2.46	0.76
2001			0.52
2002			0.79
2003	2.16		0.90
2004	1.93	4.95	0.83
2005	1.90		1.46
2006	1.78		1.09
2007	1.65		0.50
2008		3.77	0.47

Source: World Bank's World Development Indicators and GDF.

The net present value (NPV) of external debt to exports ratio and the net present value of external debt in percent of GNI appear to have remained below their policy-dependent thresholds as well. In 2008, the NPV of external debt to exports ratio was equal to 37%, well below the 200% indicative threshold level; the NPV of external debt in percent of GNI amounted to 10%, compared with a threshold value of 50%.

An improvement in Uganda's debt sustainability over time is also highlighted by the trend in the interest service ratio, which decreased from 2.7% in 2000 to 0.5% in 2008 (Figure 20).

Figure 20: Interest payments on external debt (% of exports of goods, services and income)



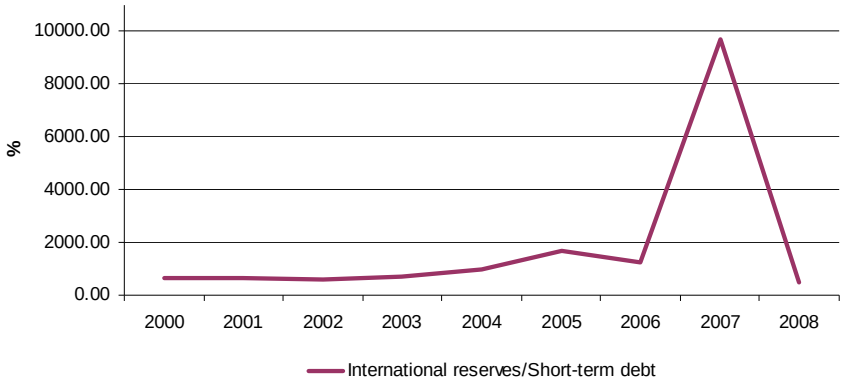
Source: World Bank's GDF.

In 2009, all Uganda's external debt distress indicators remained below their indicative policy-dependent thresholds.

In terms of public sector debt, the IMF's Debt Sustainability Analysis (DSA) released in December 2008 reports that up to 2007 the public debt sustainability has deteriorated. Indeed, the NPV of public sector debt to revenue ratio increased over time up to 2007, when it reached a value of 154%, which is still below its threshold of 300%. On the other hand, the debt service to revenue ratio has been constantly well above the 35% threshold, even though experiencing a declining trend up to 2007.

The liquidity situation appears to be sound in Uganda. In particular, it improved significantly in the period 2000-2007: the ratio of international reserves to short-term debt, which is the single most important liquidity indicator, increased from 624.23% in 2000 to 9675.31% in 2008 (Figure 21). However, a sudden remarkable deterioration in the country's reserve adequacy occurred in 2008 when the ratio of international reserves to short-term debt dropped to 502%, which is below its level in 2000. The data might suggest 2007 is an outlier.

Figure 21: Ratio of international reserves to short-term debt, 2000-2008 (%)

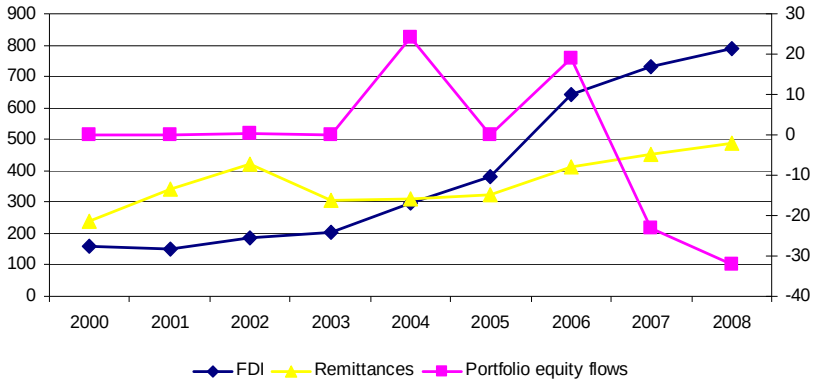


Source: World Bank's GDF.

In order to assess the vulnerability of the economy to solvency and liquidity risks arising from the external debt position, it is also worth looking at the trends over time of different balance of payments (BOP) flows. Figure 22 reports the trends of foreign direct investment (FDI), portfolio equity flows and remittances in Uganda. Both FDI and remittances experienced a steady upward trend up to 2008 notwithstanding the global financial crisis, thus contributing to enhancing the

country's ability to meet its debt obligations. On the other hand, portfolio equity flows experienced significant outflows in 2007 ($23 million) and 2008 ($32 million), which may have significant adverse consequences on Uganda's ability to service debt.

Figure 22: BOP flows, 2000-2008 (US$ millions)



Note: Portfolio equity flows on secondary axis.
Source: World Bank's GDF.

Box 2: Debt stress tests

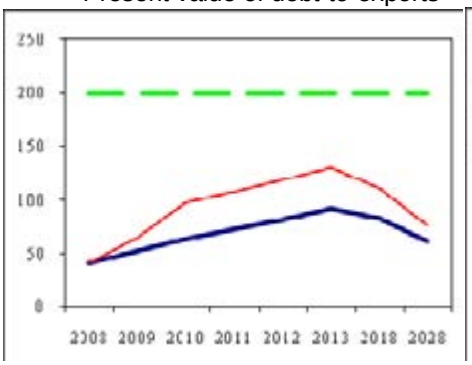
In December 2008, the IMF jointly with the World Bank conducted debt stress tests to assess the risks of debt distress in Uganda over the next 20 years. In particular, they took into account the global economic downturn and measured its impact on Uganda's economy through key macroeconomic variables such as exports growth, currency depreciation, concessionality of new external borrowing, etc.

The main macroeconomic assumptions underlying the baseline scenario are the following:

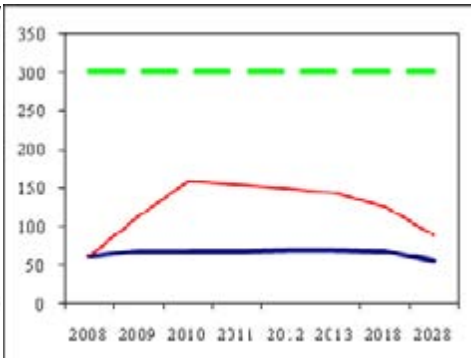
- Real GDP growth is projected to remain strong despite the impact of the global financial crisis.
- Export performance is expected to slow down, with exports growing 13% on average over the next 20 years.
- The current account deficit (excluding grants) is expected to somewhat improve averaging 3.2% of GDP over the next 20 years.
- Fiscal revenues are projected to increase steadily up to 18% beyond 2020.
- Non-interest expenditures are expected to contract at about 20% of GDP.
- Official external loans are expected to experience a tri-fold increase over the next 20 years.

The stress tests suggest that the country presents low risk of debt distress, with all indicators remaining well below their policy-dependent threshold values (below figures). However, Uganda's debt sustainability could deteriorate in the case of permanent low growth.

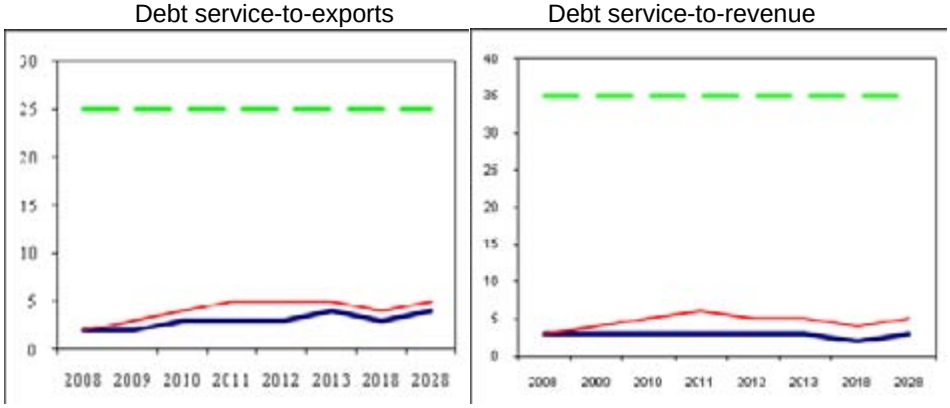
Present value of debt-to-exports



Present value of debt-to-revenue



Debt service-to-exports | Debt service-to-revenue



-----Baseline ----Shock - - - Threshold

Note: The shocks used vary among graphs. In the first figure, the shock corresponds to exports shock; in the second to a combination of shocks (growth and primary balance changes); in the third to a terms shock; and in the fourth to a combination shock.
Source: IMF-World Bank DSA-UGANDA (2008) and authors' elaborations.

Under the baseline scenarios, Uganda's external debt is expected to remain well below thresholds over the medium and long term. In order to improve and maintain satisfactory levels of economic growth, the authorities should continue to address infrastructure constraints and regulation reforms.

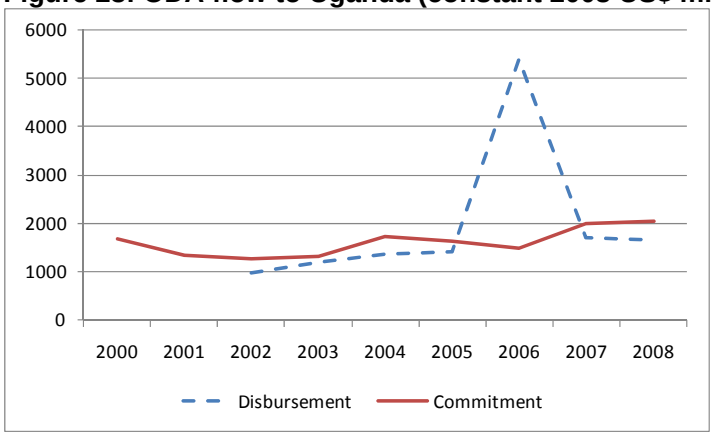
3.3 Aid analysis

Box 3: Commitments vs. disbursements

We use ODA commitments rather than disbursement for the analysis of ODA as the former have a better ODA coverage than the latter in the Organisation for Economic Co-operation and Development (OECD) Creditor Reporting System (CRS) dataset, which is our main source of data. This is especially the case for pre-2002 data, where the coverage of disbursements is not sufficient to have reliable data (and this is the reason why OECD CRS data on disbursement are readily available online only from 2002). The use of commitments data should not bias the analysis as commitments are a powerful predictor of disbursements, and this is the case also for our sample of four countries (Uganda, Bolivia, Bangladesh, Cambodia). We do this by running a panel data regression for the four countries over the period 2002-2008 with disbursement as a dependent variable and commitment lagged two years as the regressor (plus country dummies). The coefficient of commitment was not significantly different from one. Moreover, the allocation of commitments across sectors and donors in recipient countries mirrors closely that of disbursements. Keeping this in mind, we will also show some of the results using disbursements data as well.

ODA commitments to Uganda were fairly stable over 2000-2008 according to OECD CRS data (Figure 23) at a level close to $2 billion per year. Disbursements followed a similar trend except for a huge spike in 2006 (related to debt relief).

Figure 23: ODA flow to Uganda (constant 2008 US$ million)



The 2000-2008 stability of aid flows in level turns into a decline relatively to ODA in developing countries, as shown by the decreasing share of Uganda in total ODA both for commitments and disbursements (Figure 24).

The decline of Uganda's ODA share in its relevant income group, i.e. LDCs, is even more marked, dropping from 7% to around 4.5%, although this decline occurred entirely between 2000 and 2003, with a moderate increase in more recent years (Figure 25).

Figure 24: ODA flow to Uganda as a share of total ODA

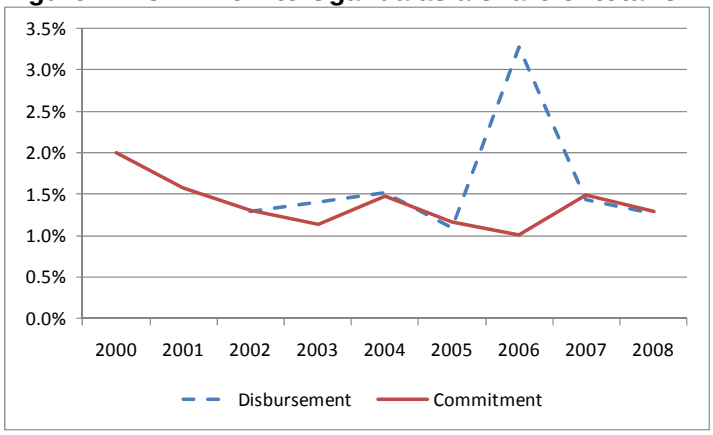
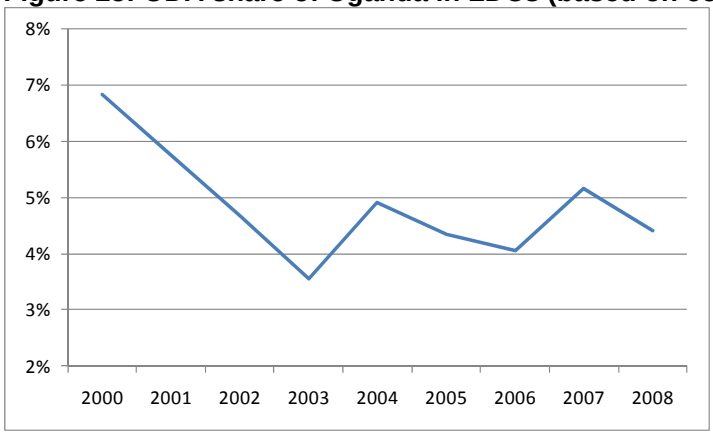
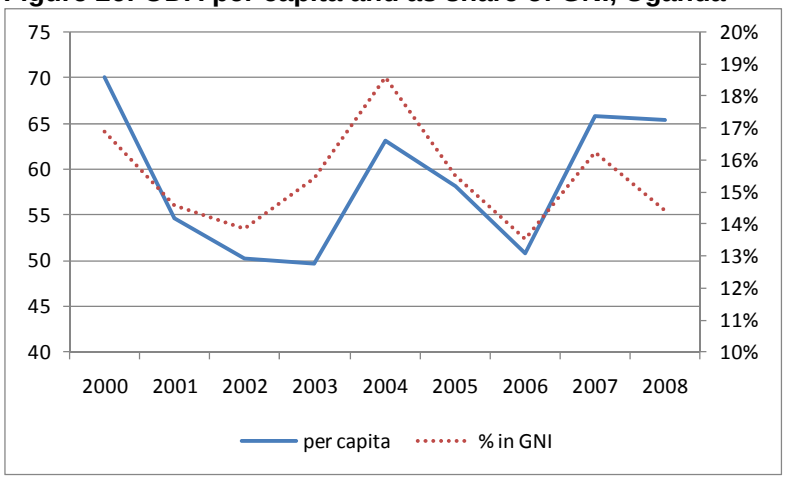


Figure 25: ODA share of Uganda in LDCs (based on commitment const. 2008 US$ mln)



As with many LDCs, Uganda is fairly dependent on development assistance. The share of ODA in GNI fluctuates between 14% and 18% in the period 2000-2008, stabilising in the lower band of this spectrum in recent years (Figure 26). Similarly, ODA per capita fluctuated between $50 and $70 during the period.

Figure 26: ODA per capita and as share of GNI, Uganda



3.1.1 Effects of the crisis on aid[9]

There is little evidence so far to suggest that ODA is going to be negatively affected by the crisis in Uganda. Donors made earlier commitments to the government and there is no indication that they will cut down on these because of the global financial crisis, as of December 2009. The only exception is Irish Aid, which is going to scale down its aid programme as a consequence of the crisis effect on its national budget.[10] On the other hand, for the main part calls to and commitments by Western countries to increase aid to developing countries have continued.

While the IMF made money available to Uganda to borrow to address revenue shortfalls that were manifesting themselves as a result of the global financial crisis, Uganda chose not to access the funds because of the fears of increasing its level of indebtedness. Given the current recovery, this choice may not bear the feared consequences in terms of the medium- and long-term growth path, which is likely to be restored without further borrowing from the IMF. Similarly Uganda's borrowing from the World Bank and from the AfDB remained largely the same.

3.1.2 Multilateral vs. bilateral aid

In Uganda, the value of bilateral aid has been slightly higher than that of multilateral aid, although that has not always been the case in all years (Figure 27). The increase in ODA commitments to the country in the past six years has been mainly driven by bilateral aid, although multilaterals have also contributed. Major donors include the US and the UK among the bilaterals and the World Bank (which has also been the largest donor over the period) and the EU among the multilaterals.

[9] This section is based on Ssewanyana and Bategeka (2010).
[10] Although the Irish three-year rolling programme of aid to Uganda came to an end in 2009, a five-year programme for the years 2010-2014 to the tune of €175 million is to be completed. This aid will target vulnerable groups in Karamoja (specifically Moroto and Nakapiripiriti districts) and the Northern region.

Figure 27: Uganda – bilateral vs. multilateral ODA

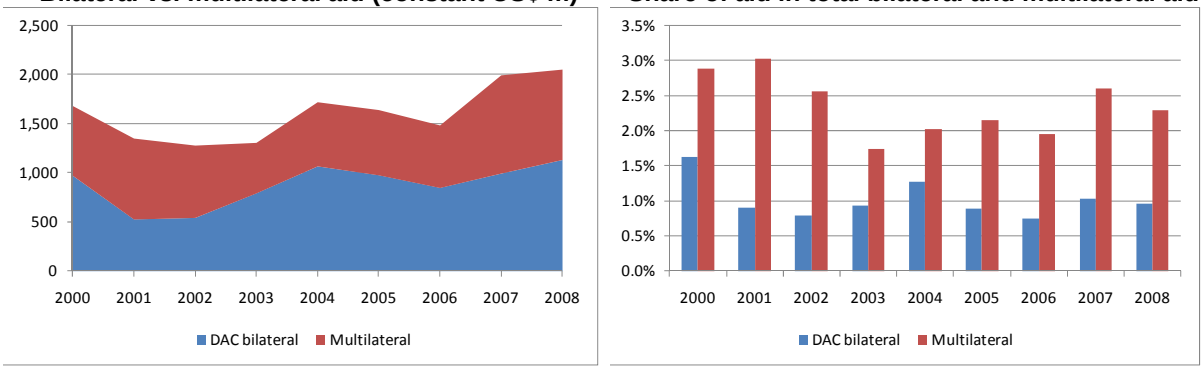
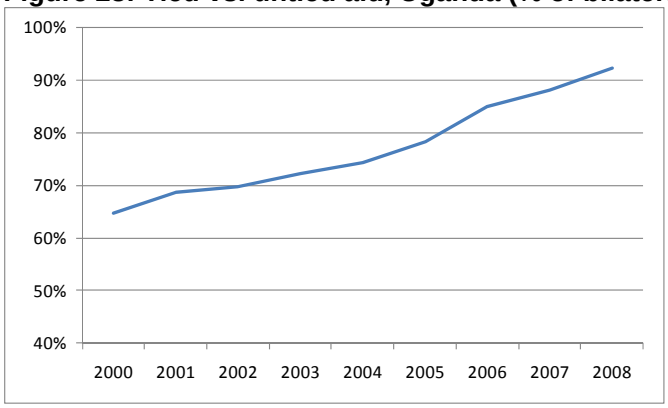


Table 20: Uganda's major donors (constant 2008 US$ millions)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	*Total*
DAC bilateral	**970**	**526**	**542**	**791**	**1066**	**975**	**847**	**992**	**1131**	***7,840***
US	77	85	131	202	243	276	290	387	449	***2,140***
UK	409	72	31	91	322	162	127	56	68	***1,339***
Netherlands	89	100	55	81	49	62	119	88	85	***728***
Norway	55	64	62	27	101	46	39	76	98	***567***
Sweden	48	30	44	168	17	72	37	24	86	***527***
Ireland	23	43	59	59	56	55	66	67	77	***506***
Multilateral	**709**	**824**	**736**	**514**	**652**	**664**	**636**	**999**	**920**	***6,655***
IDA	164	717	429	414	393	8	310	675	230	***3,340***
EU	349	92	95	36	120	369	112	88	404	***1,666***
ADB	161	0	171	0	0	187	156	165	92	***933***

In line with the general trend, bilateral aid in Uganda has quickly become more untied, with a share of over 90% of untied aid in total bilateral aid in 2008.

Figure 28: Tied vs. untied aid, Uganda (% of bilateral aid)



3.1.3 Allocation across sectors

We analyse the ODA allocation across sectors in two ways. First, we simply examine the sectoral composition of ODA, focusing on the macro sectors (i.e. 2-digit OECD CRS sectors) and on some 3-digit level sectors that should be particularly relevant to reach some of the MDGs (e.g. education and health spending); second, we compute a simple index of relative specialisation for those

sectors. The index is the ratio of the share of country *i* in total ODA for a specific sector *s* and the share of country *i* in total ODA:

$$S_{is} = \frac{ODA_{is} / \sum_{j=1}^{n} ODA_{js}}{ODA_{i} / (\sum_{j=1}^{n} ODA_{j})}$$

where ODA_{is} and ODA_{i} are ODA in sector *s* (in US$) and total ODA (in US$) for country *i* respectively, and *n* is the total number of donors. A value of the index greater than one indicates that country *i* is receiving more ODA in that sector relative to the other developing countries.

The data suggest that aid to Uganda in the period 2000-2008 went mainly towards the social sectors, which received around half of total ODA commitments (Table 21). A particularly important share of this social spending goes to health, which is better funded than education relatively to the sectoral allocation in the rest of developing countries (health specialisation index is much higher than the educational one, see Table 22). On the other hand, the economic sector received less funding and aid to economic infrastructure had an average specialisation index lower than one over the period. An important part of ODA to Uganda is channelled as commodity aid, which has the highest specialisation index of all macro sectors.

Table 21: Allocation of commitments across sectors, Uganda (constant 2008 US$ millions)

	2000	2001	2002	2003	2004	2005	2006	2007	2008
All	**1,679**	**1,350**	**1,278**	**1,306**	**1,718**	**1,639**	**1,483**	**1,992**	**2,051**
Social infra & services	571	699	696	845	585	717	889	863	1,066
Education	136	154	145	126	91	86	171	78	130
Basic Education	16	75	67	71	37	20	69	14	63
Health	173	192	95	208	93	223	65	136	193
Economic infra and services	183	393	132	48	178	223	115	650	188
Production sectors	128	129	214	68	242	53	82	107	125
Multisector / cross-cutting	61	42	36	35	63	100	25	62	91
Commodity aid / general prog. Ass.	529	22	95	178	411	220	67	99	329
General budget support	520	0	80	147	392	179	36	60	288
Action relating to debt	183	28	51	8	63	105	66	6	1

Table 22: Allocation of commitments across sectors, Uganda (specialisation index)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	***Avg***
Social infra & services	0.94	1.46	1.58	1.89	0.81	1.26	1.58	0.99	1.31	***1.31***
Education	1.03	1.42	1.33	1.14	0.55	0.86	1.44	0.45	0.86	***1.01***
Basic Education	0.38	2.12	2.41	2.10	0.60	0.64	1.78	0.37	1.46	***1.32***
Health	2.01	2.94	1.46	3.39	1.03	2.58	0.73	1.14	1.79	***1.89***
Economic infra and services	0.65	1.57	0.67	0.29	0.62	1.08	0.64	2.10	0.49	***0.90***
Production sectors	0.93	1.00	1.88	0.69	1.81	0.50	0.85	0.73	0.82	***1.02***
Multisector / cross-cutting	0.43	0.38	0.36	0.36	0.60	1.05	0.27	0.44	0.62	***0.50***
Commodity aid / general prog. Ass.	3.23	0.21	1.11	2.03	5.08	3.14	1.04	1.15	2.42	***2.16***
General budget support	4.95	0.00	1.76	2.31	7.89	3.65	0.79	0.98	2.86	***2.80***
Action relating to debt	1.72	0.28	0.37	0.03	0.45	0.29	0.25	0.04	0.01	***0.38***

3.1.4 Aid volatility

Box 4: Measuring aid volatility

Alternative methodologies are available to measure the volatility of aid. We use the most popular measure in the literature (see e.g. Bulir and Hamann (2003), Pallage and Robe (2001), Chauvet and Guillaumont (2009)), which is based on the Hodrick-Prescott filter (Hodrick and Prescott, 1997). The application of this filter allows extracting the trend and cycle components of any flow variable, ODA in this case. The H-P filter decomposes a series, x_t, (where x_t is the logarithm of the observed series X_t) in a cycle x_t^c and in a trend x_t^g by minimising the following function:

$$\sum_t (x_t - x_t^g)^2 + \lambda \sum_t \left[(x_{t+1}^g - x_t^g) - (x_t^g - x_{t-1}^g) \right]^2$$

With the cycle component being defined as $x_t^c = x_t - x_t^g$. We then define volatility as the share of the cycle component in total observable commitment over the period, i.e. $\sigma = \sum_t x_t^c \Big/ \sum_t x_t$ and also in each period $\sigma_t = x_t^c / x_t$. A higher indicator is associated with higher volatility of aid. The indicators based on commitments are likely to be more accurate than those based on disbursement data as the former is based on a longer time period (1995-2008 vs. 2002-2008) and on wider coverage of the data.

Figure 29 presents the evolution of actual ODA commitments vis-à-vis its trend (calculated according to the method explained in Box 4) for the period 1995-2008. The volatility of ODA commitments to Uganda is reasonably low throughout the period (except for a couple of spikes in the second half of the 1990s), and it was slightly decreasing towards the end of the period considered (see Figure 29, which plots σ_t over time).

Figure 29: How volatile is aid? Actual commitment vs. trend

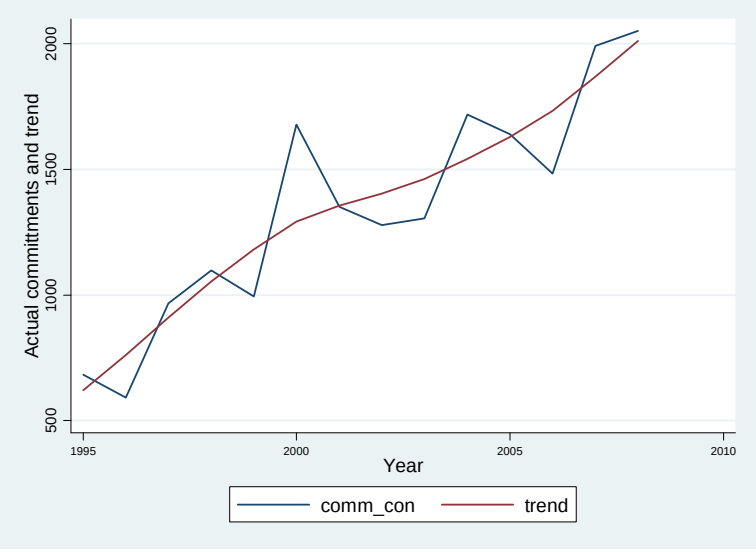
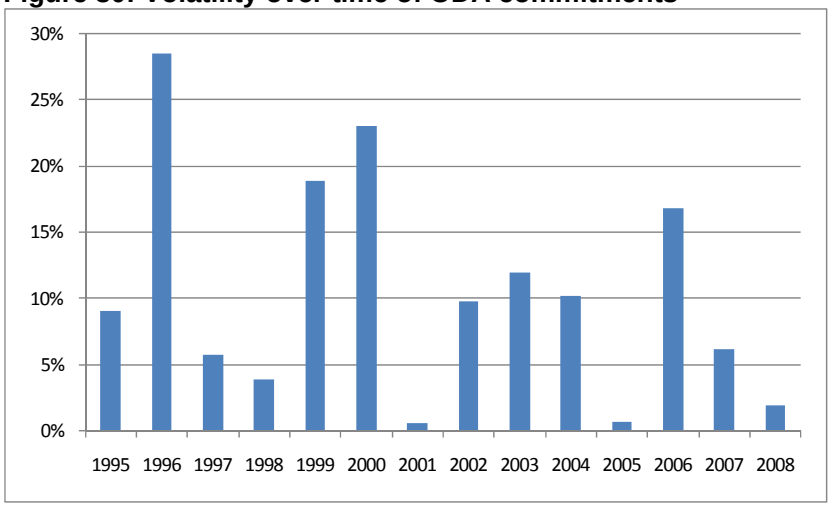


Figure 30: Volatility over time of ODA commitments



4. Partnerships (MDG 8)

MDG 8 is to establish a global partnership for development. It commits countries and development partners to go beyond aid-related commitments in the Paris and Accra Declarations to cover access to markets, tackling debt sustainability and improving access to affordable drugs and new technologies. The NDP suggests that the government of Uganda formulates a Partnership Policy.

4.1 Market access

In relation to international trade and market access, this includes the terms under which LDCs are able to access more developed country markets. It calls for the development of an open, rule-based, predictable and non-discriminatory trading and financial system. Target 8.B specifically addresses the special needs of LDCs and includes the call for duty- and quota-free (DFQF) access for exports from LDCs. The objectives of the MDGs recognise that international trade can serve as a driver of economic growth and therefore contribute to other goals, such as poverty reduction. However, it is also recognised that serious barriers exist for LDCs in being able to harness trade-induced growth so as to achieve a sustainable and dynamic trajectory and route out of poverty. This includes in terms of market access but also relates to supply-side constraints, such as limited levels of education and productive capabilities.

The international community has responded to some of these concerns and demands. At the WTO Ministerial Conference in Hong Kong (2005), a commitment to provide AfT was made. DFQF is provided to LDCs by most major developed countries. However, concerns remain in relation to agricultural subsidies as well as other non-tariff barriers such as standards (related to the private governance of trade). Talks on further liberalisation at the multilateral level – the Doha Development Round (DDR) – have stalled. Moreover, the global financial crisis, which erupted in 2008 and has subsequently affected the real economy across the globe, is threatening to raised the level of protectionism.

Uganda already has trade preferences in its key markets through programmes such as EBA, EAC and the African Growth and Opportunity Act (AGOA). A decision to provide DFQF to all LDCs may actually harm Uganda because some of its exports compete directly with Bangladeshi and Cambodia garments for instance. There are, however, several trade commitments that can still help Uganda, such as trade in services (especially mode 4).

Further, Uganda has recently discovered oil, whose production expected to come on stream by 2012 and this will future determine levels of reserves. Uganda will need to mange oil revenues well to avoid a resource curse and maintain its diversified export base, which partly cushioned the country from the adverse effects of the global financial crisis.

4.2 Debt sustainability

One of the six targets of MDG 8 is to ‘Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term’. Ssewanyana and Bategeka (2010) suggest that, although the Uganda shilling depreciated at the beginning of the global financial crisis, the currency began to stabilise, with some recorded appreciation of the shilling; Uganda did not panic to draw down its foreign exchange reserves to stabilise the Uganda shilling, which seemed to depreciate rather fast when the crisis was at its peak. Accordingly, Uganda’s foreign exchange reserves continued to be healthy, at about 5 months’ of its imports. Uganda’s strong reserve position points to the likelihood of the country

maintaining macroeconomic stability in the medium term. The Ugandan authorities also did not make recourse to the stimulus package placed at their disposal by the IMF and the World Bank.

The data in Section 3 also suggest that debt relief has already occurred (HIPC1 completion point was in October 1998 and HIPC2 completion point in April 2001) and debt as a percentage of GNI is at low levels. The IMF forecasts that external debt to GDP ratios will increase only slightly from 12.2% in 2008 to 14.6% in 2009 and 15.5% in 2010.

The IMF forecasts that Uganda's fiscal balance (including grants) will change from -1.3% of GDP in 2007, to -3.0% in 2008, -2.1% in 2009 and -2.4% of GDP in 2010 which is reasonable (although excluding grants it is close to -5%). Furthermore, stress tests indicated that Uganda was not highly vulnerable to external shocks – and te Velde et al. (2010) suggest this is because of diversification of products and markets.

4.3 Aid

Net aid by OECD Development Assistance Committee (DAC) donors rose 0.7% in 2009 (to $120 billion). It rose in Belgium, Denmark, Finland, France, Luxemburg, Sweden and the UK. It fell in Austria, Germany, Greece, Ireland, Italy, Netherlands, Portugal and Spain. ODA was expected to be $108 billion in 2010 (2004 prices), $18 billion below the 2005 Gleneagles plans. Sub-Saharan Africa expected to get a $11 billion increase compared with the $25 Gleneagles planned increase. ODA is expected to rise by about 36% in real terms between 2004 and 2010. ODA will continue to rise in 2009 and 2010, unlike other financial flows to developing countries, which have fallen sharply since the onset of the global financial crisis. Uganda is one of the largest recipients of ODA among LDCs. It is not easy to estimate whether the aid shortfall affects Uganda in particular.

Uganda has experienced high transaction costs from aid which leads to calls for further harmonisation. The Uganda Joint Assistance Strategy (UJAS) presents a core strategy of seven development partners for 2005-2009, and provided the basis for the partners' support of the implementation of the government's PEAP covering 2005/06-2008/09. It was prepared collaboratively by the UJAS partners: AfDB, Germany, the Netherlands, Norway, Sweden, the UK Department for International Development (DFID) and the World Bank Group. Experts suggest that the donors involved in UJAS have done little to take actions which are likely to have reduced transaction costs. However, there has been no formal assessment of whether transaction costs have changed over time (there is an assessment for 1997 only).

Williamson and Moon (2010) argue that pooled funding of projects should be encouraged, especially where development partners fund similar activities. However, they should not be pursued at all costs because there are significant transactions costs associated with managing pooled funds. Avoiding overlap of project activities and ensuring the complementarity of development partner support is of greatest importance.

The sectoral distribution of aid matters. Twimukye et al. (2009) suggest that the effects of aid depend on whether it is used to improve the productivity of the economy and to remove supply constraints. When aid is spent on improving infrastructure such as roads, the losses resulting from the appreciation of the currency that are usually associated with the Dutch Disease phenomenon are reduced. But our analysis shows that social spending has been the key destination of aid in Uganda, especially relative to other countries. Booth and te Velde (2008) give further evidence of the importance of providing aid to the binding constraints to growth, which tend to be railways, roads and electricity supply, all of which will help trade. Uganda was among the top recipients of AfT which helps to support the supply side of an economy. There could be more regional partnerships for AfT as a lot of the supply side challenges in Uganda are regional in nature.

While the strategy of focusing on the social sectors has delivered improvements in social indicators such as income poverty reduction, increased primary net enrolment rates, this strategy alone is not sustainable. The NDP 2011 – 2015 highlights this: ignoring other sectors such as energy, roads, and the agriculture sector has resulted into further shrinking of the agriculture sector and increased the cost of doing business in Uganda to be amongst the highest in the region. The NDP emphasised that the effort on social sectors should be consolidated in tandem with allocating further resources on complementary sectors especially energy and roads. This is expected to generate more employment and sustain the previously high growth rates.

Predictability of aid to Uganda might be improved. Our analysis shows that aid can be quite volatile.

4.4 Access to affordable drugs

Uganda faces challenges in accessing affordable drugs. For example, 19 of the 26 developing countries covered by the MDG8 report of 2009 have more affordable access to treatment for diabetes (measured in day's worth of wages). Only Kuwait, El Salvador, Ethiopia, Tanzania, Ghana and Nigeria had higher costs. In Uganda it costs five days of wages to access 30 days of supply from the private sector (2004 data).

Uganda (an LDC) does not have to provide protection for trademarks, copyrights, patents and other intellectual property rights until at least July 2013 under the WTO's Trade-Related Aspects of Intellectual Property Rights (TRIPS) agreement. Uganda does not have to put in place protections on medicine until 2016. However, Uganda is considering a counterfeit bill. This might affect the cheap imports of generic drugs (which account for nearly all drugs in Uganda) which are currently being produced e.g. under an India license.

4.5 Information and communication technology

Uganda has come a long way in the period since 2000. Table 23 suggests that Uganda's ICT indicators are growing rapidly from a very low base (telephone lines, mobile phone and internet users are indicators for MDG8 (8.14-8.16). The continued growth of mobile phone use has greatly increased access to telecommunications. According to UBoS (2008), by the end of December 2008, the number of telephone connections had risen to 8,723,345 (with 8,554,864 of the lines being cellular and the rest fixed) compared to 130,863 connections on 2000 (with 58,261 cellular and 72,602 fixed lines). Internet subscribers also grew substantially about fourfold (from 4248 to 22,000) with in the same period. The mobile phone penetration rate rose to 21.3% by June 2008 compared to 18.7% a year before, whereas internet subscribers grew by 42.0% percent within the same year period respectively. According the Uganda Investment Authority, the sector recorded double digit growth since 2000 attracting substantial inward FDI with a progressively liberalising telecommunication sector. ICT services exports increased from 4.1% of total services exports in 2002 to 7.1% in 2008 (World Bank, 2009).

However, in many instances Uganda is still lagging behind. For example, the indicators for telephone lines, mobile phone subscriptions, personal computers and broadband costs, Uganda is behind sub-Saharan Africa or low-income countries. The number of secure internet servers is very low compared to regional averages.

There are significant movements in the ICT sector, and the market for offshore services from Africa is increasing. Much depends on reliable and low cost access to broadband through optic fibre cables. There have been rapid developments to connect Uganda to the optic fibre cable via Kenya.

Table 23: ICT indicators in Uganda from an international perspective

	Uganda		Lower-income group	Sub-Saharan Africa
	2000	2008	2008	2008
Access				
Telephone lines (per 100 people)	0.3	0.5	4.6	1.5
Mobile cellular subscriptions (per 100 people)	0.5	27.0	28.5	33.3
Fixed Internet subscribers (per 100 people)	0.0	0.1	1.0	6.2
Personal computers (per 100 people)	0.2	1.7	1.7	2.0
Usage				
Internet users (per 100 people)	0.2	7.9	4.6	6.5
Quality				
Population covered by mobile network (%)	16	100	56	56
Fixed broadband subscribers (% of total Internet subscribers)	0.0	21.8	7.2	
International Internet bandwidth (bits/second/person)	0	12	24	34
Affordability				
Residential fixed line tariff (US$/month)	—	12.6	9.0	11.6
Mobile cellular prepaid tariff (US$/month)	—	10.4	10.0	11.8
Fixed broadband Internet access tariff (US$/month)	—	170	102.4	100.1

Source: World Bank (2009).

4.6 Summary on development finance flows

Table 24 is an overview table on changes in development finance (flows which finance the balance of payments) over 2008 to 2009. Not all the relevant data are available, but some conclusions emerge on the basis of estimates so far.

Table 24: Uganda – development finance and other flows over 2008-2009

	Source	**Level in 2008 US$ millions (unless otherwise stated)**	**Absolute change 2008-2009 (or closest annualised number), US$ millions (unless otherwise stated**
Foreign direct investment	UNCTAD, 2008 and 2009	809	-205
Portfolio flows (balance of payments, portfolio investment)	Ssewanyana (FY2007/08-FY2008/09)	66	-109
International bank lending	BIS Sep 2008-Dec 2009	237	96
Trade balance (goods)	ITC trade map using US, EU and BRIC countries	262	-54
Official development assistance	ODA	2050	0
Remittances	Forecast (World Bank)	724	-47
Sum above			-319
Memorandum items			
MDG GAP	Millennium Project (2003)		$33.5 billion over 2005-2010, i.e. around $3.4 billion annually
Effects of Doha round	Abuka et al (2007), table 12		OECD merchandise trade liberalisation reduces Ugandan welfare by 1.2%
Preference erosion of a possible Doha round outcome	ODI (2006), appendix table 1, upper bound		USD 9.1 mn
Public External Debt as % of GDP	IMF's DSA (data as a share of GDP) 2008 and 2009 forecasts	12.3%	13.9%
Public as % of GDP	IMF's DSA (data as a share of GDP), General government debt excluding state-owned enterprises, 2008 and 2009 forecasts	23.1%	21.6%
Net debt creating flows (negative is an inflow)	IMF's DSA (data as a share of GDP) 2008 and 2009 forecasts	-0.5%	-1.4%

Development finance flows deteriorated in the case of Uganda, by about $320 million (which is around 10% of the total MDG gap estimate). The IMF estimates the increase in external debt changing inflows is worth 1.0% of GDP. An extension of DFQF to all LDCs would not help Uganda, and a decrease in OECD tariffs and subsidies would harm Uganda (welfare decline of 1.2%). Public debt decreased by 1.5% of GDP over 2008-2009, but external debt decline by around 1.5% of GDP.

5. Conclusions

This paper has discussed MDG progress and MDG needs gaps and how MDG issues related to MDG 8 such as aid, trade and debt have evolved in Uganda over the past decade.

Uganda has performed extremely well since the mid 1990s. It has had two decades of interrupted growth and several of the MDGs are likely to be met (e.g. halving poverty and improving access to water and education), although some (health related) may not. Uganda has also weathered the storm of the financial crisis well, as its macroeconomic indicators such as debt, government deficits and growth have remained stable. Of course, the crisis has had some impact and will reinforce the relevance of MDG 8 commitments, but it is unlikely that the crisis has affected the attainment of the MDGs seriously.

Specifically, this paper argues that:

- Uganda is on track to reach MDGs 1, 3 and 6 and MDG 7, though it may fail to reach MDGs 4 and 5. This requires a renewed effort.
- Uganda has benefited from debt relief and its external debt to GNI ratio has remained low during the global financial crisis, which has affected the country but in a relatively mild way, in part because of the diversified nature of its exports.
- Uganda is a major recipient of aid, including AfT; a stable and predictable flow will remain important for the future. Given its landlocked status it is important that AfT is also channelled to regional integration via regional partnerships to improve regional infrastructure such as roads, railways and flight connections, as well as the traditional access to electricity issues.
- Uganda already benefits from several preference schemes in developed countries; it may suffer from preference erosion.
- Uganda is behind several of the ICT indicators even though it has come a long way. This is a challenge, especially for a landlocked country where ICT may lead substantial progress in development.

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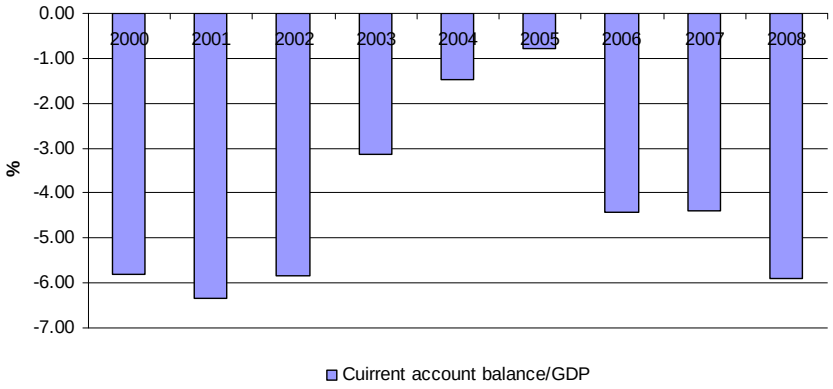
Annex

Table A1: Doha scenarios and assumptions

Model	Global Gains	Agriculture	NAMA
Carnegie (2001 US dollars)	$43 billion	Cuts from applied tariffs: 36% by developed, 24% by developing, 0% by LDCs; One third cut in domestic support; export subsidies eliminated	Cuts from applied tariffs: 36% by developed, 24% by developing, 0% by LDCs
Composite World Bank (2015 US dollars)	$39.1 billion	Cuts from bound tariffs: harmonizing formula with average applied cuts of 44% by developed, 21% by developing, and 0% by LDCs. Tiered cuts from bound domestic support. Export subsidies eliminated. 2% sensitive and 4% special product exceptions	Cuts from bound tariffs: 50% by developed, 33% by developing, 0% by LDCs.
CEPII (2020 US dollars)	$32.1 billion	Cuts from bound tariffs: 36% average linear tariff cut. Domestic support halve. Export subsidies eliminated. G90 (LDCs and African countries) make no cuts. 25% cut to special products (any that currently have specific tariffs).	Cuts from bound tariffs: 36% average linear cut. G90 make no cuts.
IFPRI scenario with basic development package (97% duty-free, quota-free for LDCs)	$54.7 billion	Cuts from bound tariffs: Agriculture formula with G20 thresholds and EU reduction coefficients. Cuts for developing countries are 1/3 less. 0% cuts by LDCs. Tariff caps in agriculture at 150% for developed, 300% for middle-income. 5% sensitive and 5% special products. Export subsidies eliminated. No change in domestic subsidies. 97% duty-free quota-free access for LDCs to OECD markets.	Cuts from bound tariffs: Swiss formula cuts for manufacturing tariffs (developed-country coefficient, 10 percent, developing countries 25 percent) 0% cuts by LDCs

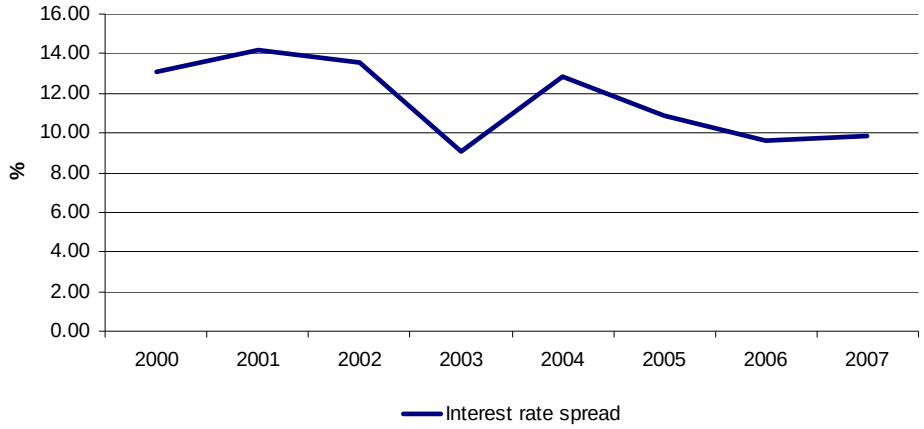
Notes: Carnegie model Hong Kong scenario in Sandra Polaski, *Winners and Losers: Impact of the Doha Round on the Developing Countries* (2006), Carnegie Endowment for the International Peace, Washington DC. World Bank scenario with sensitive and special products includes manufactures gains from Scenario 7 (Scenario 7 minus Scenario 1) plus agriculture Scenario 2 in "Market and Welfare Implications of Doha Reform Scenarios", chapter 12 of *Agricultural Trade reform and the Doha Development Agenda*, ed. Kym Anderson and Will Martin, Washington, DC, World Bank 2006, Table 12.14. CEPII scenario is Scenario A in Yvan Decreux and Lionel Fontagne, "A Quantitative Assessment of the Outcome of the Doha Development Agenda", CEPII Working Paper No 2006-10, May 2006. IFPRI scenario is the Central scenario in Antoine Bouet, Simon Mevel and David Orden, "Two Opportunities to Deliver on the Doha Development Pledge", International Food Policy Research Institute, 2006.
Source: Vynborny (2007).

Figure A1: Current account balance, 2000-2008 (% of GDP)



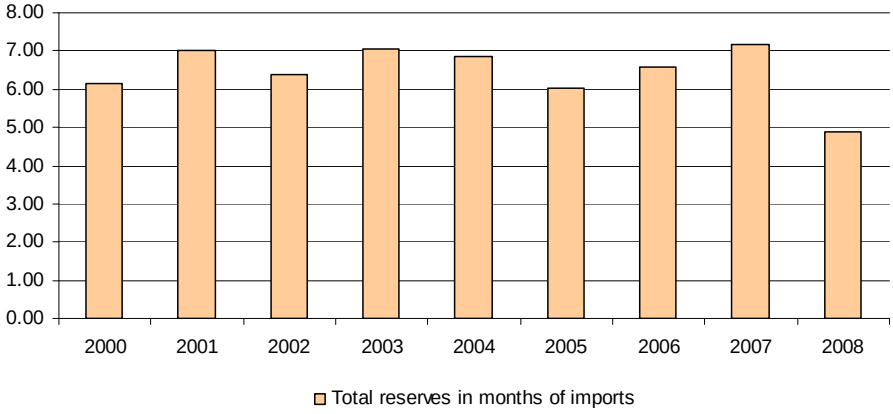
Source: World Development Indicators

Figure A2. Interest rate spread, 2000-2007 (%)



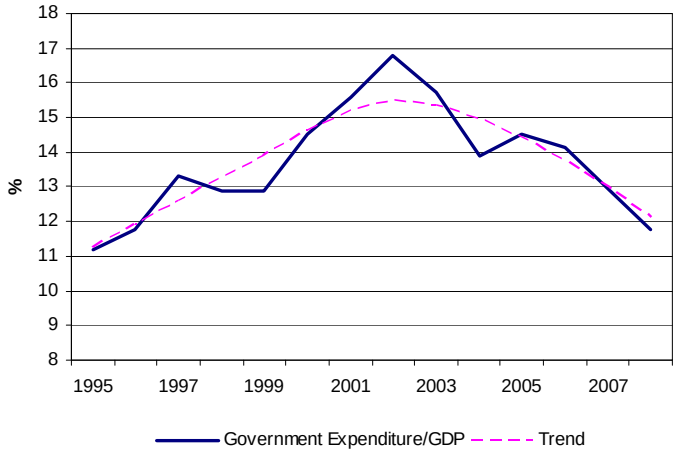
Source: World Development Indicators

Figure A3: Total reserves in months of imports, 2000-2008



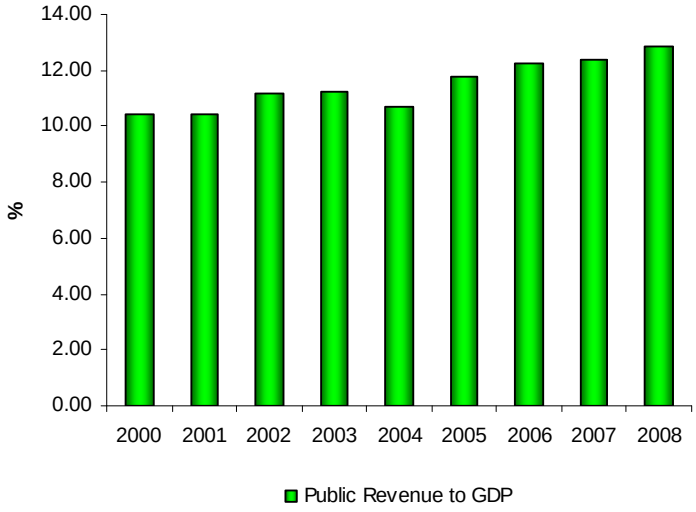
Source: World Development Indicators

Figure A4: Total public expenditure, 2000-2008 (% of GDP)



Source: World Development Indicators

Figure A5: Public revenues, 2000-2008 (% of GDP)



Source: World Development Indicators.

Table A2: MDG indicators

Related to which MDG goal?	Measure	Outcomes									NDP trajectories					MDG target (2015/2016)
		1988	1992	1995	1997	1999	2000 /2001	2002 /2003	2003 /2004	2005 /2006	2010 /2011	2011 /2012	2012 /2013	2013 /2014	2014/2015	
Goal 1	Headcount poverty rate (%)		55.7		44		33.8	38.8		31.1	28	27.4	26.6	25.6	24.6	28
	Gross completion rate (%)							22.4		37.9	74.3	76.7	79.5	83.7	89.2	100
	Proportion of underweight children (%)	23		25.5			22.8			20.4						11.5
Goal 2																
	Net enrolment rate in primary education (%)		62		67	84			86	84						100
Goal 4	Reduce child mortality rate															
	Under-five mortality rate / 1000				156		152			137	120.1	114	107.7	101.4	95.7	60
	Infant mortality rate (per 1000 births)	92		81			88	87		76						31
Goal 5	Improve maternal health															
	Maternal mortality rate (per 100000 births)									435					131	
Goal 6	Combat HIV/AIDS,malaria, and other diseases															
	HIV prevalence rate						6.1	6.5	6.2	6.1						
Goal 7	Access to safe water (%)						57			67.9	68.6	72.1	77.5	83.6	89.3	72

Source: NDP, MDG Progress Report 2007.