

Working Paper 240

**Politics and the PRSP Approach:
Uganda Case Study**

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March 2004

Overseas Development Institute
111 Westminster Bridge Road
London
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UK

Studies in the series:

WP237: Politics and the PRSP Approach – Synthesis Paper, *Laure-Hélène Piron with Alison Evans*, 2004, ISBN 0 85003 717 4

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WP239: Politics and the PRSP Approach – Georgia Case Study, *Kate Hamilton*, 2004, ISBN 0 85003 719 0

WP240: Politics and the PRSP Approach – Uganda Case Study, *Laure-Hélène Piron with Andy Norton*, 2004, ISBN 0 85003 720 4

WP241: Politics and the PRSP Approach – Vietnam Case Study, *Tim Conway*, 2004, ISBN 0 85003 721 2

ISBN 0 85003 720 4

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Contents

Acknowledgements	iv
Acronyms	v
Executive summary	vi
1. Introduction	1
2. The Political Context	3
2.1 The nature of the Ugandan state	3
2.2 The current political system	6
2.3 The sustainability of the political system	9
2.4 Conclusion	11
3. The effectiveness of the PEAP	13
3.1 The PEAP and related instruments	13
3.2 Three ‘projects for poverty reduction’	15
3.3 Political leadership	16
3.4 Domestic technical commitment	17
3.5 The international project	21
3.6 Conclusion	22
4. The effect of the PEAP on political development	23
4.1 Civil society	23
4.2 Parliament	26
4.3 Decentralisation	28
4.4 Justice, law and order	31
4.5 National security	33
4.6 Conclusion	37
5. Donors and the PEAP	38
5.1 A mutually beneficial relationship	38
5.3 Accountability	39
5.3 Political dialogue	40
5.4 Conclusion	40
6. Conclusion	42
6.1 Success factors	42
6.2 Impact	42
6.3 Challenges	43
6.4 Lessons	43
Annex 1. List of persons interviewed	45
Annex 2. Bibliography	47

List of Boxes

Box 2.1 Key political events 1994–2002	7
Box 2.2 Key political events 2003	11
Box 3.1 The four pillars of the 2000 PEAP	13
Box 3.2 Uganda’s Participatory Poverty Assessment Project	14
Box 3.3 Origins of the Poverty Reduction Task Force: a convergence of political, technical and international concerns	15
Box 3.4 Public service reform in Uganda	20
Box 3.5 Summary of Partnership Principles: donor support will be consistent with the PEAP	21
Box 4.1 Traditional institutions: ambiguous status	24
Box 4.2 Top-down and bottom-up planning	29
Box 4.3 Results of JLOS	32
Box 4.4 The Lord’s Resistance Army	34
Box 4.5 IMF statement on military expenditure	37

Acknowledgements

This paper forms part of a broader study of the political dimensions of the Poverty Reduction Strategy Paper (PRSP) approach, which was commissioned by the PRSP Monitoring and Synthesis Project, a DFID-funded project based at the Overseas Development Institute, London. The study examines how the PRSP approach is interacting in practice with domestic political processes and what this implies for the trajectory and sustainability of the approach in low-income countries. The research team on the study comprised Alison Evans, Laure-Hélène Piron, David Booth, Tim Conway, Erin Coyle, Zaza Curran, Ruth Driscoll, Kate Hamilton, and Andy Norton. Professor Rob Jenkins acted as peer reviewer in the initial phases of the project. The views expressed in this paper are those of the author and do not reflect DFID policy. DFID Uganda’s support during the fieldwork and comments on the first draft has been much appreciated, in particular from Jeremy Armon, Bella Bird and Jenny Yates. Additional thanks for comments go to David Booth, Alison Evans, Dylan Hendrickson, Rob Jenkins, Tim Williams and Tim Williamson.

Acronyms

ADF	Allied Democratic Forces
CAO	Chief Administrative Officer
CSO	Civil society organisation
DP	Democratic Party
DRC	Democratic Republic of the Congo
DFID	UK Department for International Development
GoU	Government of Uganda
GoS	Government of Sudan
HIPC	Heavily Indebted Poor Countries
IFIs	International financial institutions
IMF	International Monetary Fund
JLOS	Justice, Law and Order Sector
LRA	Lord's Resistance Army
MFPED	Ministry of Finance, Planning and Economic Development
MTEF	Medium-term expenditure framework
NRA	National Resistance Army
NRC	National Resistance Council
NRM	National Resistance Movement
NGO	Non-governmental organisation
ODI	Overseas Development Institute
PPA	Participatory Poverty Assessment
PAF	Poverty Action Fund
PEAP	Poverty Eradication Action Plan
PRGF	Poverty Reduction and Growth Facility
PRSP	Poverty Reduction Strategy Paper
PRSC	Poverty Reduction Support Credit
RDC	Resident District Commissioner
RC	Resistance Council
SDR	Special drawing rights
SWAp	Sector-wide approach
SPLM/A	Sudan People's Liberation Movement/Army
UDN	Uganda Debt Network
UNLF	Uganda National Liberation Front
UPPAP	Uganda Participatory Poverty Assessment Project
UPDF	Uganda People's Defence Force
UPC	Uganda People's Congress
UN	United Nations
USAID	United States Agency for International Development

Executive summary

Uganda has been able to achieve an impressive pro-poor change in spending patterns in recent years and its home-grown Poverty Eradication Action Plan (PEAP) has been presented as the model for the post-structural adjustment Poverty Reduction Strategy Papers (PRSPs) required by the international community.

This paper aims to understand the political factors which explain this impressive achievement, but which also might threaten its sustainability and make the replication of the Ugandan model problematic. We have identified the coming together of three different 'projects for poverty reduction' which have reinforced one another and which have been able to use the PEAP as a vehicle to drive the process forward continuously.

An understanding of Uganda's history and political system is essential in order to put the PEAP in context. Uganda is a very diverse society with a multiplicity of divisions, based in particular on ethnicity, region, and religion. Following independence in 1962, Uganda has been blighted by long periods of violence and political instability. In 1986, Yoweri Museveni's National Resistance Army took power and brought peace to most of Uganda. However, armed insurgencies, in particular the Lord's Resistance Army in the North, as well as military incursions, especially in the Democratic Republic of the Congo, continue to threaten domestic and regional stability. The 'no-party' Movement system established by President Museveni is meant to be all-inclusive and consensus-based, severely limiting the activities of political parties that have been associated with Uganda's troubled past and promoting democratisation through decentralisation.

The Movement pursues poverty reduction as a political project to promote national unity. Strong African Socialist origins can still be identified in its political discourse, including a desire to maintain a role for state intervention. The aim of this political project is to reconstitute Ugandan society so as to erode vertical structures of social organisation which, according to Museveni, have proved a disaster for the liberal political model ever since independence. Poverty reduction serves as a functional discourse for this objective. Museveni has given the PEAP his political backing; his control of the political system means that the PEAP has become an effective statement of government priorities.

The political goal of poverty reduction has also become a national technocratic project of 'state-building' within the Ministry of Finance, Planning and Economic Development (MFPED). The Ministry has been instrumental in translating the political vision of the Movement into mechanisms and instruments that have been effective and credible in the eyes of key outside stakeholders. These include the medium-term expenditure framework (MTEF) and associated sector strategies and working groups, the Poverty Action Fund (PAF) and the Participatory Poverty Assessment Project (UPAPP). The PEAP must be seen as the overall policy planning instrument but cannot be assessed independently of these other mechanisms.

MFPED has developed a notable capability for policy execution given the weak starting point in 1986, and can be compared to the core of a 'developmental state', able to forge alliances with others to reach its objectives. A considerable achievement has been MFPED's implementation of hard budget constraints to preserve macroeconomic stability, which was successfully established in the 1990s. Improvements in the public service more generally will be needed to translate increases in spending into pro-poor outcomes, and MFPED capacity is fragile. President Museveni's own vision of development is more state-led than that of MFPED, which works very closely with external advisers, donors and lenders, but he appears to remain committed to the main elements of the PEAP.

The alliance that sustains the PEAP financially has a third set of actors: the development partners, pursuing what may be referred to as an international donor project for measurable poverty reduction. The perceived success of Uganda's poverty eradication policies has become closely intertwined with current international development assistance trends. This is particularly illustrated by the 'development partnership principles' in the PEAP's third volume, whereby donors have committed themselves to providing support only for programmes that are in the PEAP, to increasing budget support and to working more closely together.

The PEAP has had a number of different effects on Uganda's political development: we cannot identify one clear overall trend. It has contributed to opening up policy space for civil society organisations which have been involved in PEAP consultations, MTEF sector working groups and PAF monitoring. It has been associated with efforts to consult the poor directly on their priorities through the UPPAP and with redirecting more resources to the local level as part of decentralisation. The PEAP process has also encouraged justice, law and order institutions to organise themselves better as a sector – an important step in building the rule of law; this is probably the most advanced example of sector-wide justice collaboration in Africa.

However, the PEAP seems to have been mostly working with pre-existing political trends. 'Consensual' politics are well suited to technical consultations if these are within a controlled political domain and with clear boundaries. Decentralisation was an important policy long before the PEAP. In both cases, the Movement and central priority-setting processes have remained in control. For some aspects of political development, such as greater parliamentary independence, the PEAP seems not to have been particularly relevant, and MPs have little ownership of the Executive-dominated PEAP. In sensitive domains, the PEAP is not an appropriate instrument for seeking political transformation or engaging in political dialogue. This is particularly the case with defence expenditure which donors find a difficult issue to discuss but which both is a precondition for further poverty reduction and can undermine the integrity of the budget process on which PEAP implementation is based.

Uganda is facing a number of challenges that may affect the sustainability of the PEAP. The Movement appears to be losing its legitimacy, both from within and outside. The absence of political party competition has probably contributed to the PEAP's success, as it prevents the development of alternative political projects. However, at present, the current political system appears to be suffering from insufficient mechanisms for holding the state to account and checking corruption (reported to be prevalent), and from a lack of political space to discuss alternative policy options. There is also a tension between strong top-down leadership (with prioritised goals as set in the PEAP) and bottom-up democracy (responding to local priorities). The North continues to feel underrepresented by the current political system and regional inequalities are increasing. There seems to be a preference for military solutions, which indicates that Uganda has not yet fully established a civilian state. Although security is a precondition for poverty reduction, military expenditure and incursions also continue to undermine poverty reduction efforts.

Donors have developed a vested interest in presenting Uganda as a success story, but it is certainly not appropriate to replicate Ugandan lessons without taking into account the historical origins of the political system and the way in which power is currently used. It should be remembered that PRSPs are technical planning instruments and can be effective if backed up by political and technical capacity and international finance. They cannot by themselves address deep issues of political and social change. An alternative structure to the PEAP, the 'Governance Matrix', has been used by donors for political dialogue on issues considered sensitive, such as conflict, corruption, human rights, or political competition.

1. Introduction

Purpose

A recent case study of public expenditure and poverty reduction in Uganda concluded ‘We are aware of no other country that has achieved such a dramatic pro-poor change in spending patterns in such a short period’.¹ In this paper, we aim to understand the political factors that explain this impressive achievement, but which might also threaten its sustainability and make the replication of the Ugandan model problematic.

Uganda’s home-grown Poverty Eradication Action Plan (PEAP) has been presented, in particular by the international financial institutions (IFIs), as the model for the post-structural adjustment Poverty Reduction Strategy Papers (PRSPs), developed in the context of the discussions that led to the implementation of the Heavily Indebted Poor Countries Initiative (HIPC II). The first PEAP pre-dated the adoption of PRSPs by the donor community, and influenced the original proposals for PRSPs.² The PEAP sets the long-term goal of reducing the incidence of income poverty in Uganda to less than 10% by 2017. Uganda is considered to be making very good progress towards this goal. Real GDP growth has already contributed to a reduction in the incidence of poverty from 56% in 1992, to 44% in 1997, down to 35% in 2000.³

The Uganda PEAP experience has already been well researched and is relatively well known within the international development community. The aim of this paper is to identify the political specificities of Uganda which might explain the particular success of its poverty reduction efforts. We have identified the coming together of three different projects for poverty reduction which have reinforced one another and which have been able to use the PEAP as a vehicle to drive the process forward continuously. We also examine whether and how the PEAP may have influenced political development in Uganda and political dialogue with donors.

The Ugandan political system has clearly facilitated the focus on poverty reduction and the mutually reinforcing interactions between the three different projects. The main political characteristic of Uganda under President Museveni has been its adoption of the ‘no-party’ Movement system, an all-inclusive and centralised political system that has given technocrats room for manoeuvre in pursuing the politically endorsed objective of poverty reduction.

However, at the time of research in late 2002 and early 2003, the political system seemed to be coming increasingly under pressure, both domestically and from the international community. A growing disillusionment with the lack of inclusiveness and political space within the Movement seemed to be challenging its legitimacy. President Museveni’s second and final elected term in office is due to come to an end in 2006. There is great uncertainty as to what will happen in the run-up to the elections, including whether a multiparty system will be introduced and the Constitution amended to allow for a third presidential term. Disagreement around defence expenditure and a lack of resolution of violent conflicts is also undermining donor confidence. These changes will create a different, probably more difficult, context for the PEAP.

¹ Foster and Mijumbi (2002: ix).

² Christiansen with Hovland (2003: 32).

³ IMF (2003).

Methodology

This case study of Uganda is part of a larger review of PRSPs and politics undertaken by the Overseas Development Institute (ODI) during 2002–03 for the UK Department for International Development (DFID). Other country case studies include Bolivia, Georgia and Vietnam. This paper is based on a ten-day field visit to Uganda in November–December 2002, additional interviews with London-based informants, and a limited review of the available grey and academic literature. Some minor updating was done in February 2004, following a field visit on another research project in December 2003. Given the limits of the research process, much of what follows should be treated as a preliminary observation. Nonetheless, we hope it will be of use to those within and outside Uganda seeking to learn about the political conditions for effective poverty reduction.

Outline

Section 2 examines the political conditions that surrounded the development of the PEAP and related instruments in Uganda. It summarises in particular the historical antecedents of the current regime, which legitimise the Movement system and explain in part the importance of poverty reduction as a national political project.

Section 3 provides a description of the PEAP and related instruments. It examines three projects for poverty reduction in Uganda considered central to the PEAP's effectiveness in the Ugandan political context: i) political leadership in a post-war environment; ii) the role of technocrats in using the budget process to translate the PEAP into financial allocations; and iii) the international community's continued support to the Uganda success story of economic recovery and pro-poor reform.

Section 4 identifies five important aspects of political development in Uganda and evaluates the extent to which the PEAP has had an impact on them. They are: i) civil society; ii) parliament; iii) decentralisation; iv) the rule of law; and v) national security.

Section 5 examines in more depth the mutually beneficial relationship between donors and the Government of Uganda (GoU). It illustrates the politically influential role that donors can play through the greater access to state planning and resources offered by the PEAP, and the limitations of such a tool in engaging in politically sensitive dialogue.

Key findings from Uganda for the overall research project are summarised in Section 6.

2. The Political Context

2.1 The nature of the Ugandan state

National diversity

Uganda is a multi-ethnic society, with a population of just under 23 million composed of over 50 ethnic groups and languages. It has emerged from a wide range of indigenous political structures, including southern kingdoms that existed in precolonial and colonial times, in particular those of the Buganda, Bunyoro, Toro, Ankole and Busoga. Over time, the Buganda kingdom became the most powerful and its people now constitute about 20% of the population.

Uganda was established as a British protectorate in 1894 and governed through a policy of indirect rule. The Baganda king and chiefs dominated trade and were granted large estates; Baganda were favoured in recruitment for the civil service. Northern groups, such as the Acholi or Lango, came to dominate the army under colonial times, and this continued during the post-independence regimes of Obote and Amin.

Uganda has also been historically divided along religious lines. Fighting between Christians and Muslims during the rule of the Baganda Kabaka (king) Mwanga II was ongoing when the British reached Uganda in 1890. This was followed by an open civil war between Protestants and Catholics. Following a British Protestant victory, Protestant Baganda chiefs ruled in almost all Buganda.

Uganda's main political parties, established just before independence, are seen as closely associated with religious and, to a somewhat lesser degree, ethnic affiliations. The Democratic Party (DP), established in 1956 with support from German Christian Democrats, had support in West, Central and Eastern Uganda. It was mostly Catholic. The Uganda People's Congress (UPC), created by Obote in 1959, drew support predominantly from Protestant groups, and had no popular base in Buganda.

One of the stated aims of President Museveni's regime has been to minimise the importance of ethnic and religious divisions within Uganda, and to develop a sense of national identity around a shared goal of stability and poverty reduction. There are different views as to the genuineness of this effort and its degree of success. However, a 2002 public survey found that 70% of respondents were more attached to their national identity than to their group identity. Only 19% identified primarily with their language, tribe or ethnic group identity, in comparison with 37% in Ghana or 28% in Nigeria.⁴

Post-independence governments: 1962–86

Uganda's post-independence history has been blighted by long periods of violence and political instability. It is only recently (1986) that Museveni's National Resistance Army (NRA) took power through military means and steadily brought relative peace to most of the country.

In 1962, Uganda achieved independence from Britain following a multiparty election, but religious, regional and ethnic divisions continued to dominate political life. Milton Obote, a Lango schoolteacher leading the UPC, became Prime Minister with Mutesa II, King of the Baganda, as

⁴ Logan *et al.* (2003: 46).

President, representing the *Kabaka Yekka* (king before all) Party. This coalition, which excluded Catholics and DP from Buganda, was achieved on the understanding that Buganda would be granted more autonomy than other kingdoms, including an indirect vote for Baganda representatives to the National Assembly. In Bunyoro, UPC also dominated on the basis of anti-Baganda feelings. In Ankole, the UPC based its power on the Protestants and a Bairu majority. In reaction, Protestant Bahima allied themselves with Catholic Bairu in order to constitute a DP majority.⁵

In 1966–67, following a military coup where he ordered his chief of staff, Idi Amin, to storm the Kabaka's palace, Obote became President and dropped the Baganda from the coalition. Political repression ensued: kingdoms were abolished, Buganda was put under emergency rule, abuses of civil and political rights were frequent, and assets were nationalised. In 1971, Obote was himself deposed by his former military ally, Idi Amin.

Amin was one of the most violent rulers in Africa: an estimated 300,000 Ugandans lost their lives under his rule. He came from the Kakwa ethnic group of the West Nile region, whose numbers increased in the army under his rule. Torture, summary executions and massacres were commonplace, in particular of Acholi and Lango, but also of the professional classes. In 1972, the 70,000 strong Asian community was expelled *en masse*. There were further nationalisations and the economy was devastated. Amin received military and financial assistance from Libya and played the Muslim card. In 1978, probably to distract attention from domestic difficulties, he invaded Tanzania in the Kagera Salient, a disputed area of land. This prompted a Tanzanian invasion in 1979 that defeated Amin and put in power the Uganda National Liberation Front (UNLF), a fragile coalition of Amin opponents which included southerners.

Following a short-lived period of rule by the UNLF, and a controversial multiparty election, Obote was elected President in 1980. Power became once again concentrated in the hands of Obote and his allies and corruption increased. Southerners in government were replaced by northerners, and massacres and illegal detentions resumed. The economy was in very poor shape as a consequence of the Amin government and in 1981 Obote agreed to one of the first structural adjustment programmes. In 1985, Tito Okello, a senior military official of Acholi origin, overthrew Obote.

It was in the early 1980s that Yoweri Museveni, based in Tanzania, started to organise the armed opposition which eventually defeated Okello. Museveni had been trained in counter-insurgency in Mozambique. With his Front for National Salvation of about 9,000 fighters, he had assisted Tanzania's 1979 invasion and had joined the UNLF. Museveni had briefly held posts in government in 1979–80 (including Minister for Defence and Vice-Chairman of the Military Commission). He had also taken part in the 1980 elections under the Uganda Patriotic Movement but refused to join the Okello regime, which he reportedly considered too closely associated with that of Obote and which had attempted to isolate his armed group.

Museveni's Popular Resistance Army, composed mostly of Banyankole friends and recruited Baganda and Bayarwanda⁶ fighters, formed an alliance with Yusuf Lule's Uganda Freedom Fighters and merged in 1981 to form the National Resistance Army (NRA). The civil war was ruthless and up to 100,000 people died in the Luwero Triangle, where the NRA based itself. The NRA eventually seized power in 1986. Since then, Uganda has been governed by President Museveni without interruption.

⁵ Banyakole society is stratified along caste-like lines, between the Bahima (pastoralists) and Bairu (agriculturalists). President Museveni's parents, themselves Banyakole Bahima, had been Democratic Party supporters (Museveni, 1997).

⁶ Rwandan refugees who joined the NRA included Paul Kagame, the current President of Rwanda.

Museveni's current political and development agenda should be considered a direct continuation of the philosophy and experience of the NRA, in particular the importance of security and national unity. It is within this framework that the PEAP needs to be analysed.

Territorial integrity

The current Ugandan state does not have full control over the national territory. Rebel groups, descendents of various forces that Museveni's NRA opposed, have remained active in parts of the country. For example, remnants of Tito Okello's army, defeated by the NRA in 1986, fled into northern Uganda and southern Sudan and formed the Ugandan People's Democratic Army. The North is still plagued by the Lord's Resistance Army (LRA), an armed group with no clear political programme which targets civilians and forcibly recruits children.⁷ It is estimated that over one million civilians are displaced and live in camps.

Another rebel group, the Allied Democratic Forces (ADF), started operating in the Rwenzori Mountain region of western Uganda in 1996. It is associated with disparate groups that oppose the rule of Museveni, such as the National Army for the Liberation of Uganda and the Islamic sect Salaf Tabliq. The conflict, now over, caused massive displacement in western Uganda. The region remains a potential source of instability, given, among other factors, the closeness to the Democratic Republic of the Congo (DRC) and demands for the restoration of cultural kingdoms (by the Bakonzo).

The northeast Karamoja region, the poorest in Uganda, also suffers from conflict. The Karamojong, a cluster of pastoralist groups, are involved in cattle raiding, which includes the use of automatic weapons. This is a regional phenomenon also affecting neighbouring countries. A voluntary weapons collection programme began in November 2001 but disarmament has proved very hard to achieve.

Uganda is also insecure regionally: this is related to internal instability. The use of neighbouring countries to launch attacks on Uganda is a continuation of postcolonial history: Museveni himself was based in Tanzania. The LRA has been supported by the Government of Sudan (GoS) in retaliation for Uganda's alleged support for Sudanese rebels of the Sudan People's Liberation Movement/Army (SPLM/A). In 1999, GoU and GoS entered into an agreement to stop supporting rebel groups.

GoU also considered Zaïre (which then became the DRC) and the ex-Forces Armées Rwandaises as a source of support for the ADF. This was used as a justification to support, in association with Rwanda, the overthrow of President Mobutu and gain control of the northeast of the country. GoU provided support to a number of rival rebel groups and militias, such as the Movement for the Liberation of Congo and the Kisangani faction of the Rally for Congolese Democracy. The reports of the UN Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth in the DRC provided information on the Ugandan Army's (Uganda People's Defence Force – UPDF) exploitation of natural resources in the DRC. Following peace accords, the UPDF has now pulled out of the DRC, in particular the Ituri district where it allegedly had played off the Hema and Lendu communities against each other. The departure from Ituri in May 2003, followed by only a very weak international presence, left a power vacuum and a humanitarian crisis, including ethnically motivated massacres.⁸

⁷ Human Rights Watch (2003a).

⁸ Human Rights Watch (2003b) and United Nations Security Council S/2002/1146 (2002).

Diplomats and donor agencies are aware of Uganda's internal and regional instability, but it is arguable that international assistance to Uganda does not take fully into account the ongoing conflict in the North and the fact that the Ugandan state is far from secure. Establishing national security and professionalising the army are needed to achieve stability, and are thus relevant for GoU's poverty reduction efforts, as Section 4 will show.

2.2 The current political system

Uganda has a unique political system, described as a 'no-party' system. Its legitimacy is based on that of the Movement, a direct continuation of the NRA. Most donors have held back from criticising the system, given the stability and development it has brought to Uganda, even though it fails to respect some civil and, in particular, political rights and has not brought peace to the North.

Origins

The NRA fought its guerrilla war from the Luwero Triangle in Buganda. It not only organised villagers to provide food and recruits but also introduced a new form of administration through Resistance Councils (RCs) which also had responsibility for crime control. Later on, elections were organised for the RCs, creating a new opportunity for people to elect their local leaders. This model of local organising of the civilian population is reminiscent of that of other African armed opposition movements, such as in Mozambique, where Museveni himself had received guerrilla training.

When the NRA seized power in 1986, it had limited legitimacy, as it was neither known nor supported by the whole population; it was a de facto southern military regime. Legitimation was achieved in part by extending the RCs to the whole country with structures at the village, parish, sub-county, county and district levels.⁹ In 1993, the Decentralisation Statute gave supervisory powers over civil servants to the RCs. A decentralisation policy continues to be pursued in Uganda, formalised by the 1997 Local Government Act, with more resources being directed to lower levels. This important political commitment is reflected in the PEAP which, drawing on the Constitution, states that: 'the democratisation of Uganda has been pursued in the context of decentralisation'.¹⁰

In opposition, the National Resistance Movement (NRM), the political wing of the NRA, developed a Ten Point Programme whose first three objectives were: the restoration of democracy; the restoration of security; and the consolidation of national unity. The NRM established the National Resistance Council (NRC) as its governing body and declared in January 1986 that it would constitute an interim government for four years. In 1989, indirect elections through the RCs broadened the NRC to include members of the political parties and other professionals. A similar policy of coopting political opponents within the NRM while restricting party activity continued during the 1990s and beyond.

⁹ Kasfir in Mugaju and Oloka-Onyango (2000).

¹⁰ MFPED (2000a: 15).

A Constitutional Commission established in 1989 recommended that party activities continue to be restricted for another five years, and that a Constituent Assembly should approve a new Constitution. According to President Museveni, the restriction on political parties was popular,¹¹ though it is hard to distinguish the popularity of the restriction *per se* from the popular support for Museveni's political rule and the fear of returning to the instability of the past.

Institutionalisation of the system

A number of events illustrates the institutionalisation of the no-party Movement political system in Uganda, along with President Museveni's own political popularity (see Box 2.1). This timeline, however, also indicates evidence of increased dissatisfaction with the system by some groups, in particular from 2001 onwards.

Box 2.1 Key political events 1994–2002

- In 1994, a Constituent Assembly was formed. NRM candidates did well throughout the country, except in the North.
- The 1995 Constitution entrenched the no-party system for a transitional period, to be confirmed by a referendum. Article 269 prohibited opening and operating branch offices of parties, holding delegates' conferences or rallies, or campaigning for a candidate.
- In 1996, elections took place. Museveni was opposed by Dr Paul Ssemogerere, a foreign affairs minister who had resigned from government and was the leader of the Democratic Party. Museveni won the elections, gaining 75% of the votes, but with a weaker score in the North. There were reports of irregularities and harassments of opposition candidates.¹²
- In 1997, the Movement Act was passed. It replaced the National Resistance Movement with the Movement, which was adopted as Uganda's political system.
- In 1998, at the first Movement National Conference, Museveni was elected unopposed as Chair of the Movement.
- In 2000, a referendum on the adoption of the no-party political system took place with almost 90% voting in favour but with a turnout of just over 50% and with opposition politicians having called for a boycott.
- In 2001, Museveni won the second presidential elections with 69% of the vote, this time facing opposition from within the Movement itself (Colonel Besigye's 'reform agenda'). Besigye did better in the North than Museveni, and dented his support in the southwest. There were irregularities and malpractices but the NGO monitoring group concluded that these did not affect the overall result.¹³
- In 2001, the NGO Registration (amendment) Bill was introduced, which would increase state control over NGOs. It has not been passed into law because of opposition from NGOs and donors.
- In 2001, the Constitutional Review Commission was established as an executive branch (rather than independent) mechanism to look into the future of political parties, presidential term limits, federalism, parliament size and voter and candidate eligibility. It submitted a report to Cabinet in December 2003.
- In 2002, the Political Parties and Organisations Act was adopted, confirming restrictions on political parties, only permitting political activity in Kampala, allowing only one conference a year and requiring old political parties to register or face dissolution. Opposition parties challenged the Act in court. A Bill on the Suppression of Terrorism was also passed.

The 1995 Constitution, the 1997 Movement Act and the 2002 Political Organisations Act set the constitutional and legal framework for the Movement as a political system. This is to be distinguished from multipartyism, a one-party state, or a military dictatorship. It is meant to be a

¹¹ Museveni (1997: 194).

¹² Barya and Rutabajuka (2002).

¹³ NGO Election Monitoring Group (2001).

fully inclusive political system, with all citizens automatic members of the Movement. Elections are to be based on merit and there is to be no opposition based on political organisations. The main arguments put forward for the legitimacy of the Movement and its suitability for the Uganda context are:¹⁴

- Political parties have caused Uganda's conflictual history. There is a need for a period of consensus-building after years of violence and instability. The Movement system is based on consensus, which is closer to true African values.
- Parties are seen as organisations based on class interests, whereas the population in Uganda is peasant-dominated. In the African context, a multiparty system gives rise to sectarianism based on ethnic or religious identities. A no-party system will best guarantee national unity.
- The Movement system is therefore the best at this particular historical juncture. It is an inclusive system based on personal merit and participatory democracy. It is also most likely to bring about an equitable distribution of national resources.
- Ugandans have democratically determined that the Movement system is appropriate, following the 2000 referendum.

Positive aspects of the current political system include the fact that there is a relatively high degree of press freedom and freedom of opinion, for example to discuss the pros and cons of the political system itself. The judiciary can operate with independence. However, freedom of expression is constrained, as illustrated by the seven day closure of the *Monitor* newspaper in October 2002 over allegedly alarmist reporting of a military incident in the North. Some policies and practices violate due process and other constitutionally guaranteed rights.

A particular interpretation of history and social development is thus crucial to understanding the legitimacy of the current political system. An all-inclusive Movement is seen as the best mechanism to develop horizontal linkages, create a sense of national identity, and bring about security and development which will eventually lead to the emergence of new social classes, on the basis of which party politics might once again become possible. As we will see later in Section 4, establishing control over the military, defeating the armed opposition, and entrenching the rule of law are also important for poverty reduction and nation building – some argue that they are *more* important than the development of fully competitive politics.

Assessment

It is possible, however, to view the no-party system as a one-party state with limited space for political opposition.¹⁵ The Movement has the characteristics of a party. It is an organisation with a National Secretariat, a Political Commissar, five Political Directors, presidential advisers, and a National Executive Committee. The Secretariat organises caucus meetings, for example in the army, and recruits youths from university. There is a Movement caucus in Parliament to secure support for key pieces of legislation. The Secretariat also provides political education training for civil servants – the Chakamuchaka programme at the Kyankwanzi School.

The Movement's national structures are also similar to that of a one-party system, as they merge with state institutions and penetrate state structures from the national down to the local level. The Movement Secretariat is state-funded, under the State House budget line. It identifies political candidates and nominates others, e.g. women or youth MPs; drafts their political speeches; and provides financial resources for them to stand for election. President Museveni himself campaigns

¹⁴ Barya in Mugaju and Oloka-Onyango (2000).

¹⁵ See for example Barya and Rutabajuka (2002) in which the majority of experts interviewed were of the view that the system is a one-party state. 40.4% of a public survey thought that the system was not competitive.

using state resources (e.g. army helicopters were used to travel to districts in the last elections) and his presence is crucial to the election of Movement candidates he favours. Resident District Commissioners (RDCs) are local Movement representatives, responsible for political education and mobilisation in the districts, for example training for youth leaders. These are state officials paid from state funds but promoting the Movement – or, as some would see it, the President.

The sustainability of the Movement and political stability have also been attributed to the degree of political patronage that the system offers. Even though there is a commitment to reducing the size of government, there are a large number of political appointments, including 66 ministers and 20 full-time presidential advisers. Local political structures include several levels of directly or indirectly elected chairpersons and council members, in parallel with government appointed RDCs, locally appointed Chief Administrative Officers (CAOs) and Internal Security Officers, all at the district level.¹⁶ The 305 MPs should probably also be included in this list of patronage positions. MPs who pose a threat to government are frequently either coopted into government or are not offered Movement Secretariat support when they seek re-election.

In addition to patronage, gerrymandering practices are apparent, although they are not always successful. For example, new districts were created before the 2001 elections and some, such as Kamwenga or Kamungu, were strongly supportive of Museveni. Where the population was less supportive of the President, the creation of new districts does not seem to have led to growing support for the President: in Pader district, Acholiland, the turnout was high, but the Movement did not do well.

The army is an important component of the Movement, though there is little public information on its exact role. It has members in Parliament and senior figures that were involved in the military struggle with President Museveni remain powerful. It is also alleged by some commentators that the President turns a blind eye to high-level corruption by senior army officials or the exploitation of natural resources in the DRC. Museveni's intention to modernise the army can be seen as aiming to establish greater control over this institution. The lack of civilian supervision of the army, for example of public expenditure management, is indicative of the fact that Uganda has not yet fully effected a post-war political transition and that the army still plays a central role in political life.

2.3 The sustainability of the political system

Growing dissatisfaction

The field work for this paper uncovered many indications of a relatively high degree of dissatisfaction with the current political system, in particular with the lack of political space to organise. This came from both Movement supporters and 'multipartyists'. It is possible that there was a certain degree of bias in the selection of informants and this view is not based on consultations with rural organisations or ordinary citizens. However, a number of subsequent governance studies confirmed our findings.¹⁷

There are allegations that the Movement is not (any longer) broad-based and inclusive. It is seen by some as dominated by President Museveni, his family and kin, and the 'old guard' – military comrades that took part in the struggle. Cabinet is said to be dominated by President Museveni and his allies. The Movement describes itself as a consensual organisation: there can be internal debate, but once decisions are reached, all have to abide by them. However, consensual politics is now

¹⁶ The New Vision (4 December 2002).

¹⁷ See the Barya and Rutabajuka (2002) as well as MFPED (2002b).

being perceived by some as the imposition of views in a top-down fashion, and as stifling debate and innovation.

The 2001 elections provide an example of how the Movement responded to internal challenges. This was when another former NRA leader, Colonel Besigye, who comes from the same region of Uganda as Museveni, stood for Presidential office. In his Manifesto (which came out first), Besigye did not question the nature of the political system, but the integrity of the Movement and increased corruption, calling for 'Reform Now'. He complained that the Movement's leadership had not been properly pursuing its original political objectives, that its base had become narrow and limited to those who shared President Museveni's views. Most of the headline political commitments were similar to those of Museveni's own Manifesto, such as democracy, security and poverty reduction.¹⁸ After the elections, Besigye went into exile, claiming persecution. He says he is not linked to rebel groups as the government has been arguing, but there have been allegations that he may wish to resort to force.¹⁹

There is also a division between political and social 'insiders' and 'outsiders'. Northerners are less supportive than other regions of the current political system and President Museveni. A recent survey showed that, although 61% of the population trusts Museveni, this is true of only 31% of northerners by comparison to 82% of westerners.²⁰ The North remains a region where President Museveni has little support, not only because of the failure to defeat (or negotiate peace with) the LRA, but also because of a historical suspicion by people whose leaders were defeated by Museveni. There is also a perception that the West has benefited from the regime more than other regions, including in terms of appointments and investments.²¹ Political opponents of the regime, multipartyists, are of course also outsiders. Their attempts to organise have been met, at times, with violence.

Political trends

We have seen that the Movement has a certain degree of legitimacy but that this is being increasingly challenged. Under the current constitutional rules, Museveni is due to stand down in 2006 and cannot be re-elected. To date, he has not identified a political successor and he has stated in the past that he would respect the constitutional limit on his term.²² Two related sets of issues will influence the direction of change in Uganda's political system: i) whether Museveni is going to stand for a third term and ii) when political parties will be allowed to operate fully freely and the Movement system will come to an end.

Recent events seem to indicate that it is likely that Museveni will be standing for re-election in 2006 as the leader of the Movement, which has now been registered as a 'political organisation' (rather than party). This is causing some tensions, with traditional political parties feeling that they are not being given the opportunity to organise adequately and that they face unfair competition. The use of a referendum to decide on a third term limit (rather than going through Parliament) is also seen as favouring Museveni, given his popularity. Key events during 2003 confirming this trend which led to the current political transition, are summarised in Box 2.2.

¹⁸ Besigye Sunday Monitor [Ugandan newspaper] (7 November 1999) and Besigye (2001).

¹⁹ The Economist (2002).

²⁰ Logan *et al.* (2003).

²¹ Kjaer (1999).

²² See, for example, the 2001 Manifesto, which states that Museveni is standing for his last term in office.

Box 2.2 Key political events 2003

- In March 2003, the Movement National Executive Committee and National Conference decided to move towards multipartyism. A Movement think-tank linked to the Constitutional Review process had argued in favour of maintaining restrictions on parties, but President Museveni is said to have supported the shift.
- The Movement National Conference and National Executive Committee also proposed setting up a committee to look into amending the Constitution to allow the President to have a third term in office. In May 2003, a Cabinet reshuffle removed ministers known to oppose the constitutional amendment.
- In March 2003, the Constitutional Court declared Sections 18 and 19 of the Political Organisations Act null and void, as they violated freedom of association. Traditional parties refused to register under the Act but were prevented from holding rallies.
- In May 2003, a group chaired by Museveni held a meeting to set up and register the NRM as a political organisation (NRM – Organisation). An interim Executive was formed.
- In December 2003, the Constitutional Review Commission presented its report to Cabinet and recommended the removal of restrictions on parties and the establishment of a multiparty political system, without recourse to a referendum. It did recommend a referendum to decide if the third term limit should be lifted. It said that the transition should not just be managed by the Movement and traditional parties but that new groups and civil society should be involved.
- In January 2004, the Supreme Court unanimously ruled in favour of DP leader Paul Ssemogerere and others that the Constitutional (Amendment) Act 13 of 2000 was null and void because Parliamentary procedures had not been followed. It is as a result of this amendment that the Referendum law was passed and the Movement system confirmed. As a result, Ssemogerere called on Museveni to resign.

At this time, it is not possible to do more than speculate, but we can identify a number of political scenarios for Uganda. What cannot be predicted is the governmental commitment to poverty reduction and the PEAP under these scenarios. They are as follows:

- Increased political dissatisfaction with the Movement, prospects of NRM-O rule, or the political transition itself, leading to an armed uprising, either by factions within the army or by opposition elements, such as that of Besigye.
- Smooth political transition from Museveni to a successor within the NRM-O, who comfortably wins the 2006 elections.
- President Museveni, as head of the NRM-O, stands for re-election in 2006 following a Constitutional amendment, and wins comfortably.
- The political transition towards a multiparty system allows opposition parties to establish themselves and creates a more equal playing field. A non-NRM candidate wins the Presidency, or non-NRM parties gain a majority in Parliament.

2.4 Conclusion

In order to understand the political conditions under which the PEAP is operating, we have to bear in mind Uganda's violent past and the fundamental importance of nation-building by the current Movement regime. This past has been used to legitimise a consensus-based, no-party political system, where security and poverty reduction are seen as essential for national unity. Concentration of political power in the Executive, combined with the President's commitment to poverty reduction, has created a favourable political environment.

When this research project began in 2002, the Movement political system appeared to be under considerable stress, but the rapid opening of political competition was considered a remote possibility. At the time of going to press, the question is how the political transition will take place and whether Museveni will be able to stand for a third term. The degree to which the old parties,

and political culture more generally, may have been transformed by 20 years of an inclusive Movement system cannot be assessed on the basis of available information. What is probable, however, is that restrictions are likely to have prevented new, non-sectarian parties from being constituted. Two years is a relatively short period for a new form of politics to develop. In addition, it is clear that state support for the Movement has created, and will continue to create, a political playing field that is not level, in particular given state funding for the Movement Secretariat and related mechanisms for the support of the Movement/NRM-O.

It is beyond the scope of this paper to comment on whether and how the political transition will affect the national ownership of the PEAP. Preparations for the 2006 elections will create a less stable environment which could undermine the consensus around which the PEAP is built; nevertheless, a number of people interviewed for the research felt that the PEAP was so broadly owned that it might well survive a change of regime.

3. The effectiveness of the PEAP

3.1 The PEAP and related instruments

The PEAP is a home-grown GoU document, although it was developed as part of a process that involved international organisations. Its origins lie in a 1995 GoU/World Bank seminar, at which concerns were expressed about the lack of systematic consideration of poverty impacts in the Bank's vision of growth in Uganda (see Box 3.3). This led to the establishment of a Task Force on Poverty Eradication. By 1997, the Poverty Eradication Action Plan document had been finalised, giving primacy to the national goal of reducing poverty from 44% in 1997 to 10% in 2017.

The main function of the PEAP has been to play a national consensus-building role around poverty eradication. As two actors heavily involved in drafting the PEAP note, 'More than anything else, the PEAP has provided a "grammar of argument" in that the principles of poverty reduction have entered debate in all sectors. It has arguably been able to play this role because it was not too precise.'²³ (See Box 3.1 for the main pillars of the revised PEAP.)

Box 3.1 The four pillars of the 2000 PEAP

1. *Creating a framework for economic growth and transformation*: macroeconomic stability; employment generation; economic openness; equitable and efficient collection and use of public resources, and private sector competitiveness.
2. *Good governance and security*: combating insecurity; improved justice, law and order; conflict management; decentralisation as a strategy for democratisation; transparent and efficient public expenditure management; improved service delivery; combating corruption; public information.
3. *Actions which directly increase the ability of the poor to raise their income*: Plan for the Modernisation of Agriculture (research; advisory services; education; rural finance; access to markets; sustainable natural resource utilisation); Land Act implementation and land reform; feeder roads; rural electrification.
4. *Actions which directly improve the quality of life of the poor*: free primary education; healthcare; water and sanitation; solution for AIDS and population growth; adult literacy; low cost housing.

Source: PEAP (Summary and Main Objectives) 24 March 2000.

The PEAP is complemented by a number of related instruments and innovations, which intend to make policy and resource allocation more pro-poor. In 1998, the Uganda Participatory Poverty Assessment Project (UPPAP) got under way, with the twin objectives of undertaking direct consultations with the poor to improve the quality of GoU's poverty eradication plan and building participatory planning capacity at the local level.²⁴ (See Box 3.2 on the origins of the UPPAP.) The first year included Participatory Poverty Assessments (PPAs) in nine districts. Direct consultations led to the identification of new political issues of importance to the poor, such as corruption and insecurity. The first revision of the PEAP during 1999/2000 took into account the findings from UPPAP and a number of governance studies, such as the 1998 National Integrity Survey. As a result, the revised PEAP gave more importance to governance and security issues, which came to constitute its second pillar.

²³ Mackinnon and Reinikka (2000: 50).

²⁴ Yates and Okello in Brock and McGee (2002)

Box 3.2 Uganda's Participatory Poverty Assessment Project

It is reported that UPPAP's origin stems from a field visit by Ministry of Planning and World Bank officials to the districts of Kabale, Soroti and Kumi as part of the development of the Bank's Country Assistance Strategy in 1997. Officials became aware that PEAP priorities did not include some of the needs and concerns expressed in the districts being consulted, such as cattle rustling, land fragmentation and drought. As a result, the Ministry became open to the idea of direct, but selective, consultations in a few districts through a Participatory Poverty Assessment.

MFPEP's continued commitment to such a participatory process is evidenced by the activities, and location, of the Poverty Monitoring and Analysis Unit within the Ministry, which uses participatory and quantitative data and incorporates UPAPP findings in the Poverty Status Reports. The revision of the PEAP in 2000 to include UPPAP findings, and the commissioning of a second PPA in 2002 provide further evidence of this commitment.

Source: Karen Brock et al. (2002).

GoU has been able to ensure that its home-grown document was accepted by the IFIs. The production and revision of the PEAP coincided with the IFIs' Enhanced Heavily Indebted Poor Country (HIPC II) Initiative which required the preparation of a PRSP by eligible governments. At GoU's request, it was agreed that GoU's PEAP could serve as its PRSP and this coincided with the planned revision of the PEAP, which had been initiated in December 1999. The revision process was extremely quick. A technical team was established in the Ministry of Finance, Planning and Economic Development (MFPEP), which adopted an open style. Civil society organisations constituted a Task Force, with encouragement from MFPEP and donors, and organised zonal consultations. The revised draft PEAP was presented at a Consultative Group meeting in March 2000 and (a summary of the revised PEAP) was endorsed by the Executive Boards of the World Bank and the International Monetary Fund (IMF) in May 2000. The process just took six months. The PEAP is again being revised, following a second national PPA undertaken in 2002.²⁵ The process is taking place over a longer timescale and has been more participative.

The main strength of the PEAP derives from powerful implementation mechanisms tied into the national budget process. The main technical tool is the medium-term expenditure framework (MTEF), which guarantees an increase in pro-poor allocations of public expenditure over three-year periods and creates a mechanism to assess whether monies are being used for pro-poor purposes. The budget process has been opened up, and budget documents are being made public, such as Background to the Budget summaries and the Poverty Monitoring Reports. The MTEF is supported by the development of sector strategies and spending plans, which indicate how resources will be used for poverty reduction; sector-working groups, which include government, civil society and donors, have been established. These contribute to building consensus among key political actors.

In 1998, the Poverty Action Fund (PAF) was set up to protect poverty spending from in-year budgetary cuts. It channels additional resources from debt relief to priority areas for poverty reduction, as determined by the PEAP and the more detailed sector plans and budget consultations. It also receives additional bilateral budget support. Resources are disbursed to ministries and districts to fund pro-poor priorities. These cannot be reallocated to other areas of activities. The main beneficiaries are: primary healthcare, primary education, and water and sanitation. New items can be included in the PAF but they must be justified in terms of their effect on the delivery of services for the poor. The share of expenditure included in the PAF (excluding donor projects) has risen from 17.5% in 1997/98, to 37% in 2000/02. Civil society is involved in monitoring the PAF on a quarterly basis, along with government and donors, assessing pro-poor delivery against budget

²⁵ 'UPPAP1' is used in this report to refer to the first study undertaken in 1998 and 'UPPAP2' to the second study of 2002.

allocation. Although the PAF undermines flexibility in the budget process, as it ring-fences some areas of expenditure, some technocrats within GoU feel that it is a useful tool to protect pro-poor funding from State House or defence expenditure squeeze.²⁶

In parallel with the PEAP and related instruments at the national level, a fiscal decentralisation process is under way in Uganda, starting with the 1997 Local Government Act. Resources are transferred mostly on the basis of conditional grants to ensure consistency with nationally set priority areas. This undermines responsiveness to locally determined priorities but, at the same time, helps ensure that public funds are spent on basic services. The two UPPAP studies confirm that the public appreciates this redirection of resources. A new policy framework was adopted in 2002 that will eventually provide greater scope for local planning and prioritisation.

3.2 Three ‘projects for poverty reduction’

The PEAP can be seen as more than a purely technical document. Possibly more than other PRSPs, it reflects a national political project which translates some of the President’s political commitments into a plan of action, on the basis of which GoU has been held to account and international resources attracted. Three interrelated ‘projects for poverty reduction’ have been identified, which have made the PEAP a more meaningful document than comparable texts. In addition to President Museveni/the Movement, technocrats in the Ministry of Finance, Planning and Economic Development (MFPED) and the international development community (bilaterals and multilaterals) have rallied around the PEAP/PRSP and related instruments to realise their objectives. Box 3.3 illustrates how the PEAP emerged by a coincidence of these three ‘projects for poverty reduction’.

Box 3.3 Origins of the Poverty Reduction Task Force: a convergence of political, technical and international concerns

During our fieldwork, we were given the following interpretation of the 1995 meeting which eventually led to the drafting of the PEAP. President Museveni felt that policies of the Ministry of Finance, such as macroeconomic stability and growth, were not sufficiently focused on poverty reduction. The World Bank was invited to help persuade the President that the policies were adequate, but the outcome of the discussion was a decision to start a process to ensure that poverty became more central to policymaking. The President’s vision of poverty reduction, based on state-led rural development, was also modified as a result of these consultations, which identified the need to give more priority to the social sectors.

Slightly different, but complementary, interpretations have been given for the context of the policy switch. A World Bank report advocating a ‘trickle-down’ development strategy for Uganda was at the time being criticised, in particular by the UN and some bilateral organisations. These criticisms converged with domestic political concerns to set policy more actively towards poverty reduction-including from vocal NGOs and by some officials.

Sources: Fieldwork; Christiansen (2003); Mackinnon and Reinikka (2000).

The Movement pursues poverty reduction as a *political project* to promote national unity. Strong African Socialist origins can still be identified in its political discourse, including a desire to maintain a role for state intervention. The aim of this political project is to reconstitute Ugandan society so as to erode vertical structures of social organisation which, according to Museveni, had proved disastrous for the liberal political model ever since independence.²⁷ Poverty reduction serves as a functional discourse for this objective, and anti-poverty programmes can contribute to political change. For example, the importance of universal primary education can be justified from a political

²⁶ For an overview of the PAF, see Williamson and Canagarajah (2003: 449–80).

²⁷ Museveni (1997: 187–89).

perspective: better educated Ugandans will be able to participate more actively in political life and, it is hoped, mobilise around non-sectarian issues. General economic development should also act to create new, market-based forms of economic relationships, which will undermine pre-existing identities.

The political goal of poverty reduction has also become a national technocratic project of state-building within MFPED. The Ministry has been instrumental in translating the political vision of the Movement into mechanisms and instruments that have been effective and credible in the eyes of key outside stakeholders. MFPED has developed a notable capability for policy execution given the weak starting point in 1986, and can be compared to the core of a 'developmental state/elite', able to forge alliances with others to reach its objectives.

The alliance that sustains the PEAP financially has a third set of actors: the development partners, pursuing what might be referred to as an international donor project for measurable poverty reduction. Uganda has become one of the role models of structural adjustment and neo-structural-adjustment policies in the form of PRSPs and budget support. The perceived success of its poverty eradication policies has become closely intertwined with current international development assistance trends.

In the rest of the section, we examine these projects for poverty reduction in turn.

3.3 Political leadership

The most important factor behind Uganda's PRSP is the strong backing for it from the very top of the political system. Indeed, the PEAP is often presented as a personal idea of President Museveni, whether or not this is actually true. Museveni's commitment to security and development in Uganda, and his control of the political system through his leadership of the Movement, means that the PEAP has become an effective statement of government priorities. Political factors strengthening the importance of the PEAP also include the personalisation of the political system around Museveni and the restricted political space outside the Movement, which means that it is not possible to develop any alternative political national development project that might compete or offer an alternative to the PEAP.

The ideological commitment of Museveni and the Movement to modernisation and poverty reduction was described earlier. It is a commitment that has been restated during key political processes, such as the 1996 and 2001 presidential elections. Museveni's 2001 Manifesto, for example, closely mirrors the PAF and PEAP, and states that his objectives, as well as those of national security and governance, are to continue implementing sound economic policies and consolidating anti-poverty programmes in education, health, water, electricity and roads, and to intervene in agriculture and industrialisation.²⁸

New poverty reduction policies have also emerged, or been strengthened, as a result of political activities. For example, President Museveni's campaign during the 1996 elections was sensitive to the popular demand for abolishing user fees in education. Cost-sharing had been introduced in the late 1980s in response to IFI advice that this was a sound method of raising additional resources for service delivery and would also improve the quality of services by introducing accountability mechanisms for the paying customers of state services. During his 1996 campaign, Museveni made a commitment to guaranteeing free primary education to at least four members of each family. This had not been negotiated with the relevant ministries, and went against IFI policy prescription.

²⁸ Museveni (2001: 116–17).

However, it proved an extremely popular policy, and primary school enrolment rose by 90% by 1997, demonstrating that the very poorest, and girls in particular, had been excluded from education as a result of cost-sharing. In 2001, cost-sharing was also abolished in the health sector in the run up to the presidential elections. The UPPAP1 had helped put the issue on the agenda and had created technocratic support for the reform.²⁹

Museveni has had to develop relationships and trust with international organisations in order to secure the resources necessary to achieve his political objectives. This was one of the factors in the radical economic policy shift made in the late 1980s/early 1990s towards accepting the need for macroeconomic stability, privatisation and opening up of the economy. Senior domestic officials also played a role, persuading the President of the technical soundness of policy change. Museveni's own economic leaning remains towards some degree of state intervention, as is illustrated by the approach to microfinance taken under the first PEAP and more recently by his strategic exports initiative. This tendency continues to be moderated by the IFIs and MFPED economic advisers.

The above story line is fairly simplified, and the rest of the paper examines some of the tensions behind ensuring high-level political commitment and effective coalitions for poverty reduction. The apparent absence of powerful political vested interests against the PEAP at the national level is noteworthy. Political opponents expect the PEAP to remain a national document, even in the event of a change of government in 2006. This national support for the PEAP is in part due to the fact that the poverty reduction strategy is broad-based and has not highlighted particular groups. It is also a general rather than fully prioritised document, one which gives room for sector working groups to develop strategies and for subsequent prioritisation processes, in particular through the MTEF.

The most significant factor, however, seems to reside in the historical origins of the current government: a tightly knit guerrilla force starting from 'ground zero' in 1986, with a politically appealing project of security and prosperity. This origin, and the political system developed to ensure that this group remains in power, may explain why the PEAP has become not only an accepted, but also an effective, policymaking tool, as we now show.

3.4 Domestic technical commitment

The Ministry of Finance, Planning and Economic Development

A comparative study of public expenditure and poverty reduction in five African countries concluded that Uganda had 'achieved the greatest success in re-orienting public expenditure in a pro-poor direction'.³⁰ High-level political commitment and donor support for poverty reduction are important explanatory factors, as is the successful implementation of economic reforms in the 1990s. However, the study notes that the main driving institution making the PEAP an effective policy instrument is the Ministry of Finance, Planning and Economic Development, a Ministry that unified both finance and planning functions in 1992 and again in 1998. The strength of MFPED lies in a number of factors, starting with strong backing from the President. Staff have been led by committed officials, are relatively well paid, and have developed a culture of high achievement, openness and innovation.

²⁹ Although the 'users' fee' story indicates a degree of political responsiveness to poor people's priorities, limitations have to be noted. It is reported, for example, that the President did not pay attention to the priority placed by women on access to water during the 1996 elections.

³⁰ Foster, *et al.* (2002: ix).

MFPED is able to use the budget process to control public expenditure, and politicians and line ministries have now accepted the notion of a hard budget constraint to maintain fiscal stability. Departments have to show how their budget plans help achieve PEAP objectives, and have been penalised if they have not done so. The budget process is increasingly based on: realistic resource projections; improved budget planning and management process; a strong focus on strategic priorities; clear criteria for assessing budget bids; rewards for sectors responding to PEAP priorities; and holding back on sectors less responsive to pro-poor objectives. This has been achieved at the cost of a relative simplification of poverty reduction, by emphasising directly pro-poor funding as opposed to enabling investments or the private sector, and by higher unpredictability for expenditures not protected by the PAF.³¹

MFPED has adopted an evidence-based approach. It makes effective use of statistical and quantifiable indicators and has also come to welcome qualitative data, such as that provided by PPAs. The 1999 MFPED Poverty Status Report, for example, brought together data from UPPAP, the national household surveys and other studies to assess progress on poverty reduction. MFPED has also worked towards making such information accessible and transparent. For example, tracking studies, such as in health and education, have revealed uncomfortable evidence of leakages of resources and corrupt practices. Other institutions, or governments, may have preferred not to make such information publicly available.

The relationship between the technical staff of MFPED and the President is not straightforward, and often involves some contestation of key policy directions. An example is the shift in the late 1980s/early 1990s towards accepting structural adjustment and the primacy of macroeconomic stability. Economists were able to ensure a fundamental shift in economic policy, with an emphasis on fiscal prudence and a resulting reduction of the state's role in service provision, towards assuring basic universal social services; this has been adhered to until now. It is possible that the President's commitment to the PEAP has been weakened by the process of three-cornered negotiation of content which was necessary to secure its funding.³² However, he remains committed to it publicly and clearly retains a strong interest in particular aspects – such as education and roads.

Another example of MFPED's relative independence is the degree of honesty and frankness that can be found in the Poverty Status Reports which monitor progress against PEAP commitments and appear as official government publications. The 1999 Report was unusually explicit about how continued insecurity in the North was negatively affecting the overall objective of poverty reduction. Although this was a statement based on an analysis of available data, it could also be considered as a challenge to the governmental policy of resolving the conflict in the North by force. The report recommended that peace and security figure more centrally in the PEAP and that negotiated political solutions be found. It also recommended enhancing public awareness of human rights and civic education; a more effective anti-corruption strategy; more information to users on rights and entitlements; and a better flow of information. Such views are more often associated with outside commentators, such as civil society organisations, rather than with insiders from within governments.

MFPED is extremely pragmatic in how it interacts with development partners. The PEAP's third volume describes in detail how MFPED wishes to engage with donors (see Box 3.5), for example by a shift towards budget support. Interestingly, the document also considers staff within donor agencies as 'human resources' available to GoU in the implementation of poverty reduction objectives. By inviting donor staff to participate in sectoral working groups, MFPED feels it can

³¹ Williamson and Canagarajah (2003).

³² It is reported that at some important public events, the President has at times criticised MFPED for being too closely associated with donors' agenda, including at the 2001 budget speech, Consultative Group meetings, and Public Expenditure Reviews.

better use their technical skills and also bring them on board earlier in the development of new policies or priorities.

MFPED also seems now to consider Parliament an ally in ensuring the integrity of the budget process. The Ministry supported the new Budget Act, which increased Parliament's role in the budget process, and has Parliamentary staff in the Budget directorate. MFPED is also engaged directly with segments of civil society through the PEAP revision process, PAF monitoring, and PEAP sectoral working groups. MFPED remains the dominant player in relation to both Parliament and CSOs but it is interesting to note that it has adopted a policy of collaboration, or cooptation, as opposed to bypassing or ignoring these national players in line with the Movement's consensual style of policymaking. Consultations around the PEAP have been open, but MFPED priorities have remained and they have not led to a change in the fundamentals of macroeconomic policies.³³

The effectiveness of MFPED in working towards poverty reduction objectives has led some to suggest that it could be considered the kernel of a 'developmental state' within Uganda, able to use relationships with the President, line ministries, donors, the private sector and civil society to push forward its objectives, while being sufficiently strong to prevent being derailed in its project by societal forces. In contrast to what we noted in Section 2 regarding Uganda's incomplete state-building process, some aspects of the administrative state demonstrate impressive capacity. It is reasonable to ask whether or not MFPED is potentially the core of a developmental state in Uganda and whether, for other PRSPs to be as successful in driving forward policy change, such institutional pre-requisites are necessary. They could, of course, be found in other parts of government, such as in the office of the President.

The sustainability of the model

There are, however, a number of issues that can be raised as to the sustainability and effectiveness of the current policymaking system for poverty reduction: the adequacy of political space; the cost of the political system; the fragility of MFPED; and the need for public service reform to build capacity across the state.

The current system only offers limited domestic political space domestically within which to debate policy options, weigh their political consequences, and negotiate among different groups. In the absence of a competitive political system, such decisions should emerge from within the Movement or in Cabinet. There is, however, very limited information on the role that Cabinet actually plays in such debates. As noted earlier, a number of people interviewed felt that the Movement no longer offered sufficient space for debating options. As we will show in Section 4, civil society consultations, or the UPPAP, cannot be considered substitutes for the expression of alternative, political as opposed to technical, views on domestic priorities.

In addition, the true cost of the political system is not included in the national budget, and reallocation of expenditure for political purposes does take place. MFPED is not in a position to challenge this and there is no independent institution that can monitor such expenditure and hold the Executive to account. Although macroeconomic stability is guaranteed by the overall annual budget ceiling, there are regular in-year reallocation of resources even after the budget has been approved by Parliament (and which are not submitted to Parliament for approval). In particular, such expenditure includes State House (which includes funding for the Movement Secretariat and other political activities), and defence expenditure. Sectors that suffer the most from such reallocation are

³³ For a detailed analysis and challenge to the acceptability of IFIs' policy prescriptions for poverty reduction in Uganda see Nyamugasira and Rowden (2002).

those not protected by PAF, such as the on justice, law and order sector. This failure occurs in other public expenditure systems in Africa, and the Uganda model has not been able to overcome this constraint.

There are also concerns about institutional capacity. MFPED is central in ensuring that GoU uses the PEAP as its overarching policy framework, and in coordinating the use of funds according to this framework. However, capacity within MFPED is limited. To ensure the viability of the system, a number of key posts need to be filled by staff with sufficient commitment and skills – this includes the directors of budget, economic affairs, accounts, and the poverty unit, as well as international technical assistance. Additional foreign consultants are often used for important tasks, including in the actual drafting of the PEAP.³⁴ GoU staff interviewed felt confident that there was sufficient capacity within MFPED, but that this was based on personal commitment, management style and freedom to discuss policy options. Salaries were not competitive with the private sector. MFPED capacity is thus fragile and rather dependent on external advisors.

In addition, this capacity has not been extended to other parts of government. Although there are reform-minded technocrats in other ministries, these are not always supported by their ministers. Ensuring the sustainability of pro-poor policymaking also requires that state capacity and pro-poor commitment be built beyond the Ministry of Finance and public expenditure management systems, so that the public service as a whole is able to deliver results. Although this study does not have the room to go into these issues in detail, it is widely perceived that the strong capacity for policy execution in MFPED is not matched in much of the rest of the public service, and that reform efforts have slowed down.

Box 3.4 Public service reform in Uganda

After 1986, the public service was seen as a problem in itself: a remnant of the old regime that required reform. Reducing its size and improving its effectiveness was part of the NRM's political agenda and GoU was in the vanguard of public service reform in Africa in the early 1990s, with a reduction in half of the public service (from 320,000 to 150,000 by 1997) and wage decompression. Reform seems to have slowed down in recent years, in particular since 1998. This appears to be the result of a mix of political and technical reasons. The Ministry of Public Service, which leads the reform process, is not as powerful or influential as MFPED, and the Administrative Reform Secretariat is separate from the Ministry, and not senior enough as compared to Cabinet or MFPED. A commitment to health and education has led to new recruitments, in particular of teachers. There are also inconsistencies between centralised pay and employment and other related public service reforms, the development of sectors through sector wide approaches (SWAs) and decentralisation which requires building local government capacity.

Public service reforms may have also slowed because these would have affected the way in which the political system operates – by having to address corruption properly and improve financial management systems. In 2001, Transparency International ranked Uganda the third most corrupt country in the world. Uganda Debt Network (UDN) studies have revealed corrupt practices in a range of sectors and institutions, including during privatisation. The 1998 National Integrity Survey identified petty corruption in state institutions (with the police ranking as the most corrupt body) and reported that 57% of those surveyed believed that corruption had grown worse in the previous two years. High-level corruption was also noted in the scandal of the SWIPCO government procurement agent, which has been reported to have been taking 1% of all government contracts and which was probably a front for funding of the Movement. There have also been inquiries into abuses within the Uganda Revenue Authority. There have been some institutional responses: a Directorate for Ethics and Integrity has been established and a National Anti-Corruption Strategy

³⁴ John Mackinnon (independent consultant) and Rivta Reinikka (World Bank economist) were heavily involved in the drafting of the revised PEAP, illustrating how MPFED is able to draw and use outside expertise. Christiansen (2003: 33).

was adopted by GoU in response to domestic and donor pressure. There have also been instances of parliamentary censure for corruption, although ministers were later reinstated. However, recent reports note that corruption continues to be perceived as high and the government's response is not seen as adequate.

3.5 The international project

Progress could not have been achieved in Uganda had donors not been willing to put into practice PRSP principles and actually allocate aid resources towards poverty reduction, taking into account the need to build up and use state systems.

The PEAP's third volume, *Building Partnerships to Implement the PEAP*, is an explicit statement detailing how PRSP principles are to be implemented in the delivery of international assistance. It is based on the shared commitment that donor support will only be sought and provided for programmes that are in the PEAP. The integrity of the budget process through the MTEF is central to the institutional arrangements adopted in Uganda. Not all donors provide unearmarked or earmarked budget support, but any project-based support increasingly has to be consistent with the relevant sector-wide programme (Box 3.5).

Box 3.5 Summary of Partnership Principles: donor support will be consistent with the PEAP

Government will:

- continue to increase its focus on poverty eradication
- continue with increased tax effort
- assume full leadership in donor coordination
- decline any offers of stand alone donor projects
- strengthen monitoring and accountability
- continue to improve transparency and combat corruption
- continue to strengthen district capacity
- develop comprehensive, costed and prioritised sector wide programmes, eventually covering the whole budget
- further develop participation and coordination of all stakeholders (including parliamentarians)
- strengthen capacity to coordinate across government

Donors will:

- jointly undertake all analytical work, appraisals, reviews
- jointly set output/outcome indicators
- develop uniform disbursement rules
- develop uniform and stronger accountability rules
- ensure all support is fully integrated into sector wide programmes and is fully consistent with each sector programme's priorities
- continue to increase the level of untied sector budget support
- increase the level of delegation to country offices
- abolish topping up of individual project staff salaries
- end individual, parallel country programmes and stand alone projects
- progressively reduce tying of procurement

Source: PEAP Volume 3, Annex 1 (2001).

Uganda is seen by the IFIs to be receptive to their policy advice and to be performing well under their programmes. As noted above, it was the first country to receive HIPC II debt relief and to have its own national document recognised as a PRSP. Indeed, during our research it was confirmed to us that Uganda's PEAP was seen as the model for other PRSPs by IFI staff. As a result of its 'good

performance’, Uganda has been among the first recipients of the new loan modalities of the IFIs, which aim to support the policy reforms necessary for implementing PRSPs. Uganda’s Poverty Reduction Support Credit (PRSC) was the first negotiated with the World Bank in 2001. It totals US\$150 million in three tranches, linked to ‘prior actions’ presented in a PRSC policy matrix. A three-year Poverty Reduction and Growth Facility (PRGF) was approved in September 2002 with the International Monetary Fund (for a SDR 13.5m, about US\$19 million). The World Bank Group is the largest creditor, with US\$4.2 billion approved and US\$3.2 billion disbursed.³⁵

Why have donors been willing to change some of their practices and work more closely together? USAID, for example, uses the PEAP as the basis for its programming, even though it is not known generally to use governments’ plans or systems in the delivery of its assistance. Donors also work closely together in sectoral working groups, which forces them to harmonise their positions on policy or technical issues and to change some of their procurement and other financial systems. Our hypothesis, to which we return in Section 5, is that they have been willing to make some compromises as a result of the following, which contribute to supporting the legitimacy of international aid:

- Statistical evidence of progress towards poverty reduction, such as a reduction of the proportion of people living below the poverty line, or infected by HIV-AIDS.
- Access to a responsive government around issues of poverty reduction, at both a political and, perhaps more importantly, technical level.
- The opportunity to innovate in Uganda and to replicate lessons or instruments in other countries.

3.6 Conclusion

Our analysis of the institutionalisation of the PEAP has identified three projects for poverty reduction in Uganda: i) political support from the President and ii) technical support by MPFED, both sustained and encouraged by iii) the international development community. This does not mean that the President’s commitment is absolute and covers all aspects of the PEAP; he has, however, been willing to enter into a partnership with donors, and has delegated sufficient authority to MPFED to implement PEAP priorities through the budget.

Some have argued that the Ugandan model of PRSP implementation has demonstrated a remarkable capacity in one particular dimension, namely, the ability to reallocate funds according to identified poverty reduction priorities, in what may be described as the kernel of a developmental state. In itself, this is arguably a considerable achievement – most systems are unable to deliver these rapid changes in allocation of public monies because of vested interests. However, there is not as yet convincing evidence that the model has delivered a general rise in the effectiveness of public services in converting expenditures into outcomes (though it has led to improved outputs, such as immunisation rates). For this to occur, it could be argued, a more effective process of public service reform would be needed.

³⁵ IMF (2004).

4. The effect of the PEAP on political development

This section reviews how the PEAP (and its associated processes and mechanisms) has influenced political development in Uganda. We begin by looking in more detail at the notion of participation central to the success of the PRSP approach, both around the PEAP and through the political system, by reviewing three avenues for participation: i) consultations through civil society and the UPPAP; ii) indirect political participation through Parliament and iii) local participation through decentralisation efforts. We then examine two sectors which are often overlooked by aid actors but which are central to consolidating state capacity and contributing to constitutional politics and civilian safety: iv) the rule of law and v) national security. These last issues are mentioned in the PEAP, but evidence suggests that actual political priorities might differ in practice from PEAP statements and that the PEAP, as a planning instrument, is not the best channel for pursuing these aspects of political development.

4.1 Civil society

Opening-up of space

The PEAP process has increased the space for CSOs to become involved in policymaking, and not just in local-level service-delivery. CSOs have been involved in the development of the PEAP, and participation in policymaking and monitoring has been institutionalised.

The original process of developing the 1997 PEAP was consultative insofar as the initial Poverty Reduction Task Force included non-state actors. The 2000 PEAP revision process was further opened up to civil society participation: a CSO Task Force was set up at the initiative of GoU to provide inputs into PEAP revisions, and was supported by donors.³⁶ It was composed of ten international and national NGOs and research institutes, and chaired by the Uganda Debt Network (UDN). Two national workshops were organised by MFPED in January and February 2000. The CSO Task Force set up a technical committee which attended both steering and technical PEAP meetings and organised 10 regional meetings (two-and-a-half day focus group discussions to generate qualitative data, attended by in total 644 community representatives). It also promoted radio and television discussion and encouraged NGOs to set up additional thematic events around the PEAP. CSOs have felt that government was open to their contribution, valued their input and even incorporated some policy suggestions, such as in the area of employment.³⁷ The 2003/2004 process appears to have been more open, and over a longer timescale. CSOs have been better organised, submitted a joint paper to the revision process, and were able to undertake more direct consultations.³⁸

Related PEAP processes also confirm this trend of involving non-state organisations. Oxfam and other NGOs have worked closely together and with MFPED as part of the UPPAP (with an Oxfam employee seconded to MFPED). The UDN, which was extremely active as part of the international Jubilee campaign, is included in monitoring the use of debt relief through the PAF. NGOs have been included in sectoral working groups, alongside donors and governments, and also attend and make statements at Consultative Group meetings.

³⁶ Yates and Okello in Brock and McGee (2002: 83).

³⁷ Gariyo (2001).

³⁸ CSO PEAP Revision Steering Committee (2003).

The consultative approach to the PEAP was fairly innovative and has been replicated in other countries, which is a key aspect of the PRSP principles. It was championed by the then Permanent Secretary at the Ministry of Finance, Emmanuel Tumusiime Mutebile. There appears to be a strong link between, on the one hand, the consultative nature of the PEAP process, and, on the other, the inclusive nature of the Movement, which requires that decisions be adopted through internal dialogue and consensus. In countries where politics are less consensual, this approach might be more problematic.

However, when looking at PRSPs from not just a technical but also a political perspective, it can be asked to what extent consultations are seen as alternatives to traditional channels of political participation, such as elections and representation through political parties. This question is particularly relevant in Uganda, where the Constitution limits the space for political competition and where CSOs, in particular a few selected NGOs, have become government partners around the PEAP.

Restrictions

Some commentators note that the PEAP has created ‘selective’ or ‘invited’ policy space for non-state actors to engage in national policymaking.³⁹ NGOs have organised within a structure similar to that of the PEAP sectoral working groups. They are invited to engage in policy discussions – but GoU does the selection. NGOs themselves note that they have been excluded from some debates, such as negotiations on the PRSC and other loans.⁴⁰ In addition, certain organisations are excluded altogether from technical consultations. These have included trade unions, the media, groups representing people with disabilities, religious organisations, and of course political parties;⁴¹ important components of civil society are thus not being included in the process. In the case of the media, trade unions, religious groups and political parties, this is probably because such institutions pose a potential threat to the Movement as alternative sources of views and organising of political views.

CSOs thus operate in a constrained environment.⁴² The NGO Amendment Bill (which has not been adopted) proposed some further restrictions, including complicated registration procedures and the possible suspension of NGOs, including the imprisonment of NGO leaders. Organisations which are perceived as too close to political parties, such as the Uganda Joint Council of Churches, are usually less trusted. There is freedom of information in Uganda, but there have been significant incidents when press freedom has been denied. Reporting on the conflict in the North, defence spending, or intervention in the DRC, seems out of bounds and can be dangerous. The limited space for institutions of civil society to play a role in political life is also illustrated by the role of traditional institutions (see Box 4.1).

Box 4.1 Traditional institutions: ambiguous status

As a reward for having supported the NRM, traditional institutions were recognised in 1993 and enshrined in the 1995 Constitution. However their role is limited: they are only allowed to be cultural, and not political nor administrative, institutions. It is, however, extremely difficult to delineate what is political and what is cultural. Are the Buganda Central Broadcasting Service and the Voice of Toro, both private radio stations, mostly useful for creating awareness of local development issues, or do they also play a politically

³⁹ Brock, *et al.* (2002) and Lister and Nyamugasira (2003).

⁴⁰ Nyamugasira and Rowden (2002).

⁴¹ Associates for Change (2002).

⁴² Lister and Nyamugasira (2003).

Box 4.1 continued

mobilising function? The Buganda demand for federalism is clearly political and not merely cultural. It was used during the debate on multipartyism in 2000 and the 2001 elections. The Constitutional Review Commission, set up by GoU to respond to some of the issues raised during the 2001 elections, is meant to be providing a solution to this long-standing claim. The space for mobilisation around traditional institutions is therefore very much a question of interpretation and opportunity. This is illustrated by the following quote: ‘When traditional leaders participate in activities which are supportive of the state but which weaken the opposition, that is culture. When they participate in activities which are seen to undermine the state but strengthen the opposition, that is politics’.

Source: Mukyala-Makiika in Nsibambi. (1998).

Although the system has restrictions, it would be wrong to describe it as authoritarian, and there is still some space for CSOs to express themselves beyond narrow technical issues. For example, the NGO Forum statement on behalf of NGOs at the 2001 Consultative Group meeting criticised current government policies, by, for example cautioning against fully opening up the economy and highlighting the need to improve the functioning of anti-corruption agencies. The NGO Forum also used the opportunity to voice its concern over the proposed amendments to the NGO Bill. It again addressed the 2003 Consultative Group meeting on the issue of corruption.

Political representation

In a system where the government is not fully accountable to the public through electoral channels based on party political competition, it is understandable that observers highlight the importance of CSOs being involved in decision-making. CSOs can be seen as a proxy for the political voice or as a representation of the poor or other social groups. Donors themselves are reported to be providing support to NGOs in part so that they can engage in advocacy and hold the state to account – as part of the strategy for political development.⁴³

However, the importance of CSO participation, and consultations more generally, in the PEAP revision should not be overemphasised. The 1999/2000 process was extremely rapid, regional consultations were extremely limited, and MFPED clearly remained in charge, selecting those who could get involved.

In addition, it is not appropriate to consider that NGO participation in PEAP processes is an acceptable substitute for citizens’ political participation. As in other African countries, CSOs involved in national advocacy are most often self-appointed and not necessarily representative of the poor themselves, nor of any of the various social groups within Ugandan society. They are primarily Kampala-based and do not cover the whole country. They are not organised so as to aggregate social interests into political programmes and mediate between society and the state. Yet, thanks to the space and access they have been offered, and the financial support they receive, they have become extremely visible.

UPPAP

A similar ambiguity between technical and political consultation can be noted with regard to UPPAP. Although UPPAP was intended to play a technical role, that of enhancing the quality of poverty monitoring and introducing participatory planning tools, it also seems to have taken on a

⁴³ Brock *et al.* (2002).

more political function, that of providing a voice for the poor, who might not be otherwise heard through mainstream political processes. For example, during the second UPPAP, more districts demanded to be included in the consultations. This could be seen as an indication that consulted districts felt that they would obtain a greater political voice as a result of taking part in the process.

In addition, UPPAP continues to influence public policy priorities that could be seen as more political in nature, and not just technical. For example, it is credited with having put on the domestic agenda and, in particular that of the PEAP the need for more public information and to address insecurity.⁴⁴ The identification of opposition to user fees at health clinics in UPPAP was also reported to have been used by both presidential candidates in the 2001 elections. However, responsive political systems – and not just technical MFPED exercises – should provide mechanisms to allow new political priorities to arise, and to mediate among these various interests.

UPPAP has certainly been, and continues to be, a beneficial tool for enhancing the voices of the poor in resource allocation and policy development. It is, however, problematic to consider it to be an adequate political channel for the representation of the priorities of the poor. It is a selective process, managed by technocrats who analyse raw data to obtain a ‘modified’ expression of the voices of the poor.⁴⁵ It should, therefore, not be seen as a mechanism for direct popular political participation.

What can be concluded about the impact on politics of CSO engagement with government around the PEAP, and about the role of UPPAP? To some extent, policymaking space has clearly been enlarged to include non-state and non-donor actors, and new techniques have been adopted to obtain information directly from the poor. This is a positive development, and can be seen as a step towards accepting a diverse range of views in policymaking, ones which do not necessarily coincide with that of the President or the Movement. At the same time, such selective engagement with government probably weakens CSO ability to monitor government action independently, creating a ‘glass-ceiling’ for CSO participation. Donors, having encouraged government to accept technical participation by CSOs, and as significant funders of CSOs, may, at the same time, be endorsing this relatively closed space. PPAs and CSO consultations are not substitutes for political space and competition.

4.2 Parliament

Political participation in Uganda includes regular elections of parliamentary representatives, who nominally contest on a no-party basis, although in practice they can be less or more supportive of the Movement. In line with Uganda’s inclusive system, some MPs represent particular social constituencies (e.g. women, youths) and the army also holds seats.

The Ugandan Parliament has a difficult role to play in a no-party system. It is not a political space where parties can organise to defend or oppose government. In theory, all MPs are Movement supporters. In fact, Parliament as a forum includes a number of MPs who are dissatisfied with the Executive, are unhappy about what they consider to be limited political space within the Movement, and/or still identify with the old parties (or fragments of them). The fact that there is a Movement Caucus within Parliament, which helps rally support at the time of important bills, is seen by some to indicate the shift of the Movement towards a party-style organisation. It is also reported that MPs who are excessively critical of government may receive no support at election time or opposition by

⁴⁴ Bird and Kakende, in Norton *et al.* (2001: 50).

⁴⁵ For an analysis of the limitations of such processes, though at an international level, see Rademacher and Patel in Brock and McGee (2002).

the Movement machine, as in the case of Winnie Byanyima, the wife of Museveni's 2001 presidential opponent. Critical MPs are instead coopted into the Executive, and offered ministerial or other appointments.

The 1996 Parliament is considered to have been more active than the current one, and there was a very high turnover of MPs between 1996 and 2001, which has limited the building of institutional memory. This is indicative of a degree of fluidity in political life, but also of the constraints faced by MPs. It is very difficult for MPs to campaign in the Movement system. They cannot distinguish themselves from other candidates if they campaign on the basis of Movement achievements. MPs therefore try to campaign on the basis of concrete benefits that they can bring to their constituencies. As a result, it is reported that membership of Parliamentary Social Services Committees is very much sought after and additional resources, private or otherwise, are also required to provide visible local benefits. These are again not unique features of Ugandan politics, but they show how the Movement does not offer an alternative to patronage politics.

The 2001 Budget Act has increased the role of Parliament in the budget process. It requires the Executive to consult Parliament twice before the budget is presented: Parliament can amend budget line items at the Committee stage, and the plenary votes on the budget. Sectors report that it is important to lobby Parliament as part of the budget process. Parliament also needs to be consulted for in-year reallocations that are over 3% of the budget. In practice, Parliament has not been consulted over the proposal to increase defence spending by the equivalent of a 23% reduction in non-PAF, non-recurrent expenditure, although it called the Minister of Finance to explain the changes.

Even though MPs were invited to many PEAP consultation exercises (including to a February 2000 meeting for Parliamentary Sessional Committees), participation was poor, and there is no or limited ownership of the PEAP among MPs. Some see it as a document of the Executive and an indication of the influence of donors on government policy. Others note that the process has been so consultative that no one institution can claim ownership of the document, which does not create a particular incentive for MPs to become more involved. From the point of view of MFPED and donors, it would be important to obtain greater parliamentary involvement in the PEAP in order to broaden its political base. MPs and others note that (more) training on the PEAP and poverty reduction would be required for MPs to play a significant role. Holding a parliamentary vote on the PEAP, as is done on some other non-legislative issues, would enhance its status among parliamentarians.

Donors are providing technical assistance to increase the capacity of Parliament, in line with the Parliament Strategic Investment Development Plan, which includes a newly established Parliamentary Commission. The aim is in part to enhance the separation of powers and the rule of law in Uganda, which can be considered as a move away from the role of technical adviser that President Museveni would seem to prefer for Parliament. Further strengthening Parliament capacity could conceivably pose some risks to the PEAP: clientelistic motivations might weaken pro-poor allocation, prioritisation processes might become more complex as more representatives express their views, and it might become harder for MFPED to control the budget. However, overall, a stronger and more independent Parliament can act as a useful check on government behaviour, through monitoring of financial performance and identification of policy alternatives, including the need to address poverty and conflict in the North.

The PEAP has thus had a limited impact on parliamentary developments: it is not owned by MPs, but its priorities are not contested. A debate or vote on the PEAP would broaden its political base. Parliament is also playing an increasingly important role in the budget process, through which the PEAP is implemented.

4.3 Decentralisation

The PEAP, drawing on the Constitution, explicitly states that democratisation in Uganda is to be pursued through decentralisation. The process, which, as we saw, began when the NRM was still in opposition, was formalised (in the same year as the first PEAP) in the 1997 Local Government Act, and includes political, administrative and fiscal decentralisation.⁴⁶

The PEAP and administrative and fiscal decentralisation

The PEAP is well known at the district level⁴⁷ and is associated with significant efforts to push resources down to the districts to improve pro-poor service delivery, while maintaining consistency with PEAP priorities. As a result of recent reforms, a significant proportion of national resources is spent at the local level, where there is a responsibility to deliver many basic social services, such as primary healthcare or education. The PEAP is mostly known through the PAF, the most important source of funds for the districts. Three-quarters of PAF funds are spent in the districts, and PAF funds also account for three-quarters of the central government's grants to local governments.⁴⁸ Local governments have been consulted in the PEAP revision process and receive training on the PEAP. The heads of district administration (Chief Administrative Officers) and councils (District Chairpersons) are involved in the national budget consultation process. Districts prepare their own three-year development plans, as well as Budget Framework Papers similar to those at the central level.

In addition to the allocation of the majority of resources to local governments as conditional grants under the PAF, the national equalisation grant is an effort to redirect resources to the poorest districts, in order to compensate low revenue potential and high costs of delivery. This grant is small, however, as it has been given little priority by central government and must be allocated to PAF sectors.⁴⁹ It is not an effective tool for tackling regional disparities seriously.

Two comments are generally made about decentralisation efforts. The first is that two-thirds of the grants are conditional, earmarked by central government for sectoral service delivery priorities. These priorities have been nationally identified as meeting pro-poor needs, but the procedures currently in place restrict local flexibility. The multiplicity of grants and associated mechanisms also create complex and separate planning mechanisms, with three-year plans disconnected from conditional grants (see Box 4.2). The UPPAP1 noted this failing. Some centrally planned programmes may also fail to address the needs of the very poorest⁵⁰ or take adequately into account local conditions.⁵¹ The use of conditional grants is, in part, a response to concerns of donors, who wish to see their aid spent on predetermined priorities, as agreed in sectoral strategies.

⁴⁶ Fieldwork for this research project only included a one-day visit to Mbarara district in the South West. This was too brief to provide sufficient information, so this section draws more heavily on secondary literature than the rest of the report.

⁴⁷ Brock, *et al.* (2003: 3) note that 'very few people – including district officials – were clear about the content of central policies, or the differences between them' but that 'the exception was the PEAP; many employees were able to name the five priority areas'. This confirmed the findings of the Mbarara field visit for this report.

⁴⁸ Williamson and Canagarajah (2003).

⁴⁹ Williamson (2003: 9).

⁵⁰ Lentz (2002) argues that a focus on health and education may benefit only those who have more substantial assets and can take advantage of those services. Policies to promote the long-term productivity of the poor are also needed.

⁵¹ For example, Brock *et al.* (2003: 6) note that 'the Lira solution of ending chronic insecurity falls outside the prescribed solutions of the PEAP, lying in a far more hotly contested terrain'. Lira district, affected by Karamojong raiding in the 80s and LRA attacks, both of which caused massive displacements, not only requires a strategy adapted to its conditions, but it also is in a region traditionally opposed to Museveni.

Evidence suggests that when districts and other local governments are given discretionary funds for investments, the majority of funds are used for pro-poor priorities, such as schools, health centres and roads, in line with government priorities – the same sectors as funded by the PAF.⁵²

Box 4.2 Top-down and bottom-up planning

A recent study of policy processes in three districts (Bushenyi, Lira and Tororo) noted the ‘exclusion of local prioritisations which fall outside sectoral guidelines [which] suggests a wider problem, that of a conflict between a top-down system, represented through mechanisms like the PEAP priority areas and the conditions of PAF funding; and the much discussed ‘bottom-up’ planning system. Resource ceilings are frequently mentioned blockages to pursuing priorities from the bottom up, particularly given that unconditional resources are very scarce. This situation gives those who aggregate village, parish, and sub-county priorities into district plans a particularly powerful role in the local arena.’

Source: Karen Brock et al. (2003).

Secondly, there is widespread concern that fiscal decentralisation was begun without the necessary technical capacity on the ground. (Although, as resources have increased, so it appears that LCs have been able to recruit more capable staff, and capacity has improved.) This weakness cannot be resolved quickly and, in the meantime, resources may get diverted or not spent on PEAP priorities.

The government is aware of these failings and is responding to them by both enhancing local flexibility and strengthening systems. For example, the 2000 Local Government Development Programme provides discretionary grants to districts and sub-county local governments for small-scale investments – if local governments meet basic administrative and implementation capacity standards. The new Fiscal Decentralisation Strategy, currently in its first year of piloting, aims to streamline the transfer of funds to local governments, increase their autonomy, and create new incentives. The 2001 Budget Act has set up a Local Government Parliamentary Accounts Committee so as to create a stronger channel of financial accountability.

The PEAP and local political participation

Local Councils are relevant, but problematic, institutions for the promotion of local political accountability and participation. The (first) village level of the elected Local Councils (LC1) have a dispute resolution function and were highly respected in most sites of the PPA1, whereas higher levels of local governments were found to be distant, non-responsive and hindering development through corruption. Views of LC1 in the PPA2 were more mixed, with women and minority groups more critical than men; higher levels of local governments were still distrusted.⁵³

Elections are being used to hold community leaders to account, and the PPA2 provided a few examples of leaders not being re-elected owing to failure to deliver services or to corruption. However, elections do not provide adequate vertical accountability mechanisms between the electorate and politicians. There is limited public knowledge about the roles and responsibilities of elected officials and levels of available resources, on the basis of which the electorate could hold politicians to account. Elections are also marred by bribery. There are numerous reports of vote-buying, which is seen as creating future incentives for corruption (so as to recoup investments made). Corruption in tendering boards dominated by local politicians is prevalent in all districts.

⁵² MFPED (2000b).

⁵³ MFPED (2002b: 161–62).

Elected officials, who might not be as well paid or educated as administrative district staff, also exert considerable influence in local appointments, creating another opportunity for patronage.⁵⁴

Planning processes are structured so as to be both aligned with the PEAP and to create room for the identification of local priorities. PPA2 findings suggest that communities do not generally feel consulted and that plans are developed at higher levels.⁵⁵ This was for a variety of reasons, including the lack of money at sub-county level to implement plans, and the feeling that ‘nobody listens to the poor’.⁵⁶ The lack of adequate political representation affects planning decisions: local councillors are described as ‘local elites with little genuine interest in the opinions of their poorer constituents, who present information in their own interests.’⁵⁷ In a similar vein, the Village Census, quoted in the PPA2, found unsurprisingly that women and the poor felt less well represented by their leaders than did richer people.⁵⁸

The PEAP has been praised for its successful reallocation of resources towards pro-poor priorities. However, this poses a serious challenge for local-level participation and state responsiveness: locally identified priorities may not meet nationally set PEAP priorities, and financial systems permit very little flexibility in reallocating resources. The PEAP system, with its related instruments, such as the PAF, is considered by some primarily to have ‘turned the attention of decentralized local governments away from their constituencies, toward the centre, from where resources flow.’⁵⁹ In addition, the current political system does not create strong incentives for elected officials to represent the interests of their constituents, in particular the poor. Vote-buying and central support from the Movement appear to be more important factors.

Locally based sources of revenue are too small to counterbalance the centralising impacts of the PEAP and PAF, and cannot create local accountability mechanisms between citizens and their local institutions. Only about 10% of resources are collected locally, in particular through the ‘graduated tax’. In recent years, ‘local revenue collection has remained stagnant or in many cases fallen dramatically, reflecting reduced incentives on the part of councils to collect tax, and on the part of constituents to feel any obligation to their local councils’.⁶⁰ Evidence suggests that, although this amount can be invested in a manner which yields results, it can be misspent, for example on buying drinks, or on paying allowances for local officials, instead of visible improvements for the public.⁶¹

This discussion of the PEAP and decentralisation underlines a fundamental tension within the PRSP approach. As a policy planning instrument, the PEAP has identified central priorities, and uses the budget, and in particular conditional grants, to implement those priorities. However, districts and lower levels of governments lack technical capacity, flexibility and suitable political mechanisms to ensure that funds meet priority needs and are properly accounted for. The process does not seem to promote genuine local participation and local political accountability, and it cannot be expected to overcome local patronage politics.

⁵⁴ Francis and James (2003).

⁵⁵ Rivalries between different levels of local administration compound this problem (Francis and James, 2003).

⁵⁶ MFPED (2002b: 165).

⁵⁷ Brock *et al.* (2003: 9).

⁵⁸ MFPED (2002b: 171–73).

⁵⁹ Craig and Porter (2003: 65).

⁶⁰ *Ibid.*

⁶¹ For example, an LC3 Chairman from Tororo reported how difficult it was to collect tax, because a chairman may not wish to collect from his relatives, which makes the system too unreliable for planning. ‘The first time we remitted the money to the zones, it was divided amongst the taxpayers and drunk’. Brock *et al.* (2003: 13).

4.4 Justice, law and order

The next two sections review the impact of the PEAP on justice and security, both civilian and military. These topics have been chosen because they are central to state-building and to establishing the authority and legitimacy of a civilian constitutional government over the whole national territory. Even so, they are often given less priority by international donors and technicians involved in poverty reduction. We start by looking at the rule of law.

Poor performance

The 1999 UPPAP noted how insecurity at the household or community level, cattle raiding, insurgency and war, negatively affected the poor. Civilian institutions meant to guarantee the rule of law in Uganda are weak, under-resourced and not seen as accessible to the poor, although higher courts can exercise independence. Financial allocations to justice, law and order have been decreasing steadily, from 8.9% of government expenditure in the 1994/95 budget outturn, down to a projection of 5.9% for the 2003/04 MTEF.⁶² The 1998 National Integrity Survey identified the police and judiciary as the most corrupt institutions, and their poor performance was confirmed by a number of other reports, such as the 1997 Criminal Justice Review and the 1999 Sebutinde Report into police corruption.

High-level political response has been to turn to the army: examples include the appointment in 2001 of Major General Wamala Katumba, a former UPDF official, to head the police, and the launch of Operation Wembley in 2002 in response to reported increases in crime in Kampala. This tough approach to crime, which included a shoot-to-kill policy, has reportedly led to illegal arrests and detentions under the direct supervision of the army, and to the violation of constitutional guarantees, as civilians are brought to military-administered court martials that cannot guarantee judicial independence and due process.⁶³ ‘Safe houses’, ungazetted detention centres – have also been established by state security agencies and are reported to have led to a number of disappearances, unlawful arrests without charge and torture in the name of combating terrorism. There is also a proliferation of irregular forces (such as local defence units, home guards and militias), and a range of formal security forces beyond the police and army which cannot be held to account.

As in every country, the justice sector (Justice, Law and Order Sector – JLOS as it is known in Uganda) is institutionally complex. It includes ten organisations keen to preserve their constitutional independence. In response to the PEAP process, however, JLOS institutions came together in November 1999 at the Mamba Point meeting, where high-level officials agreed to a policy shift towards realigning the sector along the PEAP and to focus on two areas in the medium term: commercial and criminal justice. Officials felt that it was only by organising themselves as a visible sector that they could hope to get sufficient attention from political authorities and from the MFPEP.⁶⁴

We are aware of no other country in which the justice sector has organised itself in such a manner; GoU did not even originally consider JLOS to be a sector. This demonstrates a potential externality of the PEAP: by asking better established sectors to constitute themselves as sectors (e.g. health, education, water), the Ministry of Finance identified a model that JLOS institutions could decide to emulate in order to obtain increased financial resources and higher visibility.

⁶² Foster and Mijumbi (2002: 9).

⁶³ Edrona (2002).

⁶⁴ Sserumaga (2003).

As a result of this new approach, JLOS institutions were able to come together and operate as if they were indeed a unified sector. They established a sector secretariat in the Ministry of Justice, responsible for developing a strategic Sector Investment Plan for the medium term and for facilitating dialogue between institutions and with other partners, such as donors and civil society organisations. Collaborative principles were developed, such as prioritising policies and activities to benefit the whole sector by demonstrating quick wins (e.g. decriminalising petty crimes); this was instead of putting forward competing bids for resources in individual agencies.

Achievements

This original development of JLOS has led to a number of gains,⁶⁵ but it has not yet achieved a substantive and secure increase in financial allocation (see Box 4.3).

Box 4.3 Results of JLOS

- The promotion of a better understanding of a ‘pro-poor’ approach to justice, such as through the JLOS PPA or the Gender and Access to Justice studies in 2001.
- More streamlined dialogue with donors (e.g. joint reviews).
- Concrete results, such as a reduction of case backlogs.
- Greater (technical) government ownership of the reforms as they have been integrated within existing institutional structures.
- A joint strategy with civil society in the area of legal assistance.
- Innovations, such as the Masaka ‘Chain-Linked Project’ which promotes inter-agency collaboration and is inspiring new collaborative approaches in other countries.
- Greater credibility with MPFED, such as in the 2002 budget speech, which noted progress in the criminal justice reform programme, and allocated a 11% increase for FY 2002/2003.

The main success, from the point of view of JLOS, would be to have had sustained budget allocations over the years. This has not been achieved:

- JLOS resources have continued to decline, from 6.3% of government expenditure in 2000/01 budget down to a projected 5.9% in the 2003/04 MTEF.
- JLOS remains a non-priority sector, and regularly receives less than what it has been allocated to it. For example, commercial justice only received 62% in FY 2000/01 because it was a non-PAF spending priority.⁶⁶
- Only the ‘case backlog project’ is considered to have a direct pro-poor impact and is protected in the PAF.
- Donor resources allocated to JLOS have not always been released. In 2001, only 70% of donor budget support funds earmarked for the JLOS SWAp development process was released. In 2002, given the sector and overall MTEF ceiling, MPFED prevented JLOS from accepting the full amount of proposed donor resources (a pledge of US\$15 million), fearing the impact on macroeconomic stability.

Source: Amanda Sseumaga (2003); various JLOS and MPFED documents.

It may be too early to hope to be able to identify a turnaround in the sector over such a short period of time. JLOS seems, however, to be confronting (at least) two sets of constraints resulting from the rules of the PEAP process.

⁶⁵ These can be considered similar to the benefits of sector-wide approaches (SWAps), where donors pull resources in support of a sector. Traditional SWAps are, however, not feasible in the justice sector, given that there is a multiplicity of institutions rather than one key line ministry.

⁶⁶ MPFED (2001).

First, JLOS has faced an uphill battle in justifying the pro-poor benefits of investing in the sector and obtaining PAF protection. Technical capacity and evidence to make the case are required and JLOS is still in the process of acquiring them. A significant challenge is that the current PEAP system privileges direct delivery of services to the poor (such as social sector improvements in health and education), rather than institutional reforms (improvements in the overall governance framework that may only have indirect benefits for the poor). In addition, MFPED requires quantitative indicators, and such assessments do not take into account some aspects of JLOS that are harder to quantify, such as perceptions of increased safety and security, or enhanced respect of human rights and constitutional provisions.⁶⁷

Secondly, the PEAP seems to have promoted a relative ‘technicisation’ of the issues. JLOS’s response has been mostly technical: to create a unified annual budget and a sector investment plan. On the basis of the documents reviewed, it does not appear that the PEAP process has facilitated a broader political discussion on how to enhance the rule of law in Uganda and how better to protect human rights. For example, there is relatively little that JLOS can do, as a PEAP sector, to engage in a discussion about Operation Wembley, to raise awareness of practices such as safe houses, or to redress the balance in favour of civilian policing. These would require a senior political commitment. The Uganda Human Rights Commission is active, however, both in the PEAP process, and in raising awareness.⁶⁸

The PEAP has thus had an unexpected, and unique, impact on Uganda’s justice sector, through the related implementation instruments provided by the MTEF, budget framework papers and sector-wide strategies. This has created a technical incentive for separate institutions to come together and to present more strongly their case for financial allocation. These are considerable achievements by international standards, but more remains to be done to raise the political profile and performance of the judiciary and the police, and to establish further the rule of law in Uganda. These are essential developments not just for improving the quality of life of the poor, but also for introducing new channels of accountability for government performance in the areas of fundamental rights and social entitlements, in particular when political space is limited.

4.5 National security

By contrast to the policies of the education, health or JLOS sectors, which have led to a change in practice and delivered some results, the PEAP process does not appear to be an adequate mechanism for engaging with national security issues, ensuring that defence forces and expenditure are effectively managed, and reducing the influence of the military over the Ugandan state. It has also not been used adequately as a tool for donor dialogue around such sensitive issues as the appropriate level and content of defence expenditure, and engagement in external conflicts.

The importance of peace for poverty reduction

As noted earlier, regional and internal insecurity is affecting GoU’s poverty reduction efforts. This is recognised explicitly in the 2000 PEAP, which notes that ‘consultations with the poor have shown that insecurity is amongst their most pressing concerns’ and that ‘the successful resolution of conflicts is a necessary part of poverty eradication’.⁶⁹ The failure to meet poverty reduction

⁶⁷ For example, ‘reduction in case backlog’ was deemed acceptable because it provided evidence of direct benefit to the poor, given the negative economic consequences of extensive pre-trial detention of wage earners on families. This argument does not seem to have considered the constitutionality of extensive pre-trial detention.

⁶⁸ Piron and Afako (forthcoming 2004).

⁶⁹ MFPED (2000a: 14–15).

objectives in the North of the country since 1986 and the continued need for humanitarian assistance there have been well documented. GoU notes that '[while] poverty generally fell substantially between 1997 and 2000 in most of Uganda there was a marked increase in poverty from 60% to 66% in the Northern region' and suggests that 'the current distribution of resources could become more poverty sensitive if the allocation to the northern districts were to be increased'.⁷⁰ However, for allocation to be increased and be effective in improving standards of living, peace must first be brought to the region (see Box 4.4).

Box 4.4 The Lord's Resistance Army

The enduring conflict in northern Uganda combines a generalised political distrust for the current regime in the region with an unusual series of religious rebel groups. In 1985, Alice Lakwena from Gulu, Acholiland, was 'possessed by a spirit' and established the Holy Spirit Mobile Force, constituted by up to 10,000 men and women. It was used to wage war against the new Museveni government. The Force's discourse was not only political but also religious, including the need to heal the Acholi people and those that are impure. The Force suffered defeat in 1987, at which time the 'spirit' took possession of Alice Lakwena's father, and then of Joseph Kony, who heads the Lord's Resistance Army (LRA), reputed for its atrocities.

Children in particular are used to carry out raids, burn houses, and injure and kill other children. Girls are used as 'wives' for LRA commanders. Human Rights Watch reports that children are also recruited by GoU into local defence units or pressurised to join the UPDF if they have combat experience. Human Rights Watch estimated that approximately 800,000 people out of 1,100,000 were internally displaced in Acholiland and held in camps, known as protected villages. Current estimates are that 1.2 million to 1.4 million people are displaced in the North.

Violence and disruption of civilian life is not abating. According to Human Rights Watch, 5,000 children have been abducted since June 2002, as compared to only 100 in 2001, bringing the total to approximately 20,000 abducted children since 1997. It is reported that this increase in abductions is a result of Operation Iron Fist of March 2002. On the basis of an agreement with GoS, the UPDF was allowed to attack LRA bases in southern Sudan in exchange for suspending GoU support to Sudanese rebels. The LRA responded by returning to Uganda and resuming its abductions and attacks.

A number of previous efforts at negotiation have not been successful in bringing peace to the region. In 1993/94, attempts by the Minister for the North, Better Bigombe, failed. In 2000, GoU adopted the Uganda Amnesty Law, to provide amnesty to Ugandan nationals involved in acts of a war-like nature since 1986, so as to encourage LRA fighters to give up their arms. This was a result in part of the efforts by prominent Acholis, the Acholi Religious Leaders Peace Initiative, a mediation group, to facilitate contact between GoU and the LRA. This did not prevent the intensification of the use of force in 2002 under Operation Iron Fist. Renewed attempts at peace, initiated in March 2003, are now dead. Commentators suggest that GoU would seem to prefer a military solution to the conflict; they also note that GoU was able to put an end to other internal conflicts (in the West and northwest) and suggest that Acholiland's place in Ugandan history, in particular the role of Acholi in the army and counter-insurgency, might help explain the continuation of the conflict.

Source: Heike Behrend, in Hansen and Twaddled (1998); Human Rights Watch (2003); IRIN news reports.

In order to achieve more sustainable development, we argue that Uganda needs both security and an open political system. At present the army, along with threats caused by internal and external insecurity, plays a dominant role in political life. The current political system creates very little room for a credible organised civilian domestic opposition, and, probably as a result, there are regular rumours that opponents to the regime plan to take up arms.⁷¹ 'Security' is also used to restrict freedom of expression and other fundamental rights.

⁷⁰ MFPED (2002a: 24–25).

⁷¹ See for example, IRIN news (17 April 2003) in which the commander of Ugandan troops in Ituri, DRC, alleged that Colonel Besigye was linked to a new dissident group, the People's Redemption Army based in the DRC (a link denied by Besigye).

GoU's response to regional and internal insecurity appears to be favouring military over negotiated solutions, as is illustrated by the 17-year conflict in Acholiland and by allegations that the UPDF has intensified conflicts between the Hema and Lendu communities in Ituri, DRC. There are clear political advantages to such a strategy:

- It maintains the army as an essential institution for national security, and guarantees a justification for its position in the political system and within the Movement.
- It justifies continued higher public expenditure on defence.
- It creates continued opportunities for corruption, such as ghost soldiers, non-audited or off-budget expenditure and the alleged exploitation of natural resources in the DRC.⁷²

A challenge for the PEAP is thus whether it can be a tool that contributing towards improved security and peace, in particular in the North.

PEAP and defence expenditure

A high degree of political and financial prioritisation of the military can be justified in the Ugandan context as being for poverty reduction objectives. Stability and security are preconditions for development, and military expenditure can be said to be a necessary investment in peace. In addition, the military is a powerful institution that needs to be kept under control and financially rewarded, so as to maintain domestic stability. President Museveni considered the professionalisation of the army to be his main justification for seeking re-election in 2001, and stated that 'a lot of harm could be done if somebody like myself, with my authority and knowledge of the UPDF, was not around to shepherd the process'.⁷³

Given budget constraints and the need to prioritise pro-poor expenditure, the main issues are i) whether levels of military expenditure can be justified and ii) whether their use can be adequately monitored. Official allocation has been declining overtime, from 19.6% of government expenditure in the 1994/95 outturn, down to a planned 13.2% in the 2002/03 MTEF.⁷⁴

In practice, by contrast with other aspects of the budget, MFPED has been unable to control this domain of expenditure; defence expenditure is still undermining budget predictability and is not transparent. It seems that the PEAP, MTEF and related instruments are not effective technical tools for ensuring appropriate and efficient resource allocation to defence, as the President is willing and able to override budget processes to ensure the implementation of his own priorities. Most recently, during FY 2002/03, a substantial increase in defence expenditure was announced by the President after the budget had been approved by Parliament, equivalent to a cut of 23% in non-PAF expenditure. Current policy, in agreement with the IMF, has capped defence expenditure at around 2% of GDP. Military experts agree that this is not a realistic level of expenditure and is not based on a sound needs assessment. As a result, there have been regular in-year increases and off-budget expenditure. It is, for example, alleged that part of the police budget is used for defence spending, and that activities in the DRC have contributed to funding the military.

⁷² GoU set up a Judicial Commission of Inquiry to followup allegations made by a UN panel regarding the exploitation of natural resources by the Ugandan Army in the DRC. The Commission concluded that the government was not involved but that individuals were, and implicated both the Army Commander Major-General James Kzini and Major-General Salim-Saleh (the President's brother) in the illicit looting (IRIN News, 16 May 2003).

⁷³ Museveni (2001: 93).

⁷⁴ Foster and Mijumbi (2002: 9).

Donors and defence expenditure

The failure of the PEAP to serve as an adequate planning instrument results, in part, from the difference between donors and Museveni over defence policy. International development agencies have only recently come to consider the security sector from a development perspective, and DFID is one of the few donors with an explicit policy in this area. In Uganda, DFID is supporting one aspect of the Government Defence Reform Programme, a Defence Review, which will contribute to the production of a White Paper. On the basis of this, realistic, needs-based expenditure can be planned and allocated. Military procurement and financial management systems are also to be reviewed to improve the integrity of military expenditure.

The defence review has been highly participatory and includes assessing non-military responses to security threats. The Reform Programme, however, is not sufficiently advanced to claim that defence expenditure processes are transparent and needs-based; if they were, an increase could be justified for donors concerned with protecting directly pro-poor expenditure. In 2002, President Museveni did not appear to have taken note of the Defence Reform Programme when he decided to purchase military equipment and increase expenditure. Commentators note that the equipment was not appropriate for the stated objective of fighting the insurgency in the North (rather than engaging in regional combat); for example, attack helicopters were purchased rather than transport helicopters which would be more appropriate for undertaking counter-insurgency campaigns in the North.

Disagreement over defence expenditure and the involvement in the DRC have had significant financial consequences for GoU: suspension of budget support (Denmark); delaying of budget support payments (European Commission); and cuts (Ireland, Netherlands, and a disbursement of only 50% by DFID in the UK FY2002/03). The Consultative Group meeting planned for late 2002 was also much delayed until agreement could be found.

The IMF, which is very cautious in making statements that might be considered political, has openly criticised the distortionary impact of defence expenditure (see Box 4.5). In response, President Museveni stated at a 2003 Movement conference that insecurity had been continuing because of under-spending on defence.⁷⁵

What we can learn from this experience is that the PEAP has not been an adequate planning instrument for integrating military policy and expenditure. Nor has dialogue around the PEAP been an appropriate tool for donors to engage in sensitive political negotiation, such as on defence spending or conflict resolution: donors and President Museveni continue to disagree over the scale of military spending and scope of military interventions, and the PEAP process has not helped them achieve a shared understanding in this highly political domain. We can also express a note of caution on the rapid switch to budget support by some donors in Uganda, which would have benefited from a more thorough preliminary political analysis of the risks, including military involvements and defence spending, and the responses.

⁷⁵ IRIN news (31 March 2003).

Box 4.5 IMF statement on military expenditure

In its 20 March 2003 Public Information Notice, the IMF praised GoU for maintaining its fiscal discipline, sound structural reforms, and for implementing the PEAP. It expressed concerns, however, at the widening of the overall fiscal deficit linked to an increase in government spending. It noted: 'Revenue collections have generally been on target through the first half of the fiscal year, and total spending limits are expected to be respected, despite the recent announcements of considerably higher-than-budgeted defence spending. As a result, while the overall deficit is expected to be in line with the [IMF] program, outturns for unprotected programs are likely to deviate substantially from budget intentions. These large fiscal deficits are almost completely financed by donor assistance' [...] 'Directors expressed concern that, in recent years, supplementary appropriations have resulted in the composition of government spending deviating substantially from budget intentions and in under-financing of unprotected social and economic programmes. They noted with concern that, in the fiscal year 2002/03, in light of the security problems in the north of the country, defence spending will be considerably higher than budgeted. In this context, they welcomed the ongoing defence review and urged the authorities to expedite the streamlining of expenditure on public administration [...].'

Source: www.imf.org/external/np/sec/pn/2003/pn0335.htm.

4.6 Conclusion

The PEAP has had a number of different effects on Uganda's political development, and we cannot identify one clear overall trend. It has contributed to opening up policy space for civil society organisations and been associated with efforts to consult the poor directly on their priorities and with redirecting more resources to the local level. It has also encouraged justice institutions to organise themselves better, an important step in building the rule of law.

However, the PEAP seems to have been mostly working with pre-existing political trends. We have seen that consensual politics are well suited to consultations, if these are within a controlled domain and clear boundaries. Decentralisation was an important policy even before Museveni gained public office (e.g. Resistance Councils). In both cases, the Movement and central priority setting processes have remained in control. For some aspects of political development, such as parliamentary independence, the PEAP seems not to have been particularly relevant. In some domains, the PEAP is considered by some to be halting development, for example by limiting local political accountability or legitimising the limited space for civil society. In politically sensitive domains, the PEAP does not seem to be an instrument for achieving political transformation. This is particularly the case with defence expenditure, which itself undermines the integrity of the budget process on the basis of which the PEAP is being implemented.

5. Donors and the PEAP

In Section 3, we argued that the success of the PEAP derived from the coming together of three projects for poverty reduction: i) a domestic political agenda; ii) a domestic technocratic agenda; and iii) an international technocratic agenda. In this section, we examine the nature of the relationship between donors and GoU around the PEAP. This relationship appears to be more productive at the technical level, and as we saw in Section 4, the PEAP has considerable limitations as a tool for donors to engage in political dialogue.

5.1 A mutually beneficial relationship

Donors are clearly major political actors in Uganda. Through their partnership with President Museveni, they have been able to support Uganda's relatively successful efforts at achieving macroeconomic stability and reducing poverty, thereby enhancing their own international and domestic legitimacy. Donors are powerful not just because Uganda is extremely aid-dependent but also because they have been able to develop sophisticated relationships with President Museveni, ministries and other government institutions, and civil society organisations.

The partnerships operate at several levels. At a technical level, collaboration with government institutions is very close. Uganda has been open to experimentation, with international encouragement and assistance, for example by undertaking the UPPAP and using its findings; establishing the PAF; transforming the PEAP into the first PRSP; becoming the first beneficiary of HIPC II debt relief and PRSC; and progressing towards budget support, SWAPs and donor coordination around sector groups. There have also been personal aspects to the partnerships. Some individual donor agency staff have been particularly involved at key moments, persuading counterparts of the benefits of certain options.⁷⁶

Some commentators note that it is essential for donors that Uganda remains a model of development. 'Success' in Uganda can help to 'sell' modes of interventions or technical solutions in other countries. This is illustrated by the extensive use of study tours to Uganda, invitations to Ugandan speakers at international events, and the simple acknowledgement by IFIs staff that Uganda was indeed considered to be the model for the PRSPs and that aspects of the PEAP, such as consultations and links to MTEF, were recommended to other countries as a result of the Ugandan experience.

Given that the stakes are so high for donors, it is interesting to note the politicisation of a public debate around whether or not Uganda is as successful at achieving poverty reduction goals as is claimed by the IFIs. Different ways of measuring poverty have been used; political opponents of the government prefer those that show less improvement in order to criticise GoU and donors. The IFIs prefer to use growth and income poverty figures that demonstrate most success. For example, the IMF cites that Uganda has achieved a reduction in the incidence of poverty from 56% in 1992, down to 35% in 2000 using income poverty measure. However, Uganda is not doing as well when some non-income human development indicators or qualitative studies are used. Critics in particular point to the UPPAP1 findings that indicated that poverty was deepening, and to the growth in regional and urban/rural inequalities. According to the 2002/03 household survey, the incidence of poverty rose to 38% and inequality also increased.

Because of Uganda's relative success, donors have tended to advocate replication, including through the PRSP model, possibly without sufficiently taking into account some of the political

⁷⁶ See for example the account of DFID's involvement with UPPAP in Brock *et al.* (2002: 7–8).

preconditions. Uganda's openness to new ideas and policies and its technical partnership with donors would probably not have been possible in the absence of a domestic political project around poverty reduction and a core of technically competent and relatively powerful government officials, both of which prioritised international assistance and policy dialogue. Even so, the experience of Uganda is probably unique. It derives from a post-war government basing its legitimacy on not just security but also poverty reduction as a tool for nation-building, and giving officials sufficient autonomy to deliver on the policy. Donors wishing to replicate the Ugandan story in other countries need to identify whether similar or equivalent political conditions are in place, before attempting to develop a technocratic relationship. Simply offering technical assistance regardless of the political context, in order to realise the same innovations as in Uganda, will not be an adequate donor strategy.

5.3 Accountability

A key dimension of the PRSP approach is the attempt to counterbalance the influence of donors by enhancing the accountability of the state towards citizens. To date, donors continue to have considerable influence over government, by virtue of the amount of funding they provide, and domestic accountability channels are not strong enough to match donors' influence. Indeed, in our interviews, we observed a persistent tendency to emphasise the large slice of Uganda's public expenditures that come from donor sources, in order to highlight the political power of donors.

Presenting donors as contributing to more than 50% of the national budget has a number of political consequences. It is beneficial to donors, as it further reinforces the legitimate basis on which to argue for strengthening financial and political accountability, for example the need for reforms of financial management and procurement systems that will also reduce donors' fiduciary risk. It is also in the political interest of some domestic actors to argue that donors are essential to national development: it assists technocrats in government to override corrupt officials or implement controversial policies. This is the case with PAF priorities, for example, and explains why PAF is being continued even if it distorts the budget process by ring-fencing some areas of expenditure. It also illustrates, however, that MFPED's domestic legitimacy is limited if it has to rely so heavily on donors.

Emphasising the financial role of donors can undermine the credibility of the ownership of PEAP policies across government. President Museveni is fully aware of the political, as well as financial, consequences of donor influence, and the trade-offs between the two. MFPED is presently taking a strong line on the budget deficit to maintain economic stability – stronger than some economists think is necessary – to limit donors' contributions. Some in the donor community consider that a main objective is to reduce the political influence of donors, in particular over defence. The consequences for poverty reduction are considerable, as this policy will reduce the amount of external financing available.

In addition, it may also not be fully accurate to say that donors provide more than 50% of the budget. HIPC debt relief (included in the figures) arguably represents a national entitlement rather than a new form of finance from donors. In addition, locally raised taxes are not included in the national budget. Although this does not amount to much (estimated by respondents at about 10% of domestic revenue), it is still significant that it is not included in the national accounts. In line with our analysis of decentralisation in Section 4, using the graduated tax for productive purposes and including it in the national budget would be a way to enhance financial accountability to citizens at the local level, rather than emphasising accountability to donors. This is actually a recommendation of UPPAP2.

5.3 Political dialogue

Even in a mutually beneficial relationship, there are boundaries within which discussion takes place. For example, CSOs report that the substance of macroeconomic policy is still beyond domestic political debates.⁷⁷ GoU's partnership with the IFIs is premised on the acceptance of IFI advice which cannot be fully challenged, although the abolition of user fees is an indication that GoU can do more than simply abide by IFI prescriptions.

On the other side of the partnership, there has been a degree of self-censorship on the part of donors with regard to commenting on the nature of the Ugandan political system. Criticisms with regards to the lack of party-based competition have been relatively muted; donors do, however, talk of the need for issue-based, rules-based political competition. Domestic critics of the political regime feel that donors have been comparatively soft with regards to lack of political party competition in Uganda owing to the desire to maintain a good relationship with the President. Whether or not donors are willing to compromise around the 2006 elections (in particular the constitutional ban on a third term in office for President Museveni) will be a test of the extent to which they wish to preserve a good relationship with GoU. Some commentators consider that donors are actually more concerned about the integrity of the budget and regional conflict than about democratisation.

Indeed, as we reviewed in Section 4, defence expenditure (which touches upon both budget integrity and regional conflict) has been the most difficult test of the mutually beneficial relationship between donors and GoU. The current crisis is an interesting case study of how far some donors are willing to use their financial power (in particular when they contribute directly to the budget) to engage in a political discussion that is so central to national sovereignty. Donors have also been willing to push hard on corruption issues, because this undermines their own domestic legitimacy. Corruption was once again on the agenda of donors and civil society at the last Consultative Group finally held in May 2003. Donors noted a UDN investigation that concluded that about US\$40 million, the equivalent of 7.5% of the budget, is lost or misused each year.⁷⁸ However, as we have noted, corruption is not unrelated to the nature of the political system (the Movement's patronage mechanisms), and financial integrity issues cannot be separated from political accountability. Defence and corruption are thus not just technical (budget) issues, but highly political.

In these examples, the PEAP process has not been a suitable mechanism for political negotiation between donors and GoU. Indeed, some donors have clearly identified the limitations of the PEAP as a basis for political dialogue. The PRSC Matrix, which is used by the IFIs and donors for policy negotiations, was not deemed appropriate for more sensitive discussions around aspects of public sector reforms. A number of bilateral donors have established a separate, but complementary, mechanism called the Governance Matrix. It provides both a mechanism for donors to identify a common platform and a regular forum for dialogue with the Prime Minister (as the official head of government business). Yet even this mechanism is not able to deal with such sensitive issues as the conflict in the North. It is also not clear how far the President is aware of, or engaged in, this mechanism.

5.4 Conclusion

A mutually beneficial relationship has been established between donors and GoU, and the PEAP is clearly at its centre. The PEAP does not appear to have been directly used by donors to push for

⁷⁷ Nyamugasira and Rowden (2002).

⁷⁸ IRIN news (15 May 2003).

political change in Uganda and it has limited value for negotiating around politically sensitive issues, such as political competition, corruption or defence spending. It is, however, a powerful planning instrument around which donors and GoU can collaborate.

6. Conclusion

The purpose of this paper was to understand better the political factors that have contributed to a rapid change in pro-poor financial allocation in Uganda as presented in the PEAP and related instruments, and the impact that the PEAP may have had on political development. We have also identified some of the political challenges to poverty reduction faced by Uganda, and some lessons for donors wishing to replicate the Uganda experience.

6.1 Success factors

Probably the most important political factor behind the PEAP's success lies in the origin of the current government: a military victory following a guerrilla war, backed up by a strong political ideology promoting national security and development, which was legitimised by years of conflict which had impoverished the country.

The relative effectiveness of the state with regard to poverty reduction is attributable to the tight political structure around the President and the core of the Movement, the restriction on fully competitive politics, the penetration of the state down to the local level through the creation of the local councils, and the cooptation of civil society organisations. The preference for an inclusive and consultative over a more competitive political style is rooted in a political project of long-term political transformation, seeking to overcome, through economic and social development, the vertical divisions of religion, region and ethnicity perceived as having driven past conflicts.

The actual institutional effectiveness of the PEAP lies in a core of committed and competent technocrats in MFPED who have been given a degree of authority, in particular through the budget, to translate political priorities into financial allocations. International financial assistance has been able to interact with and support the domestic political and technical projects for poverty reduction.

6.2 Impact

The PEAP has had a number of different effects on Uganda's political development, and we cannot identify one clear overall trend. It has contributed to opening up policy space for civil society organisations and been associated with efforts to consult the poor directly on their priorities and with redirecting more resources to the local level. It has also encouraged justice institutions to organise themselves better, an important step in building the rule of law.

However, the PEAP seems to have been mostly working with pre-existing political trends. We have seen that consensual politics are well suited to consultations, if these are within a controlled domain and clear boundaries. Decentralisation was an important policy even before Museveni gained public office. In both cases, the Movement and central priority setting processes have remained in control. For some aspects of political development, such as parliamentary independence, the PEAP seems not to have been particularly relevant. In politically sensitive domains, the PEAP is not an appropriate instrument for seeking political transformation. This is particularly the case with defence expenditure, which itself undermines the integrity of the budget process on the basis of which the PEAP is being implemented.

6.3 Challenges

During the course of the research project, the Movement appeared to be losing its legitimacy, both from within and outside, and a political decision has now been taken to move towards multiparty politics. The absence of political party competition has probably contributed to the PEAP's success, as it prevents the development of alternative political projects. However, at present, the political system appears to be suffering from insufficient mechanisms for holding the state to account, and from a lack of political space to discuss alternative policy options. The North continues to feel underrepresented by the current political system; continued conflict and increased regional inequalities undermine poverty reduction.

The impact of a political transition on the PEAP is uncertain: some argue that the PEAP is so broadly owned that it will be maintained regardless of what happens during the 2006 elections. Its strong association with the Movement and President Museveni may mean, however, that a change of party in power might also lead to a revisiting of the PEAP.

At the technical level, MFPED has been able to promote macro-stability and a pro-poor allocation of resources, and could be considered the kernel of a developmental state. However, it has weak capacity and is heavily reliant on external technical assistance. Capacity also needs to be built across the public sector for poverty reduction to be sustained.

An inherent challenge for the PEAP lies in centre-local relations. There is a tension between strong top-down leadership (with prioritised goals as set in the PEAP) and bottom-up democracy (responding to local priorities). Local political participation and accountability mechanisms could be undermined by the PEAP.

Finally, the continuation of conflicts and disagreement about the appropriate level of defence spending put pressures on the PEAP. There is still a preference for military solutions (e.g. in the North or to combat crime), which indicates that Uganda has not yet fully established a civilian state. Although security is a precondition for poverty reduction, military expenditure and incursions also continue to undermine poverty reduction efforts. There seems still to be a perception among some groups that access to state power in Uganda can only be achieved by military means, which threatens the sustainability of existing achievements.

6.4 Lessons

Donors have developed a vested interest in presenting Uganda as a success story, but it is certainly not appropriate to replicate Ugandan lessons without taking into account the historical origins of the political system and the way in which power is currently used.

Administrative and technical capacity, as in MFPED, backed up by senior political support, is certainly needed to make PRSPs successful policy planning instruments. In other countries, this capacity may lie not just in the Ministry of Finance, and it may not be limited to presidential support. Indeed, in Uganda, capacity needs to be built more broadly across the administration, and political support also needs a broader base, including from among parliamentarians.

Overemphasising the importance of civil society consultations and PPAs can be problematic in political environments with restricted political space. They are valuable exercises in broadening voice and providing evidence for technocrats, but they do not replace the need to create political channels of accountability.

Finally, it should be remembered that PRSPs are primarily technical planning instruments, which do not provide mechanisms for addressing some of the deep issues of political change. Yet donors cannot ignore these historical political and social processes if they wish to promote poverty reduction, and must develop additional mechanisms for political dialogue.

Annex 1. List of persons interviewed

GoU

Maggie Mabweijano, Ministry of Gender, Labour and Social Development

Keith Muhakanizi, Director, Economic Affairs, Ministry of Finance, Planning and Economic Development

Rosette Nabbumba, Poverty Monitoring and Analysis Unit, Ministry of Finance, Planning and Economic Development

Hon Gerald Ssendaula, Minister of Finance, Planning and Economic Development

Amenda Sserumaga, Senior Technical Advisor, Justice Law and Order Secretariat, Ministry of Justice and Constitutional Affairs

MPs

Hon Beatrice Kiraso, Women Representative Kabarole District, Chair Budget Committee

Hon Norbert Mao, Gulu Municipality

Hon Salama Musumba, Member, National Economy Committee

Hon Nathan Nandala-Mafabi, Chairman, National Economy Committee

National and international organisations

Barney Afako, independent consultant, formerly African Rights

Perry Aritua Ifee, Program Officer, Human Rights and Governance, Uganda Joint Christian Council

Dr Bazara, Centre for Basic Research

John de Conick, Community Development and Research Network

Fritz Kopsieker, Friedrich Ebert Foundation

Beatrice Mukasa, Associate for Change

Eva Mulema, Deputy Chief of Party, Development Associates

W.S.R Nyabongo, Chief Executive Officer, Uganda Project Implementation and Management Unit and Omuhikirwa (Prime Minister), Tooro Kingdom

Kintu Nyago, Lecturer, Makerere University

Livingstone Sewayna, Foundation for Human Rights Initiative

Godber Tumushabe, Executive Director, and Onesmus Mugenyi Advocates Coalition for Development and Environment (ACODE)

Phil Vernon, Country Director, CARE International in Uganda

Mbarara District

Hezzy Kereere Kafureka, Chief Administrative Officer

Clare Klabakyenga, LC5 Woman Councillor and Secretary, Social Services Committee

Mary Kyokushaba Katushabe, Programme Coordinator, Agency for Cooperation and Research in Development (ACORD) Mbarara

Moses Turyaramya, Public Relations, Mbarara District Farmers' Association

Mbarara Deputy Resident District Commissioner

DFID and BHC (British High Commission)

Jeremy Armon, Governance Adviser, DFID Uganda

Bella Bird, Senior Social Development Adviser, DFID Uganda

Jeremy Clarke, Head of Asia Policy Department, DFID London

Mike Hammond, Head, DFID Uganda

Geoffrey Musisi, Programme Officer, DFID Uganda
Christopher Skilton, Deputy High Commissioner, British High Commission, Uganda
Sulaiman Utinglwinyu, Head Driver DFID Uganda and Chairman LC1 Nagura I, V8
Tim Williams, Governance Adviser, DFID Uganda
Jenny Yates, Social Development Adviser, DFID Uganda

Others

Robert Blake, Country Program Manager, World Bank
Donald Elliott, Democracy and Governance Advisor, USAID
Dylan Hendrickson, Senior Research Fellow, International Policy Institute, King's College, London
Tim Williamson, Research Officer, Overseas Development Institute, London

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