

Working Paper 246

**Poverty Monitoring Systems:
An Analysis of Institutional Arrangements
in Uganda**

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Acronyms

APR	Annual Progress Report (PRSPs)
BFP	Budget Framework Paper
EPRC	Economic Policy Research Centre
EDP&R	Economic Development, Policy and Research (Department)
FDS	Fiscal Decentralisation Strategy
GoU	Government of Uganda
IGG	Inspectorate General of Government
LOGICS	Local Government Information and Communication System
M&E	monitoring and evaluation
MDA	ministry, department and/or agency
MFPEd	Ministry of Finance, Planning and Economic Development
MoPS	Ministry of Public Service
MTEF	Medium-Term Expenditure Framework
MIS	management information system
NGO	non-governmental organisation
NIMES	National Integrated Monitoring and Evaluation Strategy (2004)
NPA	National Planning Authority
ODI	Overseas Development Institute
OPM	Office of the Prime Minister
PAF	Poverty Action Fund
PEAP	Poverty Eradication Action Plan
PETS	public expenditure tracking survey
PMES	Poverty Monitoring and Evaluation Strategy (2002)
PMU	Poverty Monitoring Unit (later PMAU)
PMAU	Poverty Monitoring and Analysis Unit
PMS	poverty-monitoring system
PRS	poverty-reduction strategy
PRSC	Poverty Reduction Support Credit
PRSP	Poverty Reduction Strategy Paper
PSIA	Poverty and Social Impact Assessment
R&M	Results and Monitoring (Matrix of PEAP)
REPOA	Research on Poverty Alleviation (Tanzania)
ROM	Results-Oriented Management (Programme)
R&AWG	Research and Analysis Working Group (Tanzania)
SPA	Strategic Partnership with Africa
UBoS	Uganda Bureau of Statistics
UNIDO	United Nations Industrial Development Organisation
UPPAP	Uganda Participatory Poverty Assessment Process/Project

Summary

Introduction

This paper is a contribution to international learning on the design and functioning of poverty monitoring systems (PMS) in countries with national poverty-reduction strategies (PRS). It is also intended to be useful to the Government of Uganda and other stakeholders in identifying priorities and approaches under the new National Integrated Monitoring and Evaluation Strategy (NIMES) and the monitoring arrangements of the newly-revised Poverty Eradication Action Plan (PEAP). The study was required by its terms of reference to focus on institutional arrangements and not on technical issues, bearing in mind the transformations in national policy processes and the aid relationship that PRSPs are intended to promote. A realistic treatment was called for, exploring the way monitoring systems actually function, so that genuine lessons can be learned.

After an Introduction, the next three sections of the paper a) set out the context; b) describe the elements of Uganda's PMS and two successive initiatives to place these in an overall strategic framework; and c) analyse the successes, limitations and challenges associated with these efforts. Section 5 draws conclusions that may be of general relevance to the design and evolution of PMSs across countries, and makes some specific recommendations for the next period in Uganda.

Context

The report describes distinctive features of the context for poverty monitoring in Uganda, including several that have given monitoring efforts more purchase than in many PRS countries. It then qualifies these observations by underlining certain remaining limitations and some adverse trends.

The comparatively strong domestic political thrust behind the first PEAP, and the way budget and public-expenditure reforms were made to link up with poverty-reduction objectives through the MTEF created a favourable environment. In this context Uganda scored a series of firsts with innovative data collection methods, and arrangements that, in a conducive political environment, enabled their results to influence policy. These innovations did not alter the political basis of the state, and the potential for the budget/MTEF process to generate incentives to data use was only realised in limited ways. Haphazard but real shifts towards results- and evidence-based policy making have nonetheless taken place over a period of years. Improvements in aid alignment have been made possible as a consequence.

This needs to be qualified by the recognition that pressures for performance-improvement are still coming more from donors than from domestic stakeholders. The joint review of the PRSC's Policy Matrix remains an important spur to action and not just a technical device for operationalising the intentions of the PEAP. Despite the Results-Oriented Management Programme, incentives in the civil service remain weakly linked to performance, while politicians have become increasingly preoccupied with larger issues of power and political change. In these respects, the Uganda situation is more like that of other countries of sub-Saharan Africa than may be imagined.

Over the last couple of years, political conditions (for PRS monitoring) have deteriorated, with growing inconsistency across government, particularly in respect of the budget rules, and a related weakening of the bond between budget-support donors and some of their domestic allies. The second PEAP revision has produced some important improvements in both policy thinking and institutional embeddedness, but country ownership at the political level is less clear than it was.

The PMS described

The elements of the monitoring system have independent origins, and were not designed as a system. Strengths of the array of components include the fact that both household-survey and participatory-assessment programmes have been robust and influential. On the other hand, routine data collection has continued to suffer from the same weaknesses of principle and actual practice that are typical elsewhere. Previous studies of this issue indicate clearly that even in sectors with well-funded management information systems, there are problems of completeness and reliability. Multiple reporting channels and waste are apparent across and within sectors, and between sectors and the local-government system. Our interviews confirmed that these problems are widespread, causing unnecessary work burdens and de-motivation at district level.

A first attempt to define a strategy for coordinated monitoring around the PEAP was made during 2001 and 2002 on the initiative of the Poverty Monitoring and Analysis Unit (PMAU) in the Ministry of Finance. This Poverty Monitoring and Evaluation Strategy (PMES) recognised a range of problems, which have been tackled with mixed success, including better coordination and streamlining of routine reporting, for which the lead responsibility was assigned to the Office of the Prime Minister (OPM). In practice, the networking arrangements set up under the PMES served to facilitate the flow of information into the Annual Progress Reports on PEAP implementation, but not to impose real coordination.

As in other countries, the monitoring of poverty-impact trends and easily-measured poverty-relevant outcomes has been more systematic than the attention to intermediate actions, processes and outputs. In part, this reflects the weakness of the routine data that might be used for this purpose; but it was also because PEAP indicators and targets were only clearly specified at the outcome level. This left a large gap between donor-instigated and country-based review mechanisms which the PMS and its annual reporting were not quite able to bridge.

A second, more inclusive monitoring strategy was formulated on the initiative of the OPM during 2003-04. Although in principle this national Integrated Monitoring and Evaluation Strategy (NIMES) covers all government business, it has been adopted as the framework for monitoring the third PEAP starting in 2004. An early misconception that NIMES would be an additional monitoring system has been mostly, but not entirely, cleared up. It will coordinate better what already exists. Existing PEAP monitoring arrangements will continue as before but the former Poverty Monitoring Network will not be convened again. The approach mapped out so far is, however, rather reliant on setting up new committees and working groups under the aegis of the cabinet, raising questions about the ability of NIMES to tackle the perverse incentives that underlie the observed issues of duplication and poor coordination.

A more serious challenge to the role played by poverty monitoring, because of the way it threatens the favourable contextual factors mentioned at the beginning, is the launch in 2004 of a new National Planning Authority (NPA). The NPA's mandate clashes directly with that assumed by OPM, but more seriously, it could weaken the links between budgeting and planning, and the investment and recurrent sides of the budget, which underpin the prospects for stronger performance incentives in government.

Successes, limitations and challenges

In this section, the report deals with aspects of the Uganda PMS experience in relation to the three main axes of the PRSP, and hence PRS-monitoring, 'project' – country ownership; results orientation;

and aid alignment.

Ownership can be treated, wrongly we think, as a matter of attitudes. For what it is worth, there are receptive attitudes to the NIMES initiative in several parts of government based on the perception that the Ministry of Finance has been excessively authoritarian, ungenerous to deserving parts of government in its management of the budget process and rather closely associated with donors. We would base a judgement more on structural relationships. However, this suggests the same conclusion – NIMES is consistent with the structural mainstreaming of coordination functions, and does not weaken in any significant way the gains that have been made by the integration of planning and budgeting in the Ministry of Finance, Planning and Economic Development. It makes good sense that the responsibility for convening the PRSC review has also moved to OPM.

For the reasons given above, NPA cannot be welcomed in the same spirit. This is a major political issue for Uganda, going well beyond the scope of PMS design, and we suggest it should be approached accordingly.

The paper calls for hard-headed realism in taking forward the NIMES agenda of improved coordination. All sources agree in seeing the duplication and haphazardness that currently characterise routine systems as maintained by fairly deep-seated incentives. The point is not just that the incentive to generate and use quality information is weak, but that civil servants (and donor project staff) have a variety of incentives to defend and extend their existing activities, more or less regardless of the effect on the overall rationality of the system. Territorial defences take different forms in well-funded, donor-sponsored parts of the government and resource-starved ones, but the effect in both cases is likely to be hostile to rationalisation. It follows that committees and working groups that bring officials together without some additional and contrary incentive are unlikely to achieve better coordination. They could easily result in more parallel activities and duplication.

A better approach for NIMES would involve moderating expectations, and recognising that coordination is unlikely to be achieved by the proposed form of frontal assault. Rather, what is needed is punctual interventions in various institutional contexts where the incentive structure includes, or is moving in the direction of, tougher disciplines on how officials spend their time. These would include the Budget Framework Paper process, sector reviews, implementation of the Fiscal Decentralisation Strategy and the joint reviews of the PRSC.

This approach would be suitable for beginning to tackle the serious supply-side problems in routine data systems. It would also be the way to continue to build pressure for data analysis and use in policy making. However, there is another thing that needs to be done to get a better relationship between supply and demand. That is to shift the focus of the PMS, and the activities of both PMAU and the NIMES Secretariat, towards a more systematic monitoring of the intermediate levels of the results chain between inputs and final policy objectives. This has been tried, notably in the approach taken to writing Poverty Status Reports and PRSP Annual Progress Reports (APRs), in recognition that outcomes and impacts tend to change too slowly to be really useful for year-on-year learning and strengthening results' accountability. But it has been hard, because only the outcome level of the PEAP monitoring matrix has had clearly specified indicators and targets.

This is now changing, as the 2004 PEAP reflects gradually maturing strategies in the sectors, and – a crucial innovation – has a Policy Matrix, setting out agreed policy actions, as well as a Results and Monitoring Matrix. This gives a framework for being more systematic about whole-chain monitoring, a fact that is only rather ambiguously expressed in the draft monitoring chapter of the PEAP. This ambiguity should be cleared up. Otherwise a major opportunity to pull together the elements of the PMS in an effective way will be missed.

The new PEAP matrices are a major opportunity, also, from the point of view of aid alignment. Since there is now a PEAP matrix that is similar in type to the PRSC one, the possibility of reducing the gap between donor review processes and those that are more fully embedded in government has been enhanced significantly.

Before concluding, the report discusses two particular questions that have not been central to the previous argument. The role of the Uganda Bureau of Statistics (UBoS) and the coordination of the survey programme have worried observers in a number of respects over the last few years. However, harmonising donor and government funding on the basis of UBoS's Corporate Plan is the main step that is needed, and we understand this is now being taken.

Research and evaluation have been under-emphasised in the PMS to date. The inclusion of a Research and Evaluation Working Group in the NIMES plan is therefore a useful step, our comments above about the committee structure notwithstanding. If it is possible to take this forward, attention should be paid to the Tanzanian experience, which suggests the value of placing the centre of gravity of the group in an independent research organisation, and the importance of not loading other and more routine or ad hoc tasks onto the same group, so that its own research agenda is swamped.

Conclusions and lessons

Generic lessons from the Uganda case include the following:

- Monitoring arrangements can serve to promote country commitment to, and accountability for, poverty-reduction policies where they are closely related to a politically supported and maturing budget process.
- Developing a PMS is a process, in which it will never be possible to achieve everything that is desirable in one go, and in which there will be temporary setbacks and advances.
- The incentive issues that are often recognised to be at the heart of enhancing demand for monitoring data in PRS countries also need to be recognised on the supply side – so, beware of seeing coordination of monitoring activities and data supply as a technical problem, subject to simple administrative solutions (convene a new committee, agree a capacity-building programme, etc.).
- Incentives to improved coordination will come most likely from the same places as incentives to more active utilisation of data. In both cases, what poverty monitoring can do to promote results-oriented policy will not be settled within the poverty-monitoring sphere itself, but only by the quality of the incentives generated in the wider system.
- On the other hand, if the PMS and its principal outputs do not provide the information that is relevant to policy choices and accountabilities on the appropriate time-scale, they will not be relied upon by policy makers. PRS monitoring systems have got to get better at addressing what policy makers need to know.
- Once again, however, the means of addressing this challenge do not lie within the sphere of monitoring. It is hard to monitor plans that do not themselves reflect strategic policy thinking – that is, which do not say how the specified outcomes are going to be achieved with the specified inputs, and how the obvious obstacles are to be overcome. The Uganda experience suggests that improvement is possible on these points.
- A major challenge in enabling better partnership around PRSs is the gap that usually exists between the outputs from country PRS monitoring and what donors believe they have to monitor on an annual basis or more frequently in order to have assurance that the funds being provided are likely to produce results.
- Fortunately, closing the gap between the typical budget-support Performance Assessment

Framework or PRSC matrix and the typical APR calls for exactly the same change of emphasis as is required for gearing domestic policy-making to results. Thus, there are several reasons for wishing to see a gradual process of convergence between PAFs and PMS outputs.

Particular recommendations for Uganda include:

- The current consensus that NIMES is not a new monitoring system, but an effort to coordinate better what already exists, should be strengthened and consolidated.
- The NIMES Secretariat should take advantage of the possibility of engaging in discussions with the policy makers in organisational settings where results-orientation is being strengthened, including sector working groups and reviews; the implementation of the FDS; and the PRSC review.
- The NIMES Secretariat and the PMAU/EDP&R Department should be proactive in responding to the new conditions created by the PEAP revision and the completion of a PEAP Policy Matrix, with the potential this creates for closing the gaps between the PRSC review and the government's own monitoring.
- in doing this, the two units should avoid being distracted by the current tensions between the MFPED and NPA, which although very important, have implications that go far beyond monitoring, and need to be resolved at the political level.
- The drive to set UBoS and the survey programme on a solid and sustainable footing by means of common-basket funding should continue.
- A distinct research and evaluation component for NIMES is a good proposal, but it would be wise to pay close attention to the positive features and limitations of Tanzania's experience.

1 Introduction

1.1 Purpose of this study

This paper is one of a series of country studies intended to generate a knowledge base on the design and functioning of poverty monitoring systems.¹ Poverty is understood in multidimensional terms while poverty monitoring is understood as the tracking of progress under a Poverty Reduction Strategy (PRS). This implies an interest in the delivery of planned inputs and outputs as well as in the assessment of outcomes and impacts. A poverty monitoring system (PMS) is understood as embracing 1) data and information collection and analysis; 2) dissemination and feedback into the policy process; and 3) the overall management and coordination of these activities.

The focus of the studies is not on the technical quality of the activities, but rather on institutional arrangements, and how these facilitate or act as obstacles to the flow of information between actors. This reflects the understanding that, in countries with Poverty Reduction Strategy Papers (PRSPs), monitoring activities have the potential to contribute to three principal dimensions of the PRSP ‘project’: a) greater commitment to and accountability for poverty-reduction efforts within the country (country ‘ownership’); b) a greater results-orientation in national policy processes; and c) creation of conditions in which poverty-reduction efforts can take the form of a genuine partnership between national and international actors.

Bearing on each of these dimensions are critical questions about the way information is being generated and used within the country’s PMS. The institutional set-up for poverty monitoring can contribute well, badly or not at all to transforming the relevant relationships – among the different components of government, other domestic stakeholders and international development organisations – in ways that improve long-term impacts on poverty. Many of these questions have to do with the way monitoring arrangements are embedded in existing national systems and institutions, and the incentives that govern them.

1.2 Terms of reference

A realistic approach

The terms of reference of the studies called for close attention to the actual functioning of monitoring systems. Previous reports and capacity-building activities had identified weak coordination, lack of demand for information from decision makers, unclear mandates and responsibilities, lack of relevance and timeliness of data, and limited accessibility of information as key constraints on the promotion of results-based decision making. However, there is a need to probe further and uncover the way the institutions that make up the monitoring system actually function. This means looking at informal incentive structures as well as formal arrangements. A candid treatment of these factors was expected, so that the country studies would allow genuine lessons to be learned about what is likely to work and what should be avoided in the design of poverty monitoring systems.

¹ The series was commissioned by the World Bank and DFID in 2004, and a synthesis report is due to appear in 2005. The Uganda study is based on interviews and documentary analysis carried out in August 2004. This paper is a revised version of the draft report submitted in November 2004 and was completed in March 2005. The authors are grateful to all those listed in Annex 1 and to Tim Williamson and Arthur van Diesen for particularly useful comments on presentations and drafts. However, the authors are solely responsible for the accuracy of the information and the quality of the analysis as well as for the opinions expressed in the paper.

General and particular contributions of Uganda study

As well as contributing to the multi-country learning exercise, the Uganda country study was expected to make recommendations about how any specific shortcomings of current and planned institutional arrangements for poverty monitoring could be addressed. It therefore had an additional and more directly operational purpose. In principle, this did not change the character of the study. In practice, it made it more challenging to maintain the kind of candid, ‘political economy’ style of analysis that the general terms of reference called for.

Good country-level operational advice needs to be grounded in a realistic assessment no less than international lesson learning. Indeed, the damage that can be done by recommendations grounded in a narrowly technical approach to systemic challenges may even be somewhat greater at this level. But when the main clients of the work are heavily engaged in the system that is being analysed, there are strong pressures to slip into a technical language that glosses over the real constraints in the interests of encouraging messages and harmonious working relationships. We have tried to handle this tension as well as possible by understating some issues, but nonetheless telling the real story in all the ways that matter from the point of view of sound recommendations on the way forward.

1.3 Organisation of the report

The remainder of the report consists of three sections. First we set out the context in which Uganda’s poverty-monitoring arrangements have evolved, and which needs to be taken into account in thinking about how they might develop in the future. Then we provide an initial description of the elements of the system and the principal initiatives to provide it with overall coordination. There follows a more analytical and evaluative section, looking at successes, limitations and future challenges in the light of general criteria applicable to monitoring in a PRS context. The final section contains conclusions and recommendations.

2 Context of Uganda's PRS monitoring system

The context of poverty monitoring arrangements in Uganda is in several respects special and in a few respects unique. Differentiating factors include the particular origins of the PRSP process and the way it has been embedded institutionally and politically, and the way the aid relationship has been able to develop as a consequence. The significance of these differences is easy to exaggerate, however. The context is also changing, under the influence of political shifts and corresponding institutional re-arrangements. We review the distinctive features, their limits and the recent changes in turn.

2.1 Distinctive features

Origins of the PRS

It is important that Uganda had a Poverty Eradication Action Plan (PEAP) before the start of the international processes that produced the PRSP initiative. While the notion that the PEAP was entirely 'home-grown' is a comfortable fiction, it is the case that it benefited initially from a strong domestic political thrust, in the form of President Museveni's conviction in the mid-1990s that something needed to be done to stop poverty rising in Uganda.

Also, for a number of years the PEAP was championed by senior officials of a combined ministry of Finance, Planning and Economic Development with strong support from both the president and donors, with the effect that – more than in many PRSP countries – the poverty reduction strategy had real purchase on practical policy, including the allocation of resources through the budget. This created a context in which various innovative attempts to generate and use evidence to improve policy or its implementation were able to prosper.

Character of the state

The suggestion here is not that the political and administrative system of Uganda ever departed significantly from the African norm, in which 'rational-bureaucratic' principles are blended with 'patrimonial' ones to form a distinctive hybrid pattern (van de Walle, 2001). However, in the late 1990s and early 2000s, Uganda was a pioneer of a number of reforms that could be said to have created a bridgehead of bureaucratic rationality within the country's governmental apparatus. For a period, these elements created a context that was more favourable to the introduction of evidence-based elements in policy making than in almost any other country of the region.

Key elements of the bridgehead were a commitment to 'output-based' budgeting, a Medium-Term Expenditure Framework that has been increasingly used to impose hard budget constraints on sectors and local governments, and more or less effective mechanisms for linking budget priorities with the PEAP and involving parliament in budget scrutiny.²

Budgeting for poverty reduction

A distinctive feature of the linkage between the budget and the PEAP is the Poverty Action Fund

² It is important that in this conceptualisation the MFPED itself is not viewed as the bridgehead, although it has been the institutional axis for these innovations

(PAF),³ a virtual fund within the budget ensuring disbursement protection for agreed priority sub-sectors. This mechanism was credited with achieving a fundamental reorientation of public spending during the first two PEAP periods. Budget execution is generally considered to have been sound in respect of PAF sectors (Foster and Mijumbi, 2002).

The PAF has been criticised as an unduly mechanical method of ensuring respect for poverty-reduction priorities, one that owes more to the need to provide reassurance to donors than to a genuinely strategic approach to poverty reduction (Williamson and Canagarajah, 2003). This point of view is increasingly accepted by the government, and is reflected in the chapter on public expenditure in the latest revision of the PEAP (GoU, 2004: Ch 8). Fortunately, it is not the only mechanism potentially able to play this type of role.

Uganda's consultative budget process (MFPED, n.d.) requires sectors to submit sectoral Budget Framework Papers to provide the rationale for their medium-term recurrent and capital funding bids. In varying degrees, these have been subject to scrutiny for compliance with the PEAP, as well as decisions about inclusion of new activities in the PAF.

It is not thought that in practice the BFP process has greatly influenced the indicative or final MTEF ceilings of the sectors. This is to an important degree a reflection of the volume of resources that is either earmarked to the PAF or tied up in other government priorities, such as the war in the North. Direct performance pressures from the budget have thus been somewhat muted. However, the regular reviews undertaken by the joint sector working groups, which include government, donor and other stakeholder representatives, do appear to have helped to orient sectors towards outcome objectives. Although the process has been haphazard and uneven, sectoral policy making under these arrangements has become progressively more results oriented (Williamson, 2003).

The aid relationship

The existence of comparatively robust arrangements for linking public expenditure planning and execution with the country's anti-poverty policy has encouraged several donors, including the World Bank and DFID, to move an increasing proportion of funds into budget-support channels. As a consequence, involvement of donor advisers in the development of sector strategies has increasingly been linked to contributions to sector funding through the central budget, and not to common-basket funding arrangements. This in turn has encouraged the government to be more robust in expressing its preference for this modality of support, setting a timetable for the inclusion of all external funding to sectors and districts within the corresponding MTEF ceilings (MFPED, 2003a, GoU, 2004: Ch 8).

This seemingly technical requirement has the potentially transformative effect of equalising the incentives facing ministries and departments as between funding of activities through the budget process and accepting donor-financed projects. Compared with a project free-for-all, this encourages sectors to develop clear policies and take these more seriously as a basis for resource deployment.

2.2 Limitations

It is important to be clear about just how much difference these factors make to the context in which poverty monitoring is undertaken. Three limitations are worth signalling.

To begin with, some of the most important initiatives are largely technocratic devices. They do not

³ NB that this acronym has a different meaning than in Tanzania and other countries, where it refers to a performance assessment framework.

alter the political basis of the state, and are therefore vulnerable to political changes. For some years it seemed to donors in the country that the principal threat of this type would come from a winding up of the ‘no-party’ Movement regime. In the last few years, it has become apparent that the more immediate threats are internal to that regime. Political changes have already unravelled the arrangements just described to some degree, as described below.

Secondly, although there are senses in which the aid relationship in Uganda now works on a partnership basis, it is not the case that the gap between donor objectives and concerns and those of the national stakeholders has disappeared. Budget-support donors remain convinced that conditionality still has a vital role to play in ensuring the proper use of funds.⁴ Harmonisation among donors of budget support is quite advanced, with the Policy Matrix of the World Bank’s Poverty Reduction Support Credit (PRSC) serving as a common instrument for disbursement decisions and aid monitoring for the whole of the budget-support group. On the other hand, the question of how far donor efforts are aligned with national objectives and systems is not so easily resolved.

The timetable of PRSC reviews is extremely onerous, generating four large World Bank missions per year. In principle, the PRSC matrix is a government document, and an instrument by which the Bank and other donors assist in ‘operationalising’ the PEAP. However, critics of the Bank’s approach among NGOs⁵ regard the PRSC as barely disguised adjustment conditionality (of which they disapprove) and point out that there is a good deal in it that was never discussed in the participatory design process of the PEAP.

This is a fair criticism if directed against a literal understanding of the Bank’s ideology on the subject. On the other hand, it is clear that at least until its most recent (2004) revision, there has not been enough in the PEAP monitoring matrix – and hence in the Annual Progress Reports based on it – to allow year-on-year tracking of progress in implementing key policy measures. Consequently, the PRSC review may be defended as at worst as a necessary departure from country-led arrangements.

Thirdly, the progress made in developing a results-oriented budget process has not been matched by sufficient changes in the management of the civil service. A system for results-based management has been formally in place under the supervision of the Ministry of Public Service (MoPS) for a number of years, with strategic plans and personal performance targets in all ministries, departments and agencies (MDAs). However, most commentators agree that this system is still poorly integrated with the budget planning process⁶ and has little purchase on day-to-day human resource management. As in other countries, MDAs lack incentives to reform their systems of pay, allowances and hiring and firing in a way that would gear personnel deployment and management towards performance in meeting outcome objectives.

2.3 The context for monitoring

This encouraging but quite heavily qualified picture of planning and resource-allocation arrangements suggests the main elements of the context for poverty-monitoring efforts in Uganda. These are also a mixture of positives and negatives.

4 This was one of the findings from Uganda case study for the Evaluability Study of general budget support undertaken by Lawson et al. (2003).

5 For example, Nyamugasira and Rowden (2002).

6 Despite efforts by the Budget Policy and Evaluation Department to make this link via its instructions on the preparation of Budget Framework Papers (MFPED, 2003b).

Favourable factors

First, because the PEAP came before PRSPs, Uganda had biennial Poverty Status Reports, as well as annual analytical documents called Background to the Budget, before the country was required to produce PRS Annual Progress Reports for the Bank and the Fund. The annual productions from Uganda still look a bit different from those from other countries, as the reports sent to Washington are abstracted from documents produced for internal and local donor purposes. This may not make a large difference but it certainly makes some.

Second, the build-up of pressures to show results has occurred from a low base, but it has genuinely come from the institutionalisation of a rational, outcome-oriented budget process and not just from donors and the PRSC. This has provided some degree of domestic support to efforts to use evidence to defend and improve policies – more at least than would have been provided by a traditional incremental approach to budgeting and/or a largely projectised approach to aid.

This context helps to account for the long run of ‘firsts’ that has been chalked up by Uganda in the collection and use of poverty data. This includes most notably the reasonably consistent series of household expenditure surveys undertaken by the Uganda Bureau of Statistics (UBoS) and the Uganda Participatory Poverty Assessment Process (UPPAP), but also Public Expenditure Tracking Surveys (PETS), the involvement of NGOs in PAF monitoring in districts, etc. The political alliance that first projected the PEAP and then linked it to the budget not only instituted these activities. For a period, it provided them with both channels of influence and some protection against pressures to tone down critical findings or policy implications. In these senses, the set-up of a monitoring system for the PRS in Uganda may be said to have got off to a good start.

Unfavourable factors

On the other hand, these differences are only relative. The pressures for performance-improvement are still coming more from donors than from parliament or other national stakeholders. Although there have been small improvements over time, some of them arising from the gradual consolidation of the 1995 constitutional arrangements and some from the PEAP process (notably, the empowerment of some campaigning NGOs), domestic stakeholders remain weak.

There are many reasons for this but the most important have to do with the evolution of the national political system. National politicians generally have bigger fish to fry than the details of government performance. Neither parliament nor the cabinet function in a way that places strong performance pressures on ministers and their departments. For the reasons given, the results-based management system that in principle governs the civil service lacks teeth. Particularly in a context where both PAF prioritisation and donor project funding generate a highly uneven, feast-or-famine pattern of funding and facilitation across MDAs, incentives in government are skewed towards getting or defending access to resources at the margin, not to improving results from the aggregate (Williamson, 2003).

Implications

These factors fix the parameters of what can be expected, and what cannot, from PRS monitoring arrangements in the same way as in other countries. As elsewhere, the most important issue is the degree to which there are progressive shifts in incentives that advance the three dimensions of the PRSP project: country ownership, results-orientation and partnership-oriented aid. The weak internal thrust towards ownership and results orientation needs to be taken fully into account in thinking about what the monitoring system can and should aim to do. The incentive structure within government

determines both the degree to which actors will be autonomously motivated to make use of evidence on results, and the degree to which it will be possible for any central body to impose a rationalisation of MDAs' monitoring activities. The incentives in the domestic political and administrative system are also critical determinants of the degree to which donors can be expected to move towards a 'partnership' model, including abandoning separate performance-monitoring arrangements.

This discussion has attempted to fix in a realistic way the boundaries of the 'Uganda model' of poverty-oriented public-sector reform, with attention to both the features that are genuinely distinctive and those that are quite standard. To this we need to add recognition of the degree to which the distinctive qualities of the model have been diluted in recent years.

2.4 Recent changes

Politics and the donors

Three further developments have modified the picture described above in the last few years. First, the activities of the Ugandan military in the Congo led to a narrowing of the set of donors that were prepared to see Museveni's pro-poor reform commitments as sufficiently compensating for his failures in political governance (which notably include control of corruption and the war in the North). This has resulted in several withdrawals from the budget-support 'club' and some overall weakening of the commitment of its remaining members (Lawson et al., 2003).

Second, and even more damagingly, the government's respect for its own budget disciplines has become more erratic over several annual budget cycles. The effects on donor commitment have been amplified by the way ad hoc, presidentialist spending increases have appeared to be tied up with governance issues about which the donors were concerned anyway (Piron, 2004).

Third, the potential for a coordination of donor and parliamentary protest about these shifts has been dissipated, with the two increasingly doing their own things. While it is possible to blame some of this on lack of donor seriousness about strengthening national systems of accountability, it probably has more than one source. For one, the organisation that previously would have provided the bridge between these different pressures, the MFPED, has itself begun to behave less consistently. For another, parliamentary voices calling on the executive branch to comply with the law and established procedures appear to be increasingly drowned out by other kinds of voice, including some, relatively silent until recently, bent on dissolving the unity of planning and budgeting in the MFPED. The potential for the technical improvements in the budget process to enable a better functioning of the country's constitutional democracy over the longer term has not been entirely lost, but a pause has definitely set in.

The changing character of the PEAP

Against this background, the second revision of the PEAP during 2003/04 has been an inclusive and reportedly high-quality process, but one that is increasingly non-political. President Museveni himself has become progressively less involved over a number of years, allowing the strategy to become more sophisticated in terms of overall objectives and articulation with sector plans, but more technocratic in terms of ownership. Meanwhile, the attention of opposition politicians, both those from the Movement tradition and those from the long-established Ugandan parties, has been increasingly focused on wresting power from Museveni and influencing the third-term debate, not on the details of policy.

This has, among other things, reduced the space for Uganda's much-lauded monitoring innovations to operate and have influence. The protection for critical thinking that has been afforded by the MFPED umbrella is less strong than it was. The potential for new evidence (such as the dramatic evidence of backward movement in relation to the income-poverty target thrown up by analysis of the 2002/3 household survey) has been reduced. The changes may be seen as confirmation of the generalisation that the contribution of a directive super-ministry is only as good as its political backing. More generally, it underlines the long-term and essentially political nature of poverty reduction in Africa and the need for all concerned to place greater responsibility on the political classes of the continent and rather less on technocratic devices and aid.

3 Uganda's poverty monitoring system described

In describing the context, mention has been made of the innovative elements in Uganda's PRS monitoring system. It makes sense to begin this section by outlining a bit further the use that has been made of these elements before addressing the efforts that have been undertaken or are being planned to integrate them into something that could be called a monitoring system. Having done that, we devote the rest of the section to a description of two successive initiatives to provide overall coordination and direction: the Poverty Monitoring and Evaluation Strategy (2001) and the National Integrated Monitoring and Evaluation Strategy (2004).

3.1 Elements of the system

The Uganda Bureau of Statistics (UBoS) is the well-established Entebbe-based organisation, now an executive agency, that takes the main responsibility for generating Uganda's national accounts as well as for carrying out the census and the country's major sample surveys. The Bureau has some 126 professional staff. According to the UBoS Act, it has an oversight mandate in relation to statistical data standards in government systems. However, at least until recently it has been much less engaged in supervising sectoral and local statistical systems than in collecting and processing its own data, including those arising from its regular series of household expenditure surveys and the census.

Distinguishing features of the Uganda surveys include their relatively consistent methodology, allowing reasonably robust time series to be constructed, and the inclusion of a panel element in the surveys periodically. Primary analysis of these data (poverty-line estimates, cross-tabulations) is done by and with technical assistance attached to UBoS. However, the real potential of the data and especially the panel evidence is only realised by secondary analysis (econometrics), which is generally done by staff of the **Economic Policy Research Centre** (EPRC) with assistance from World Bank researchers. EPRC has had a contract to provide research services to the MFPED under a succession of World Bank credits.

Often working with EPRC staff, World Bank researchers have pioneered a number of monitoring instruments in Uganda that have since been widely adopted elsewhere. A notable case is the PETS, an instrument for estimating the degree to which the inputs of the PEAP are being effectively delivered. One of the reasons why the Uganda PETS has been widely imitated is that its deployment resulted in a substantial measured improvement in performance – that is, policy implementation improved (or de facto policy changed). The **PAF Monitoring** arrangements at local level coordinated by the Uganda Debt Network, an NGO body, may have helped to encourage the proper use of the protected funding for basic service delivery, although a thorough assessment is awaited.

Another celebrated instance of innovation in data collection resulting in policy change is **UPPAP**. UPPAP, and particularly its influential first report, is an example of how, even the context of a weak 'systemic' demand for evidence-based policy making, a relatively ad hoc type of data collection can result in significant policy shifts – given conducive political conditions.⁷ Interestingly, the influence of UPPAP arose from its ability to generate telling case studies illustrating flaws in policy implementation, and not from its nominally more distinctive quality, that of highlighting non-income conceptualisations of poverty and vulnerability among the poor. In a somewhat less favourable political context, UPPAP's PPA2 was most telling in the way it generated new sectoral and cross-sectoral policy issues that were able to be taken up in the second PEAP revision process.⁸

⁷ See Norton (2001: Sec 4.1), Yates and Okello (2002) and McGee (2004).

⁸ See Appleton and Booth (forthcoming) for an argument about the comparative advantages of surveys and participatory appraisals in PRS monitoring.

The Poverty Monitoring Unit, as it was then called, was established in the MFPED in 1998 with funding from DFID and some other donors. Initially, its remit was largely limited to producing Poverty Status Reports on a two-year timetable, drawing together data from a wide range of sources, including household surveys, PPAs, routine data from sectors and constitutional bodies such as the Inspectorate General of Government (IGG) and ad hoc surveys such as the National Integrity Survey. Gradually, the Unit began to undertake a range of more analytical tasks, using data to ask questions about progress under particular ‘Pillars’ of the PEAP. This was reflected in a change of name when the DFID funding was renewed and an expansion of the staff complement was agreed in 2000. The unit has since been known as the Poverty Monitoring and Analysis Unit.

Although funded by a donor project, the PMAU has been reasonably well integrated into the line management of the Economic Development, Policy and Research Department of MFPED, with the unit’s staff providing a range of secretariat functions for senior officials on PEAP-related matters. The unit’s full-time professional staffing has consisted in recent years of one poverty analyst, a policy analyst and an ODI Fellow. The workplans of the unit have become more integrated with those of the Section of the Ministry in which it is located. However, ambitions to fully absorb the unit into the civil service have failed. The location of the unit in the EDP&R rather than the Budget Policy Department has sometimes been questioned, given the general recognition that the PEAP is implemented through the budget; but on the whole the arrangement does not seem to have been damaging to this linkage.⁹

Routine data systems are rightly regarded as key components of any PMS that is understood to be tracking a strategy for poverty reduction. Without an ability to track progress in increasing or altering the composition of sector outputs and intermediate outcomes, a PMS has little chance of detecting whether or not the final goals of the strategy are likely to be achieved. As emphasised in the case study of the PMSs in the Latin American Countries (Couduel and Regalia, 2004), tracking intermediate (input, process and output) indicators is essential to the role of PRS monitoring arrangements in feeding useful information back to decision takers. It is key to promoting evidence-based policy, and thus also to building partnerships in which external actors increasingly place their trust in country systems. Yet the tracking of intermediate indicators relies to a very important degree on routine data systems – administrative and financial reporting, and Management Information Systems.

Uganda is no exception to several general rules about routine data systems. Studies have pointed out the following features of these systems:

- the data they generate are typically facility-based, and will normally need to be complemented by population-based information from censuses, sample surveys or sentinel sites (Booth and Lucas, 2002);
- there are large questions about the completeness and/or reliability of the reporting in some or all sectors as a result of skill or incentive deficiencies among data providers (Hauge, 2003: 11);
- in some sectors, definitions of indicators are inconsistent – e.g. safe water coverage has been measured in three different ways (ibid; Williamson, 2003);
- coordination is poor even within sectors, and more particularly between line ministries and the local-government system, with the consequence that some monitoring activities are undertaken that either duplicate other activities or serve no clear purpose (Hauge, 2003: 11);

⁹ This was one of the conclusions of the mid-term review of the PMAU project (Baulch and Brown, 2002). Others were about the importance of making greater efforts to mainstream the unit within the Ministry structure.

- this results in unnecessary reporting burdens on the immediate providers or facilitators of information;¹⁰
- local analysis for local planning purposes is generally absent, as is feedback of analysed data to providers, so that a potential source of motivation to provide accurate information is lacking (Hauge, 2003: 11, 29).¹¹

Projects, and donor-designed systems for monitoring the results from clusters of projects with the same funding source (such USAID's MEMS; MSI, n.d.) generate a flow of information and analysis of unknown size that is, in many instances, relevant to poverty reduction. In Uganda, these efforts remain formally outside the official monitoring arrangements, although striking findings are sometimes picked up and reported in Poverty Status Reports.

The elements described in this sub-section have separate origins and different histories. They were not designed together and, although they are connected in various ways, the whole constitutes a 'system' in only a very limited sense. Efforts to overcome the negative implications of this haphazard growth began after Uganda's second PEAP was adopted as the country's PRSP and the basis for HIPC2 completion in 2000.

3.2 First efforts at integration and coordination: PMES

Purpose and approach

A Poverty Monitoring and Evaluation Strategy (PMES) was published by the MFPED in June 2002, following extended discussions by the PMAU with a range of relevant stakeholders (MFPED, 2002). According to the Minister's foreword, the purpose of the strategy was to enable the government to monitor the outcomes of PEAP policies and programmes. It would also guide sectoral management information systems and district monitoring and evaluation systems, and meet the monitoring requirements of the World Bank PRSC. Both the extent and the limits of the ambition this implies are worth noting.

The document described the range of activities considered relevant to poverty monitoring; a division of lead responsibilities among the principal organisations; and a mechanism for providing strengthened coordination among them. The suggested scope is broad, corresponding approximately to the definition of PRS monitoring given above (inputs, outputs, outcomes and impacts). The division of responsibilities is:

- *lead institution for monitoring intermediate and final outcomes (impacts) of the PEAP*: MFPED through the PMAU;
- *leading the production of national statistical data on intermediate and final outcome indicators*: UBoS;

¹⁰ Hauge (2003: 11, 29) estimates, for Health alone, that if the full schedule of inspection visits were to be completed, this would absorb a number of inspector-days per year equivalent to 700 full-time posts, and the equivalent of 1,400 posts for those receiving the inspections. Our informants described the central-to-local reporting system as a 'stampede'. The district level is subject to a plethora of overlapping and partially inconsistent systems: the local-government database LOGICS; management information systems (MIS) for several service-delivery sectors; sector monitoring frameworks; the new Chartered Accounts; ROM reporting for the MoPS; and financial reporting on conditional and non-conditional grants, and projects. This plethora is contrasted with a relative absence of performance monitoring at the central level (Williamson, 2003 and pers. comm.).

¹¹ An exception in this regard is the Fiscal Decentralisation Strategy that is now being implemented, where reporting

□ Finance. This positive feature makes the FDS an essential point of reference in thinking about rationalising local-government reporting burdens, as discussed further on.

- *assessment of sectoral performance in terms of inputs, activities, outputs and level of reach of services*: sectoral ministries through their Management Information Systems;
- *implementation of the PEAP in localities*: District authorities.

In addition, the 2002 strategy declared an intention to involve a range of organisations in the validation of findings at different levels, including the Office of the Prime Minister (OPM), Ministry of Public Service (MoPS), Inspectorate General of Government, Uganda Evaluation Society, civil society organisations and development partners. Standardisation of concepts and measures was to be assured by UBoS. More specific responsibilities for analysis and research were recognised, including the Macro and Budget Departments of the MFPED and EPRC, the Uganda AIDS Commission and the Office for the Coordination of Humanitarian Assistance. The different elements of the PMS were depicted in the chart reproduced as Annex 2 of this report.

The coordination mechanism created by the strategy was a Poverty Monitoring Network, with the overall objective ‘to ensure that poverty monitoring activities are coordinated to exploit synergies between institutions and minimize waste through duplication’ (ibid.: 45). Members of the Network would be representatives of Director or Commissioner level or equivalent from all of the bodies indicated in the Annex 2 chart. They were to be chaired by the Director of Economic Affairs from MFPED, with secretariat services provided by PMAU in interaction with technical staff of the participating organisations. Meetings would be convened quarterly subject to a future assessment of need.

Problems to be addressed

Particular problems or tasks to be addressed by the strategy/Network were to:

- institutionalise the functions of PMAU as outlined in the strategy, with government funding taking over from donor funding;
- determine the frequency of national household surveys, with the possibility of generating district-level estimates by conducting the surveys less frequently;
- confirm that National Service Delivery Surveys are to be undertaken by UBoS and determine whether the National Integrity Survey should be transferred to UBoS, to avoid duplication;
- mainstream qualitative research and UPPAP within the MFPED, with the collaboration of selected NGOs;
- streamline the reporting mechanisms between local and central governments to avoid over-loading the local officials – this responsibility being assigned to the Office of the Prime Minister (OPM) ‘in collaboration with sector ministries’;
- institute incentive mechanisms under the Results-Oriented Management arrangements of MoPS to encourage collection and use of monitoring information at all levels;
- determine and institutionalise the role of civil society organisations in poverty monitoring (PMAU to discuss with the NGO Forum).

Further challenge identified in the text of the strategy although not included in this listing were:

- further stimulation of the demand for data and analysis within sectors that has been created by the requirement to prepare medium-term Budget Framework Papers within the annual budget cycle;
- providing data of the right type in the right time-frame to inform the decisions included in the PRSC policy matrix, thus avoiding the need for a parallel system to meet PRSC information demands;
- the generation of a more regular stream of formative evaluations and ex ante Poverty and Social Impact Analyses relating to PEAP policies and programmes; and

- agreement on a PEAP Research Strategy (being prepared by PMAU in a separate exercise).

Addressing the problems

We are not in a position to assess the progress that has been made in all of these areas. However, it is helpful to revisit some of them before proceeding to describe the second major attempt to strategise about monitoring in Uganda, NIMES.

As already mentioned, **the mainstreaming of PMAU within the Ministry** has proven a very difficult challenge, for reasons that are not hard to understand. Identified again as a desirable objective by the mid-term review of the current DFID funding agreement, it is blocked by the substantial difference remaining between civil-service and donor-project conditions of employment at equivalent levels. Until there is a more substantial commitment to closing the gap between civil-service and donor pay and conditions, mainstreaming will be a pious recommendation. On the other hand, there remains a question about how relevant an objective it is so long as the Unit remains free of many of the less desirable features of technical-assistance projects, and so long as other departments of the Ministry continue to rely as heavily on donor-supported TA.

Our understanding is that the idea of increasing the sample size of household surveys to the point where **district level estimates** would be feasible has not merited consideration for sound technical reasons. However, the technically more attractive project of generating very disaggregated GIS data from a combination of survey analysis and the 2002 census remains in the UBoS work programme, along with its review of district-level data needs. The GIS work is awaiting funding, as a financial proposal has not been received by the interested donors. There is some concern that the disaggregation of poverty indicators to the level proposed would be politically conflictive. In all events, the census itself will provide much improved data for planning in several fields, because of the inclusion in the 2002 exercise of additional modules on agriculture, micro-enterprises and community variables.

We have no information on the current status of plans to repeat the **National Integrity Survey**, which was extremely useful in supplementing routine data in the initial stages of PEAP progress reporting. A second National Service Delivery Survey took place in 2003, supervised by UBoS for a steering committee chaired by MoPS. Analysis was due to be finished by February 2005. It is hoped that the design used in this round will facilitate more utilisation of the results by MDAs. A greater effort was made to make the coverage correspond to functional responsibilities.

Following the successful completion and publication of the PPA2 report, the **mainstreaming of UPPAP** has taken place. It is too early to assess how exactly the role of participatory assessment within the Ugandan PMS will be affected by this.

The **streamlining of district and sector reporting** remains a substantial uncompleted task. The responsibility of OPM for stimulating and steering efforts to complete this process has, however, been given stronger formal recognition, along with extended responsibilities for coordination of monitoring, under NIMES. The PMN appears not to have assisted much in raising the profile of this problem, having been mostly concerned in practice with coordination in the sense of practical efforts to ensure the availability of information needed for the PEAP *Poverty Status Reports, Annual Progress Reports* and revision process.¹² The Network seems to have met monthly or bi-monthly at first, but only three or four times in total. It stopped meeting in 2003, when both the PEAP revision

¹² The PMAU mid-term review (Baulch and Brown, 2002: 9) found that the unit was already overstretched in undertaking these commitments, because it was unable to resist pressures to take on a wide range of additional tasks for the Ministry. This no doubt contributed to delays in addressing this issue.

process and the NIMES initiative began to command the attention of the lead participants.

We found no signs suggesting that the proposal to use **civil-service ROM incentives** to underpin data use in MDAs has made headway. A profound lack of incentive to integration continues to characterise the relationship between the MoPS system and both the PEAP-related monitoring and the budget in spite of the clear instructions sent out annually with the Budget Call Circular (MFPED, 2003).

It is not clear whether the planned **rationalisation of NGO involvement** in monitoring of the PEAP has been undertaken. The established arrangements for PAF Monitoring under the leadership of the UDN continue, however.

Remaining challenges: incentives and demand

The potential for the **budget and BFP preparation process** to generate a stronger demand for information within sectors has been less exploited than suggested in the strategy. An immediate reason is that the Poverty Eradication Working Group that was, at the time, active in vetting sectoral BFPs for compliance with the PEAP, has played a smaller role in recent budget cycles, partly because the government and donor specialists who led it have been fully occupied on the PEAP revision.¹³

As already mentioned, a factor limiting the potential then and now is the relatively large proportion of the budget that is earmarked to the Poverty Action Fund, meaning that MDAs are either guaranteed funding on account of undertaking activities deemed in advance to be priorities, or else virtually prohibited from getting extra resources however good their plans (Williamson and Canagarajah, 2003). Although they too have significant limitations, sector review processes may generate more powerful pressures to base policies on evidence. On the other hand, following the second PEAP revision in 2004, strengthened efforts are being made by the Budget Department to use the BFP process to stimulate policy thinking in sectors in line with the new elements in the strategy (GoU, 2004: Ch 8; MFPED, 2004).

The PEAP/PRSC relationship

The relationship between the monitoring arrangements around the PEAP and the **PRSC matrix and its review** has remained rather problematic, as in other countries and for similar reasons. The monitoring matrices of the first two PEAPs were heavily skewed towards final outcomes and impacts. An early concern of the PMU and subsequently of the PMES was the definition of an agreed set of priority indicators for HIPC and other international reporting purposes. The selected indicators were mostly measurable rates and ratios covering outcomes and impacts, and in the social sectors key sectoral inputs and outputs, such as pupil-teacher ratios and safe water sources per head of population. In other words, there was not a strong focus on the actions and immediate results that could be expected to show marked change or to be significant for management and accountability purposes year by year.

The biennial Poverty Status Reports did make efforts from the beginning to report progress on as many links as possible in the chain from PEAP inputs to final impacts. This concern has been reflected in the PRSP Annual Progress Reports submitted to the Bank and the Fund by Uganda. However, especially in the early years this could only be relatively unsystematic, as for most sectors there was no formally recognised logical framework or similar statement of the intended chains of causation. The dominant orientation of the PEAP monitoring system could therefore be said to have remained on the tracking of outcomes and impacts.¹⁴

¹³ Baulch and Brown (2002: 12, 13) have some interesting recommendations on how best to use the PEWG.

The PRSC, on the other hand, was from the outset mainly concerned with specific actions to be taken with a view to improving the functioning of public institutions, with a broad indication of how each measure would contribute to PEAP goals. The sector undertakings that are appended to the matrix are more output- or outcome-oriented, but for that reason tend to be less susceptible to enforcement (Adam and Gunning, 2002). The focus on actions in the main matrix is based on the broadly correct perception that these are the things that are most importantly and usefully monitored on an annual basis.

As with the joint Performance Assessment Frameworks used in other PRSP countries, there is a feeling that the current PRSC matrix is bad for country ownership. On this view, it should become less focused on actions to be taken, and more so on results, leaving the government more free to design and schedule the specific actions to obtain those results (Nokkala, 2004). However, both within and outside government there is a lack of confidence that the pace of policy change would be sustained without the matrix, a particularly crucial role being played by the items printed in bold type that are prior actions for Bank disbursement.¹⁵

The second revision of the PEAP has taken a more comprehensively strategic approach, drawing in many cases on much more coherent and elaborated policy statements from the sectors. It has generated its own Policy Matrix, with many of the formal characteristics of the PRSC matrix. This creates a major opportunity for closing the gap that has existed between PEAP monitoring and the PRSC review. We return below to the reasons why we believe the opportunity should not be allowed to pass, and how it might be capitalised upon.

3.3 Recent efforts at integration and coordination: NIMES

Purpose and approach

In August 2003, the Ugandan cabinet approved a paper setting out a new institutional framework for coordinating implementation of government policies and programmes under the Office of the Prime Minister (OPM).¹⁶ This consists of a four-tier hierarchy of coordinating committees, capped by a Cabinet Sub-Committee on Policy Coordination attended by ministers and an Implementation Coordination Steering Committee attended by Permanent Secretaries. A full-time Secretariat in the OPM has been established to provide support to the apex committees as well as to the Technical Committee that forms the third rung in the ladder. The functions of the Secretariat include coordination of monitoring and evaluation (M&E) of government policies and programmes. On this basis, OPM has led the development of a new National Integrated Monitoring and Evaluation Strategy (NIMES).

NIMES is intended to draw together and coordinate more effectively all data collection/information gathering and data utilisation and dissemination in relation to PEAP and other national policy frameworks. Not being restricted to monitoring the PEAP, it thus has a broader scope than the former PMES, although in many other respects its aims are similar.

According to the official briefing pack, the objectives of NIMES are:

14 There is no consensus that this is a limitation. Baulch and Brown (2002: 14) suggest that PMAU might be well advised to focus more on the outcome level. We would suggest that this may reflect a technical and not the needed political-economy take on the functions of PRS monitoring.

15 According to one informant, indeed, practical factors conspire to create a situation in which it is virtually only the prior actions that get full attention from either government or the donors.

16 The next paragraphs are based on two government reports, NIMES Task Force (2004) and OPM (2004a), and Tzikara (2004). They also draw on an information note for DFID by Kim Bradford-Smith, Statistics Adviser.

- To assist key stakeholders to define their information needs.
- To help to coordinate information systems to make sure that information that key stakeholders need can be provided.
- To make sure that adequate information is available in a timely manner to inform national policy frameworks such as the PEAP.
- To build the M&E capacity in Uganda (OPM, 2004a: 1).

During January 2004, a task team for NIMES undertook an inventory of existing M&E systems across government, both at central and local government levels, to a) identify coordination issues and b) make recommendations on ways to address these issues and operationalise NIMES. Like the previous studies already cited, the inventory found a multitude of poorly linked M&E systems resulting in a) duplication, b) wasted resources and c) inefficient use of limited capacity, with d) a number of critical information gaps remaining unfilled. This was leading to a poor match between data needed by decision makers and data produced by the M&E systems.

The central idea behind NIMES is to create a forum (or series of fora) for representatives of the various existing M&E systems to meet and iron out coordination issues. OPM is tasked with taking this forward, given its mandate of coordinating policy implementation across government. Two recent data-based initiatives are considered to be central to NIMES – Uganda Info and LOGICS. Uganda Info is currently in development between UBoS and UNICEF and is meant to be an easily accessible database drawing together indicators from different sectors and geographical levels. LOGICS is a management information system for local governments containing selected financial, administrative and socio-economic/development indicators. It is still in development.

The outcome of the inventory and the proposed framework were presented at a workshop in Jinja during 15-16 March 2004 as part of the consultation exercise. It was evident at this workshop that participants were unclear exactly what NIMES would do, many thinking they would have to report to NIMES as an additional client. Much time was spent on providing clarity on this issue and consequently one of the main outcomes was recognition of a need for much work on awareness-raising on the role and function of NIMES.

A key message that the Jinja workshop may have helped convey is that NIMES is not taking over or taking away responsibilities, or creating a new system. It is more about appreciating, supporting and facilitating what is already in place. As the NIMES briefing pack puts it, ‘NIMES is not a new monitoring and evaluation system – it is a coordination mechanism that will cover all existing M&E systems from a country-wide, sector-wide and local government perspective’ (ibid).

Proposed structure and methods

The proposed system is, at present, quite heavy on committees. Indeed, apart from a strengthening of the staffing of OPM with the addition of the Coordination and Monitoring (NIMES) Secretariat, the additional mechanisms proposed rely largely on the convening of a fresh set of committees and working groups, replacing the former Poverty Monitoring Network. At the apex, a National Monitoring and Evaluation Coordination Committee will report to the Committee of PSs on Policy Implementation. Three more specialised Working Groups will report to it, one on Geographical Information Systems, one on District Information Systems and one on Research and Evaluation.

In several respects, the proposed arrangements are reminiscent of those established under Tanzania’s Poverty Monitoring Master Plan, and certainly more ambitious than anything previously tried in Uganda. The underlying hypothesis is the instantly plausible one that coordination problems will be

more easily resolved if the key actors are brought together regularly and on an authoritative basis to discuss them. However, past experience suggests that it is not automatic that this will be the result.

A key question is whether the endorsement of the convening powers of the OPM delivered by the 2003 cabinet paper will make enough of a difference that the mechanism will be able to achieve more than was possible through the Poverty Monitoring Network. It is worth bearing in mind that OPM was recognised as responsible for coordinating national and local data systems under the previous PMES but that little happened. OPM is now better staffed,¹⁷ but there is a question about whether the new Secretariat is likely to be sufficiently empowered and resourced in other respects for its tasks under NIMES.

NIMES and the PEAP

NIMES is still in formation, and some of the details above may well have been changed in the light of the Jinja workshop and the finalisation of the third PEAP, which was taking place at the same time. Nonetheless, in broad outline the arrangements described are in place. The Secretariat has already published its first National Policy and Program Performance Status Report (OPM, 2004b). NIMES is also enshrined in Chapter 9 of the new PEAP as the new institutional framework for monitoring and evaluation of poverty-reduction efforts in particular.

The Chapter 9 text repeats the observation that NIMES is not a new M&E system: it is rather ‘a framework for harmonizing the existing systems to reduce duplication of effort and enhance timeliness [and] quality of data generated and actual use of M&E information by decision makers’ (GoU, 2004: 371).

The chapter makes clear that for PEAP purposes the information sources and regular outputs of the monitoring system will be no less than they have been. For example, Poverty Status Reports will double as PRSP APRs every two years, and a Background to the Budget will double as an APR in the years in between. There are also new and interesting references to the intended use of beneficiary assessments, client score-cards and community-based monitoring in tracking PAF implementation and service delivery. However, the main innovation is that the treatment is more comprehensive, with sectoral joint review reports figuring more formally along with the annual national Budget Framework Paper as parts of the system to be coordinated. The organisational chart reproduced as Annex 3 can be compared in this respect with the PMES one at Annex 2.

In investigating the NIMES initiative for this report, our attention was naturally directed to the conditions under which the problems of poor coordination and waste identified in the design process would be successfully addressed using the proposed mechanisms. Interviewees were often keen to talk about this topic. However, for this study these are not the only issues that are relevant and important. In the more analytical and evaluative discussion in the next section, we place the coordination issues that have been centre-stage in the NIMES discussion in the broader context of an assessment of how the poverty monitoring system of Uganda has contributed to the three dimensions of the PRSP ‘project’.

3.4 Counter-currents and challenges: NPA

An essential element of the wider context in 2004 was the shifting relationship between some of the lead organisations in the fields of planning and financial management within the Uganda government.

¹⁷ OPM’s staffing for Coordination and Monitoring consisted in Aug 2004 of one Commissioner, two Assistant Commissioners and two Principal Economists, with a vacancy for a third.

In June 2002, parliament passed Act No. 15 giving effect to provisions of the 1995 Constitution by establishing a National Planning Authority. This is a major initiative, reflective of the increasing complexity of the political parameters in Uganda,¹⁸ with potentially far-reaching implications.

Clash of mandates

Although formally under the Minister of Finance, the new Authority has its own Board, Executive Director and secretariat, and reports directly to parliament. It has an extremely broad mandate to produce comprehensive and integrated development plans for the country, including both long-term and medium-term plans, and guidance and support to the national and local bodies responsible for the decentralised planning process (GoU, 2002).

By June 2004, the NPA was up and running, with 27 professional staff appointed, including Directors for Sectoral Policy and Planning; Research, Monitoring and Evaluation; and Human Resource Planning, Development and Capacity Building. It only remained to appoint a head of Decentralised Development Planning (NPA, 2004). The M&E Director was recruited from the Ministry of Local Government, where he had been in charge of LOGICS.

It is of particularly direct relevance to this study that the NPA Act specifies that, in pursuance of its primary planning functions, the Authority shall 'monitor and evaluate the effectiveness and impact of development programmes and the performance of the economy of Uganda' (GoU, 2002: 6). In other words, there is an apparent clash of mandates with the OPM. This cannot be easily brushed aside by arguing that the M&E of plans is a different activity from the M&E of implementation of policies and programmes. Such an argument would be clearly spurious.

In any case, in researching this study we did not find the newly-appointed staff of the NPA in a mood to defend their position on the basis of semantics. They rest their case on the legal base of the 2002 Act and the Constitution. While the policy-coordination role of the OPM also has a legal basis, the legal and constitutional foundation for NIMES is recognised to be in need of strengthening. There is some expectation that this may be addressed in the current review of the constitution, but possibly not until after of the proposed 'third term' referendum in 2005.

Planning and finance

A less directly relevant but even more important implication of the establishment of the NPA concerns the way it might affect the relationship between planning and financial management in Uganda, and thus the underlying incentive structure. Until now, many of the 'bridgehead' features that have given the PEAP more purchase on public actions than PRSs in other countries have been connected by the arrangements for linking the capital and recurrent budgets in an MTEF, and the latter to the main planning instruments, the sector strategies and the PEAP. These arrangements have been facilitated by being housed within a unified ministry with responsibility for both the planning and the budgetary functions.

It is arguable that the leadership that this ministry enjoyed as a result of the merger of Planning and

¹⁸ The driving force appears to have come from Movement politicians who remain attached to the old-fashioned planning ideology that was influential in the early years of the Museveni regime and were never persuaded by the modern arguments for integrated planning and financial management with which Emmanuel Tumusiime-Mutebile, now Governor of the Bank of Uganda, won over the President.

Finance was more important than the structural fact of the merger itself.¹⁹ On the other hand, it is well established that MTEFs and similar mechanisms for linking budgets and plans do not prosper where the planning and financial functions are separated institutionally. They are particularly difficult to achieve where there is a separation of responsibilities for the development and recurrent budgets, even when this is theoretically within the same ministry (Holmes, 2003).

At the time of writing in early 2005, it is clear that the NPA has been successful in wresting a major responsibility for planning, including future editions of the PEAP, from the MFPED. It cannot be taken for granted that the more extreme scenario in which NPA also assumes responsibility for the development budget (i.e. investment projects) will also materialise. However, the political current is running quite strongly in NPA's favour. Parliamentarians are increasingly calling not only for the Ministry Finance to impose some cost savings on itself (which may well be justified), but also for its departments for investment and planning to be wound up and their responsibilities transferred to the relevant statutory bodies, the Uganda Investment Authority and the NPA.²⁰ If implemented, this recommendation would produce the extreme scenario just mentioned.

In short, there are changes under way that imply sharply alternative pathways not only in regard to coordination and capacity-building for M&E, but also in respect of the policy processes that M&E is supposed to be supporting. This complicates quite a lot the assessment of the PMES and NIMES. It also raises some additional issues regarding the possible contribution of monitoring to the PRS process in Uganda.

19 MFPED was created by a merger in which the group of top civil servants around Emmanuel Tumusiime-Mutebile that had headed the Planning Ministry became the leadership of the merged ministry. Tumusiime was an important influence on the policies and procedures adopted by it.

20 This was contained in the report of the Sessional Committee on Finance on the ministerial policy statement by the Minister of Finance for 2004/05, as reported in *The Monitor*, 26 Aug 2004.

4 Analysis: successes, limitations and challenges

A key lesson from Uganda is that technical constraints, such as skills, manuals, and logistical resources, are not the predominant bottlenecks to capacity. M&E will flourish where there is strong demand from policymakers and advisers for M&E information, where managers seek an empirical foundation for decision-making, where the practice of M&E follows as a consequence of incentives embedded in public service systems, where rewards and sanctions are guided by achievement of results, and where managers collectively perceive a self-interest in adopting tools of continuous assessment and learning.

(Arild Hauge, 2003: vii)

Having described the main elements of Uganda's poverty monitoring arrangements, and the two initiatives taken until now to give them more of the qualities of a coordinated system, in this section we take a more analytical approach. Some additional descriptive details are required by our terms of reference. However, we try to organise these in a way that corresponds to the larger issues posed by the design of PRS monitoring. There are three principal sub-headings, corresponding to the expected contributions of PRS monitoring to the PRSP 'project' as set out in the Introduction:

- enhanced country ownership of poverty-reduction policies;
- greater results orientation in national policy processes; and
- the conditions for development partnership.

The first sub-section includes a discussion of the large institutional questions posed by NIMES and the NPA. The second deals with the main issues regarding supply of and demand for information, including alternative approaches to improving data coordination and quality. The third includes the relationship between national and donor reporting needs. Two important additional topics – the position of UBoS and the role of research – are briefly discussed in a final sub-section.

4.1 Country commitment and accountability (ownership)

We ask first how well the PMS in its PMES phase contributed to country ownership of the PEAP, and whether the advent of NIMES is likely to improve the situation, or under what conditions that would be the case. A different and subordinate question is whether the PMS itself has been regarded as country-owned, or as an externally-driven requirement.

Institutions, not attitudes

There are two alternative ways of addressing this type of question. One is to take it as a simple matter of perception, resting on the literal testimony of different sorts of stakeholders and on expressed feelings of ownership or alienation. We suggest that this is not a solid basis on which to make judgements. The PRSP project is not about stakeholder sentiments but about institutional arrangements that do or do not strengthen mainstream policy processes, the attitudinal reflections of which will be complex and not easy to interpret.

A clear finding from our interviews with a cross-section of stakeholders in the PMS was that many of them were welcoming of the shift of the secretariat for monitoring from MFPED to OPM. This seemed to them to be a positive move. In many cases, this could be as a simple recognition of the sound logic of linking coordination of monitoring to the OPM's well-recognised mandate for coordination of policy implementation. However, different informants made it clear that their approval was reinforced

by the feeling that Finance had got ‘too big for its boots’, or words to that effect, and that it would be good for coordination to be undertaken by a less pushy organisation.

We interpret this in turn as reflecting in part the frustrations of MDAs that have not been among the relatively privileged circle that have been funded quite well under the PAF. A strong expectation that NIMES will provide fresh resources of a relatively unconditional type to previously starved MDAs came out clearly in several interviews. The hope in these quarters is not only that OPM will provide a softer style of coordination of M&E, but also that it will be more even-handed in distributing resources.

Sentiments of these kinds are of interest, but they are not a solid basis for conclusions about country ownership. In line with our previous argument, we think the Ugandan PEAP has been more effectively mainstreamed institutionally than most PRSPs, for specific political reasons that had important institutional effects. Because some of the central components of the PMS – UBoS, EPRC, UPPAP, the PMAU, etc – have been relatively closely bound in with the key planning and budgeting arrangements, they have been country owned, and have contributed to country commitment to and accountability for the PEAP. This is not to say that any of the arrangements functioned perfectly, but that progress was made. We need to know, therefore, whether the coming of NIMES alters these institutional relationships in a way that is either helpful or not.

The question is made more difficult by the fact that, as mentioned above, the PEAP process is now more technocratic and less political. It probably has to be said that country ownership of the process, and consequently for at least some of the policies it has generated, is less than it was before. If this is so, the NIMES experiment is taking place in a less favourable context, and this needs to be taken into account.

The contribution of NIMES

We are persuaded that, other things remaining equal, the actual process of developing NIMES has been helpful to country ownership, and takes little or nothing away from the former arrangements in terms of this criterion. Crucially, nothing has been done to weaken the likelihood of the budget and its execution being influenced by the PEAP. In fact, as mentioned earlier, PEAP linkage has been given a new lease of life in the latest budget-preparation cycle, with the Director of Budget giving very strong signals to sectors to bring their Budget Framework Papers into line with the revised 2004 PEAP, including new elements such as the stress on gender equity.

In one sense, there has been no change at all since the PMES. As noted before, that strategy recognised an important role for OPM, especially in respect of harmonising national and local government administrative reporting. In this regard, what has changed is that OPM has been given the staff resources to undertake this task more effectively and a somewhat raised political profile. It is a helpful additional feature that the NIMES Secretariat has not been set up as a projectised unit but in a mainstream part of the OPM’s Department of Coordination and Monitoring. We consider below whether, and under what conditions, this will work. Here we just note that the main change is of a narrower sort than may first appear, and that regarding country ownership, NIMES implies a positive continuity.

A related innovation is the removal of the lead Government of Uganda role in PRSC reviews from the Budget Directorate in Finance to OPM. For reasons that will become more apparent later in this section, we regard this as not only significant but positive from the perspective of the PEAP process and the contribution of monitoring to it. The PRSC brings together a substantial group of policy

commitments that the government has entered into and focuses the attention of MDAs and donors upon them. The Policy Matrix of the PRSC is not about budget priorities, but about policy actions and processes that are considered critical to realising the potential benefits from public spending. It covers both cross-cutting and some sectoral decisions and undertakings. It is entirely consistent, therefore, that it should be brought as close as possible to the office that functions as the secretariat of the cabinet.²¹

Linking the PRSC review to the M&E of government policy implementation is also entirely consistent. However, the potential this creates is not reflected in the way that might be expected current NIMES/PEAP monitoring plans, as we argue further on.

An important further development regarding country commitment and ownership with which NIMES may be able to help is in strengthening the role of parliament and parliamentary committee in reviewing budget allocations and disbursements in a results-oriented perspective. The legal basis for this is clear. MFPED has played a useful role over the years in facilitating greater parliamentary interest in results, including by producing a considerable volume of relevant information. The conditions for doing this better are discussed below. Here the main point is that there is scope for the NIMES Secretariat to work closely with MFPED on more effective parliamentary briefings. This is clearly more important for country ownership than further efforts to relate to NGOs as stakeholders (although NGOs may be able to position themselves as essential intermediaries, building on their roles in UPPAP and PAF Monitoring).²²

NIMES therefore appears to us a good innovation, with some additional potential, from the point of view of mainstreaming and country ownership of poverty monitoring. Our interviews suggested that there remains a considerable task of communication, persuasion and bridge-building to be completed before misunderstanding of the objectives and approach will be completely dispelled. However, we see no reason for doubting that this can be done.

What role for the NPA

We have tried to be both pragmatic and imaginative in our treatment of this question. Although NPA is already well staffed and prestigiously housed, it is not yet receiving substantial resources through the budget. However, given that NPA is both a constitutional body and one that some parliamentary politicians are promoting quite strongly, most observers believe it is here to stay. That being the case, it is suggested that there is a need to take a view on how the currently proposed NIMES might be adjusted so as to take the edge off a potentially damaging confrontation. We would make two points about this suggestion.

First, the big question is not about monitoring, or even about planning (in the sense of long-term visioning and/or the coordination of sector strategies). It is about the budget. What most needs to be avoided is reintroducing the split between the recurrent and development budgets, which would seriously undermine the MTEF. MFPED still has some levers with which to negotiate a sensible division of labour among the contending parties, one that would leave the unified budget intact, and it is to be hoped that it succeeds. What to do about the institutional responsibility for coordination of M&E is a secondary, although not insignificant, question.

21 There is a perception that, if nothing else, OPM is better at ensuring that invitations to the PRSC review meetings go out to all interested MDAs than Finance had been.

22 Disseminating information and promoting openness about monitoring and analysis activities was not very strongly emphasised in the former PMES, but is actually an area in which PMAU has contributed substantially. There is therefore quite a lot to build upon here.

Second, this is clearly a political initiative that calls for a political response. Civil servants and consultants hired by them have to comply with political decisions. However, they also have a duty to spell out accurately the implications of particular political choices, as they assess them. Our assessment is that any substantial success by NPA in splitting the budget will involve significant loss to the conditions that have made possible a relatively high level of country ownership of the PEAP and its M&E in the past. This is a message that senior officials of both OPM and MFPED should be conveying to their ministers. Parliamentarians – particularly the small but significant group that has taken a serious interest in improving budget scrutiny – can and should be made more aware of what is at stake in this debate.

4.2 Results-orientation and use of evidence in national policy processes

Uganda's PMS has been characterised by a reasonably good supply of information on many topics, particularly poverty impacts, but the quality of administrative reporting has left much to be desired. Relatedly, data collection and analysis has been poorly coordinated, both within the routine-data field and across the whole system. Lack of coordination has been identified as a principal target for action under NIMES on the supply side of the equation. There are also weaknesses on the demand side. The question is what sort of action would be most likely to work in addressing both sets of problems.

Supply-side problems and the NIMES approach

The NIMES design process during 2003-4 has yielded two principal ideas about data supply, one about what OPM will not do and one about what it will do. Both deserve critical examination.

First, NIMES will not create a new system but only coordinate what exists. This is sound, but a bit ambiguous. It is established practice for OPM to request six-monthly implementation reports from all MDAs. We are told these are additional to the reporting required for sector reviews and financial reporting to MFPED, and that there is a high default rate, since there are no sanctions for not reporting. In other words, there is already a parallel system, contributing to duplication. It is unclear whether the launch of the series of six-monthly National Policy and Program Performance Status Reports²³ will lead to new efforts to enforce this system of implementation-reporting to OPM. The other option – and the more consistent one in our view – would be to wind up that system completely and use the results of sector reviews as the basis for reports to cabinet.

Second, NIMES will use the authority of the Prime Minister to convene high-powered committees to address policy coordination and monitoring issues, including the better coordination of data supply and rationalisation of monitoring activities. This is a sound approach to the extent that the reasons for poor coordination and waste are of a technical nature. If the problems are technical, committee members will have a clear incentive to identify and resolve problems. However, this is not an assumption that can be made.

The need for realism

A very consistent theme in the interviews for this study was the importance of not treating the coordination of monitoring in Uganda as a technical challenge.²⁴ The reasons for poor coordination

²³ The issue of whether the Status Report itself duplicates other efforts, given the similarity of the content to that of the Poverty Status Report and Background to the Budget, is discussed further on, as this will be affected by whether there is a change in the content of PEAP monitoring in the light of the 2004 revision.

²⁴ We deal with coordination here primarily in terms of routine data systems. Lack of coordination in the production and use of survey data is discussed further on.

and duplication of effort arise from the incentive structure of the civil service, which affects planning and monitoring departments no less than other MDAs. Monitoring activities are important to MDAs and their staff because, in addition to justifying staff salaries, they often result in the payment of per diem allowances for inspection visits and other travel and attendances. Allowances are a major source of earnings for many civil servants.

The tendency for monitoring to be interesting because of the funding attached to it plays out differently in two types of government monitoring office. On the one hand, there are the 'elite' systems, such as the MISs in Education and Health, where corporate and individual interests are bound up with the prestige and excellent facilitation, in addition to allowances and travel possibilities, that come from donor project support. In this situation, there may be no major inefficiencies, but the MDA will definitely be concerned about initiatives to achieve overall rationalisation of the M&E system of government that would reduce the scope or complexity of their systems.

The more typical planning office, on the other hand, is starved of protected government funding, because of the PAF definition of priority activities (PAF sub-sectors get a special allowance of 5 per cent for M&E). They also get no project support. In those conditions, units may be expected to hang on tight to any monitoring budgets and opportunities to earn allowances that may be available, because they are one of the few sources of supplementary resources to which they have access.

Incentives and territory

We found clear indications that much of the duplication that has been found in Ugandan M&E is underpinned by the prevailing 'political economy' of incentives in these ways. One informant compared the expected behaviour of those running monitoring activities with that of male dogs, who mark out their territory and warn off interlopers by urinating on trees. The implication was that fresh coordination efforts would quickly come up against problems of territoriality.

Territoriality is not just about government but also about donors. There are still some 500 donor-funded projects in Uganda, and donors typically take M&E and their particular approach to it quite seriously. This adds to the range of M&E interests impinging on the national system at various levels.

The point here is not to suggest that better coordination is not needed. Nor do we want to imply that with more aggressive prompting and prodding it would be impossible to eliminate some of the more serious irrationalities in the current arrangements (the overburdening of local authorities and service outlets by multiple reporting, for example). The point is about method. If the political economy approach to better coordination has merit, what it suggests is that those wishing to promote a rationalisation of the system should choose to do so in institutional contexts and on terrains of battle where the incentives are most favourable.

Committees and workshops attended by monitoring people and devoted to the discussion of monitoring do not strike us as a battle terrain that is favourable to rationalisation.²⁵ All of the incentives are stacked against it. In such contexts, there are also likely to be strong pressures to adopt false solutions such as unnecessarily ambitious training programmes, using plausible-sounding technocratic arguments about capacity bottlenecks. Given typical patterns of donor behaviour, in which almost any plausible-sounding technocratic argument is likely to get financial support, the opportunities for outcomes that

²⁵ We would distinguish rationalisation from the type of gains from exchange of information and experiences that such meetings can generate, which seem to have been a feature of the early meetings of the Poverty Monitoring Network. Such gains are not insignificant, but they do not transform institutions. Nor does experience suggest that the fact that the technical committee formally reports to a committee of PSs makes a difference to the dynamics.

actually add to the data-gaps, duplication and waste in the system would be considerable.²⁶

The alternative

The alternative involves a) having realistic expectations about the degree of rationalisation that is likely to be possible in the short run, and b) recognising that in this as in other important respects, the problem of monitoring cannot be solved on the terrain of monitoring.

What we are saying here about coordination is similar to what has become widely accepted concerning the demand for the generation and use of relevant, high-quality data in policy making. The basic idea is well expressed in the epigraph to this section by Arild Hauge. The demand will only arise out of the progressive growth among planners and their political bosses of incentives to improve policies by reference to evidence and analysis. The focus in improving monitoring therefore needs to be on the interface between monitoring and decision making, particularly those parts of it where the incentives to results-based thinking are strengthening. This should determine the entry points – the choice of terrain – in NIMES-based efforts to tackle the coordination question.

Hauge himself places a strong emphasis on the PRSC as the leading force for positive changes in incentives. We do not think that is entirely wrong. As we have explained, we think the record of the PRSC matrix review in focusing minds and getting action on key cross-cutting institutional issues is not bad. This may reflect the fact that many of the policy commitments are of serious interest to the central ministries and not just external conditionalities. However, in the longer term, it is the further evolution of the budget/MTEF and associated sectoral and local-government policy-making processes (e.g. sector reviews, the design of fiscal decentralisation) that is the key to a substantial change in the incentive structure within MDAs and the civil service.

Of course, there may and hopefully will be a growing tendency for politicians to become more performance oriented when in power or leading opposition in parliament. If this were to happen quickly, producing a more activist cabinet or parliament or both, it would send more powerful stimuli to change than the budget-process improvements could possibly do. However, progressive political change is uncertain, and in the meantime it is wise not to assume it. For this reason, the fact that NIMES has been developed in the Office of the Prime Minister and is in principle under the aegis of high-level committees overseeing policy implementation is not particularly significant in our view.

Implications for NIMES

What, then, should be the role of the NIMES Secretariat when it comes to the coordination of data supply? We are unable to go into detail, and it would not anyway be appropriate to do so. But two things are clear.

First, it needs to target **reachable objectives** while building on the existing strengths of the Uganda PEAP monitoring effort. In tackling the significant weaknesses of this effort so far, it should take great care not to trade bad for worse (e.g. addressing duplication with training in systems that result in more duplication).

Second, it should **not attempt a frontal assault** on poor coordination using the proposed committees, as this is the least favourable terrain. Instead, it should conduct the civil-service equivalent of guerrilla

²⁶ 'In Uganda, there are examples of M&E "harmonization" initiatives that have added to, rather than simplified, M&E. New systems ... are unlikely to constitute any improvement unless they are also accompanied by simultaneous reductions in M&E elsewhere' (Hauge, 2003: 7). The project proposal in UNIDO/OPM (2004) may be a case in point.

warfare, moving its efforts back and forth between the several battle sites where the incentive structure is more favourable – the Budget Framework Paper process, sector working-group sessions and sector reviews, the implementation arrangements for fiscal decentralisation, and the PRSC review. What distinguishes those arenas is that there is leverage. Requests for information or analysis of a certain quality are backed by the release conditions attached to funding. In these contexts, joint efforts by OPM and Finance could put pressure on MDAs to rationalise as well as improve their reporting systems. There might also be scope for successful efforts to break the deadlock on the integration of ROM and budget planning.

This approach – modest in its aims and smart in its methods – would also be the best for advancing the other side of the promotion of evidence-based policy, that of demand for and utilisation of the outputs of the PMS. This is another crucial topic.

Fostering demand for data and analysis

It is impossible to improve the utilisation of data for policy assessment and development in the absence of incentives to improve performance. It is impossible to do it in an institutional location that is disconnected from such pressures for performance-improvement as exist. Some sector planning and review environments in Uganda have been places where such pressures have taken effect.²⁷ MFPED has been another such place. OPM may become such a place if future Prime Ministers become outgoing about their mandate. In general, slow and steady progress is the best that can be expected. The action priorities that this suggests have already been indicated. They include building on an already promising budget process and resisting any attempts to split it into capital and recurrent components.

There is, however, a more practical thing to do that would strengthen the incentives to data use. This has the great advantage of falling squarely within the combined remit of the NIMES Secretariat and the PMAU. It concerns the way the monitoring of government business and the PEAP is conceived, and a rather striking oddity about the way this has been approached in Chapter 9 of the third PEAP.

We earlier commented on a certain tension within the former Poverty Monitoring and Evaluation Strategy, between on the one hand its commitment to tracking – as far as possible – the whole input to impact chain, including agreed policy actions; and on the other hand the formal priority given to assembling data on a selection of ‘key’ outcome and impact indicators. The PEAP’s Chapter 9 exhibits the same ambiguity.

An ambiguity in Chapter 9

First, it says, correctly in our view, that ‘inputs, outputs and process indicators ... are a fundamental part of the M&E system ... in order for decision makers to determine what actions are necessary to keep PEAP implementation on track’. A good example from education is given. It is also said that NIMES will take a comprehensive approach, concerning itself with all levels of the results chain, in a sectoral and local-government perspective. Second, however, indications are given that PEAP monitoring is likely to continue to be formally structured by the Results and Monitoring (R&M) Matrix appended to the chapter. This is similar to the previous PEAP matrix in being limited to PEAP objectives and sub-objectives, listing 40 outcome indicators and targets (GoU, 2004: 372-3).

It is, rather regrettably, a feature of the set-up of PRSP monitoring in many countries that it focuses

²⁷ Despite having a more rudimentary MIS than Education, the Ministry of Health appears to be an example.

heavily on the outcome and impact levels of change, where changes are slow-moving and determined in complex ways. There are deep reasons for this tendency that we cannot go into here, but it reflects among other things a profound misunderstanding of what an outcome-oriented approach to policy is. The promotion of outcome orientation in PRS processes has tended to lead to the use of what could be considered truncated Logical Frameworks, in which only the outcome/impact level is represented. What it ought to mean, on the other hand, is moving as fast as reasonably possible towards policy designs that, in effect, fill in all the cells of a complete logframe.

One of the more important reasons for not concentrating heavily on slow-moving, complexly determined outcomes and impacts is what this does to the incentive to use data. Policy makers will only use data if they perceive it as relevant to them. Feedback about outcomes and impacts is, in the best of circumstances, very easily dismissed as somebody else's responsibility, or no one's. When general incentives improve, policy makers will be much more likely to make serious use of data about things that move quickly and over which they have a reasonable degree of control and/or which are significant in an intended chain of events that they themselves have adopted as strategy.²⁸ Mundane facts about things that should have been done and were not will be the most relevant of all. It is hard to think of a stronger argument for the emphasis we are suggesting.

Results-oriented thinking in some of Uganda's sectors has already moved some way in the direction on non-truncated logframes, although progress is slow and uneven (Williamson, 2003). The PEAP itself has also taken a large step in the right direction, reflected in the fact that as well as the Results and Monitoring Matrix, it also has a Policy Matrix, itemising Challenges and Priority Actions corresponding to each strategic objective. We consider this a major step forward, of huge significance for the PMS.

The situation contrasts with the one in Tanzania, where the PMS has the same structured interest in outcomes and impact, but the second PRSP provides little by way of firm commitments about policy actions and processes around which the PMS could re-orient itself. It is particularly odd and regrettable, therefore, that the monitoring chapter for Uganda does not take fuller advantage of the progress made in operationalising the PEAP by making the Policy Matrix the central reference-point – or at least co-equal with the R&M Matrix – for NIMES and the PMS. We recommend a reconsideration of this issue.

A serious attempt to use the PEAP Policy Matrix to give structure to NIMES reporting and/or PEAP Annual Progress Reports/Poverty Status Reports would be expected to produce multiple gains. As noted previously, the Ugandan reports have made real efforts to track the whole results chain, but at the input and process end of the chain, the analysis has been rather unsystematic because in most sectors a clear statement of policy intentions has been lacking. The Policy Matrix and the improved sector strategies that underlie it create the conditions for a more structured approach. OPM and MFPED should try to reach a consensus on this, and agree a sensible division of labour and outputs to carry it forward.

4.3 Partnership and aid alignment

In setting out the reasons for having separate R&M and Policy Matrices, PEAP Chapter 9 makes

28 Lucas et al. (2004) express some doubts about whether it is easy in practice to fill the 'missing middle' of intermediate indicators for monitoring of PRS implementation, given that chains of causality in poverty reduction can be hard to specify and some of the most appropriate indicators may in fact be quite slow-moving and hard to estimate. These are genuine concerns, which suggest that the part of the 'middle' that should be focused on is the part that is readily identified by what the policy makers claim they are trying to do with the resources available to them and not on the finer points of how poverty-reduction processes may work.

another statement that is worth a discussion. It says that the reason for only presenting the outcome indicators in the R&M matrix is that most stakeholders outside the government and sector working groups/review groups will only look at these indicators (GoU, 2004: 372). It is easy to see what is meant by this, but there is a sense in which it is the opposite of the truth. Certainly, non-governmental stakeholders such as donors, national NGOs and parliamentary committees are interested in any outcome trends that can be detected. However, it is not at all the case that they are not interested in the other parts of the results chain.

In fact, budget-support donors are generally quite clear that the outcome monitoring that tends to be prioritised in PMSs and to predominate in PRS Annual Progress Reports are virtually useless for their own accountability purposes, and therefore unlikely to serve well either the purposes of accountability to domestic stakeholders. This is why we have separate Performance Assessment Frameworks and PRSC policy matrices (SPA, 2003; Driscoll, 2004). Against this background, the construction of a PEAP Policy Matrix contains the seeds of a significant breakthrough not only for evidence-based policy but also for better alignment of donor monitoring arrangements with country systems.

In Uganda, unlike Tanzania, budget-support donors will be giving serious consideration to some sort of merger or marriage between the PEAP and PRSC matrices. It would be quite reasonable for the government to demand this of donors in line with their commitments in the Rome and Paris Declarations on aid harmonisation and alignment.²⁹ If it were to happen, removing at a stroke what remains in most countries one of the principal obstacles to progress with the alignment/harmonisation agenda, it would be plain silly for the national PMS to be looking the other way.

4.4 Final comments on UBoS and research

This overview has focused strongly on a few issues of principle that we consider particularly vital in the next stage of the development of the PMS in Uganda. It remains to comment on two important topics that have been neglected as a result of this approach.

UBoS and coordination of the survey programme

In our discussion of coordination, we concentrated on routine data systems, where the most substantial problems clearly lie. Concerns are also expressed, however, about the degree to which survey-based data are produced according to a clearly agreed plan, so that data users have access to what they need at a suitable time. A question that arises is whether the coordination of monitoring by OPM under NIMES should extend into this area.

We were only able to undertake a superficial review of this question. However, two things seem obvious. One is that the coordination issues relating to surveys have a different source than those relating to administrative reporting. UBoS has a reasonably well-defined remit, a Corporate Plan (2002) and sufficient operational autonomy as an executive agency to carry it out. Problems arise from having a limited range of viable funding sources other than donors, and from a tendency for funding from the government to decline over recent years. Dependence on donors generates instability and short planning horizons, both because needed funding is not always forthcoming (e.g. World Bank loans of the type that have funded major surveys in the past may not now be available), and because donor agendas accompanied by readily available funding can divert the Bureau from previously agreed objectives.

²⁹ A reasonable maximum demand would be for the PRSC matrix to be absorbed into or submerged under the PEAP one, and for the separate review matrix on governance issues maintained by the donor governance group to be similarly incorporated. However, this might be difficult to achieve at one go.

The solution to this problem would be a common-basket funding arrangement in support of the Corporate Plan, in which donors would discipline one another to comply with agreed rules. We understand that significant progress towards such an agreement was made at a meeting chaired by the MFPED's Director of Economic Affairs in August 2004. It would, of course, be important to involve all significant funders of survey activity in the agreement.

The other point that seems obvious is that some sources of disconnect between surveys and their utilisation are likely to remain for political reasons, whatever safeguards are put in place legally and administratively. This is the conclusion from discussion of the episode in 2003, when UBoS was prevented by the Ministry of Finance from launching the report on the 2002/03 household survey as planned. The Ministry wanted time to prepare an explanation for the most striking finding from the survey analysis. Having declined rather unexpectedly in 2000, poverty incidence climbed sharply again in 2002/03. Without further work, it was difficult to say what combination of methodological inconsistencies and real changes were responsible for the two results. The launch was postponed until a good interim explanation could be provided by the Director of EPRC.

An important element in this story is that at no point was the integrity of UBoS's data collection and processing interfered with. The Bureau's agency status may be one of the factors helping to provide guarantees at this level. The delay in the release of the figures was somewhat damaging to UBoS's institutional self-image. More importantly, it meant that the data were not available as planned at the beginning of the PEAP revision process. However, it is hard to see better coordination arrangements preventing the relatively responsible type of high-level interference that the 2003 episode represents.

Research and evaluation

At the time of the former PMES, the development of a PEAP Research Strategy was entrusted to a separate process led by PMAU involving consultations with stakeholders in and outside government. The resulting proposal did not prosper, partly because the budget allocation that had been earmarked for its funding was used for another purpose, and partly because it was not considered fully convincing. One particular weakness was the lack of a credible management arrangement for commissioning research on the identified themes and selecting among competitive research-funding bids from organisations and individuals.

The NIMES documents propose the establishment of a Research and Evaluation Working Group under the main M&E Committee. The inclusion of evaluation in the rubric is important and positive in our view. The PMES was lukewarm about the role of evaluation, suggesting that only 'formative' evaluations are relevant to Uganda and that PSIAs are more important. In practice, almost all evaluation work in the country is donor-initiated. This is a pity. As Hauge (2003) argues, the kind of reflection on cause-and-effect chains that a good evaluation provides is a source of policy learning that cannot be had from even an excellent monitoring system.

In spite of our earlier warnings about committees, the establishment of a Research and Evaluation Working Group could be an opportunity to revive the idea of a national research and evaluation programme. This is one area in which Tanzanian experience has things to offer Uganda.

In Tanzania, the Research and Analysis Working Group is reckoned to have been the most successful of the teams established under the Poverty Monitoring Master Plan. This suggests a model but also a caveat.

The success of the group is due in part to its being based in a well-funded independent research organisation (REPOA) and linked with others (ESRF, etc.). Although it is chaired by an official of the President's Office, the ethos is provided by researchers working to international standards. This suggests that in Uganda care should be taken in choosing an institutional centre of gravity for the group, considering all the available options.

The caveat is that Tanzania's R&AWG has seen its own research agenda swept into the margins by its commitment to produce an annual Poverty and Human Development Report, and to respond to ad hoc concerns arising around the PRS process. The latter include demands from NGOs participating in the annual Poverty Policy Week, and urgent requests for collaboration from World Bank researchers. The lesson seems to be that if a national research agenda is wanted, the more routine analytical tasks should be handled by a different team.

5 Conclusions and lessons

This report has described and analysed institutional arrangements for poverty monitoring in Uganda with two purposes – to provide an input into a broader study of what works and what doesn't in the design of PRS monitoring systems, and to make recommendations on the way forward for the PMS in Uganda. The two subsections that follow draw together our conclusions in respect of each of these objectives. In setting out general lessons, we continue to make reference to three strands of the PRSP 'project' – improving country commitment and accountability (or ownership); increasing results-orientation; and promoting partnership.

5.1 General lessons from the Uganda case

In some respects, Uganda is a special case of PRS monitoring, because of the early and distinct origins of the PEAP/PRSP. However, many of the problems faced in developing a PMS are generic, and in some respects the conditions for poverty monitoring in Uganda are reverting to the sub-Saharan African norm.

Country ownership

We have suggested that it is better to investigate the issue of country ownership of the PRS and its monitoring in terms of institutional linkages, not sentiments or perceptions. Uganda has been rightly celebrated as a country where the PRS process benefited at an early stage from both high-level political commitment, and quite close integration with a key element in the country's policy process, the budget and its execution. Partly because it was firmly mainstreamed in these ways, the PEAP and its monitoring system was able to make good use of NGO-managed and project-funded data collection, analysis and dissemination. Both survey and case-study methods were used in innovative ways and had some influence on policy.

While the situation is no longer as favourable as it was, nothing in the Uganda experience contradicts the proposition that high-level political commitment and a close relationship to the budget are key desiderata of PRS processes. More particularly, the Uganda case continues to support the view that **monitoring arrangements can serve best to promote country commitment to, and accountability for, poverty-reduction policies where they are closely related to a politically supported and maturing budget process.** As elsewhere, it has proven hard to get donor-supported components of the system, such as the Poverty Monitoring and Analysis Unit, fully mainstreamed. However, this is less of a problem than it could be, because of the way these components are embedded in the Ministry of Finance, Planning and Economic Development, and the role that this ministry has played in linking the PEAP and the budget.

As we have discussed, the context for poverty monitoring in Uganda is in flux in several respects. Political support for the PEAP is less clear, but both its policy content and the linkage to the budget process are maturing quite fast. The Prime Minister's Office is playing a more important role, and in a way that may strengthen the mainstreaming of ownership. In contrast, the creation of a National Planning Authority could result in the restoration of disconnected planning and budgeting systems, and even a fragmentation of the budget. That would undermine the positive incentives to policy improvement and use of information that have been developing, slowly and haphazardly, within Ugandan government.

This suggests another general proposition: that the role of poverty monitoring arrangements will always be much affected by the surrounding institutions of policy-making and public-expenditure

management, which may be expected to change under the influence of political factors. **Developing a PMS is a process, in which it will never be possible to achieve everything that is desirable in one go, and in which there will be temporary setbacks and advances.** This implies a need for sound tactics and political sensitivity as well as strategic vision.

Results- and evidence-based policy making

Strong coordination of data production has not been among the successes of the arrangements in Uganda. As elsewhere, routine data systems not only produce information of uneven quality, but are characterised by considerable duplication and waste. A stronger coordination effort has been placed on the agenda by the agreement on a National Integrated Monitoring and Evaluation Strategy (NIMES) under the aegis of the Prime Minister's Office. However, **the incentive issues that are often recognised to be at the heart of enhancing demand for monitoring data in PRS countries also need to be recognised on the supply side.**

This suggests a clear recommendation for the way forward and things to avoid in Uganda, as indicated below. But there is also a general lesson: **beware of seeing coordination of monitoring activities and data supply as a technical problem, subject to simple administrative solutions (convene a new committee, agree a capacity-building programme, etc.).** In particular, adopting such solutions without addressing the systemic incentives to defend and extend existing monitoring activities is quite likely to increase the level of duplication, waste and over-load. The better approach involves having moderate expectations, and being smart about cultivating incentive change.

Incentives to improved coordination will come most likely from the same places as incentives to more active utilisation of data. In Uganda, these are the budget/MTEF (Budget Framework Paper) process; sector working groups and reviews; the Fiscal Decentralisation Strategy (which has reporting linked to release of funds); and the joint review of the PRSC. The generic point is that **what poverty monitoring can do to promote results-oriented policy will not be settled within the poverty-monitoring sphere itself, but only by the quality of the incentives generated in the wider system.**

There is, however, an important dimension of monitoring-system design that materially affects the feasibility of strengthening incentives to data use and data quality. This is the way priorities are defined in respect of the different levels of the results chain. The key point is that **if the PMS and its principal outputs, especially the PRS Annual Progress Report (APR) or its equivalent, do not provide the information that is relevant to policy choices and accountabilities on the appropriate time-scale, they will not be relied upon by policy makers.**

A general feature of PRSP monitoring proposals from quite early in the process was the priority given to improving final-results or impact indicators and data. Since then, APRs have paid varying degrees of attention to policy implementation and the different intermediate levels of change, but have often been criticised for a rather unsystematic mix of activity reporting on the one hand and slow-moving impact statistics on the other. In Uganda, efforts have been made to address the whole causal chain from inputs to final outcomes in the annual reporting on the PEAP. However, this has been difficult to do systematically, because the monitoring matrix of the PEAP has been incomplete – a 'truncated Logical Framework', largely restricted to the outcome level. The key policy actions needed for the PEAP to work have been itemised separately, under strong donor influence, in the PRSC matrix.

There are two generic lessons here. One is that **in order to be relevant, PRS monitoring systems have got to get better at addressing what policy makers need to know.** The other is that – once

again – the means of addressing this challenge do not lie within the sphere of monitoring. **It is hard to monitor plans that do not themselves reflect strategic policy thinking – that is, which do not say how the specified outcomes are going to be achieved with the specified inputs, and how the obvious obstacles are to be overcome.**

Happily, a further conclusion from Uganda experience is that **improvement is possible on these points.** The 2004 PEAP has its own Policy Matrix, as well as other notable improvements, creating an expanded field of possibilities for policy-relevant monitoring.

Enabling better partnership

The international climate is increasingly conducive to aligning and harmonising development assistance around country efforts. An important challenge in this context is **the gap that usually exists between the outputs from country PRS monitoring arrangements and what donors believe they have to monitor on an annual basis or more frequently in order to assure their governing bodies that the funds being provided are likely to produce results.** In the case of budget support, the latter concerns are increasingly reflected in Performance Assessment Frameworks or PRSC matrices that are heavily geared to tracking not results but the policy actions that are considered essential if results are to improve.

Fortunately, **closing this gap** – between the typical PAF and the typical APR – **calls for exactly the same change of emphasis as is required for gearing domestic policy-making to results.** That being the case, there are several sound reasons for wishing to see a gradual process of convergence between budget-support PAFs and PMS outputs. This needs to be based on a clear recognition of the objective basis for the current divergence – not weak capacity in monitoring units or conservative attitudes among donors, although both may well exist, but the calibre of current policy-making, at sector and other levels. Encouragement can be taken from the observation that in Uganda, this factor has become progressively less constraining over the last few years.

5.2 The way forward for Uganda and NIMES

The guiding principle for developing Uganda's monitoring system in the next phase is clearly: work on the incentives that are currently weakening the system and not just on their consequences – address the causes and not the symptoms. Specifically, that means:

- The current consensus that NIMES is not a new monitoring system, but an effort to coordinate better what already exists, should be strengthened and consolidated. For consistency with this commitment, OPM itself will need to take care not to become the host for additional donor-sponsored monitoring initiatives or projects that increase the duplication and reporting-overload in the system. This will be a substantial challenge.
- The NIMES Secretariat should not believe that it will make any major breakthroughs in coordination by means of the proposed committees and working-groups, where the incentive structure is likely to prove quite unfavourable. Instead, it should use those forums cautiously and take advantage of the possibility of engaging in discussions with the policy makers in organisational settings where results-orientation is being strengthened. Those include sector working groups and review processes; the implementation of the FDS; and the PRSC review.
- The NIMES Secretariat and the PMAU/EDP&R Department are obvious partners that need to review their respective mandates and outputs, and agree a sensible division of labour. This discussion should be proactive in responding to the new conditions created by the PEAP revision and the completion of a PEAP Policy Matrix, with the opportunities this provides for closing the

gaps between the PRSC review and the government's own monitoring. The relevant medium-term ambition is to make the monitoring around the two PEAP matrices sufficiently robust that the separate PRSC review withers away because it is no longer performing a necessary function.

- In doing this, the two units should avoid being distracted by the current tensions between the MFPED and NPA, which although very important, have implications that go far beyond monitoring, and need to be resolved at the political level.
- The drive to set UBoS and the survey programme on a solid and sustainable footing should continue. A common funding basket to support the implementation of UBoS Corporate Plan is a good approach, so long as donors generally can be compelled to observe its disciplines.
- A distinct research and evaluation component for NIMES is a good proposal, and in this particular respect, it would be wise to pay close attention to the positive features and limitations of Tanzania's experience.

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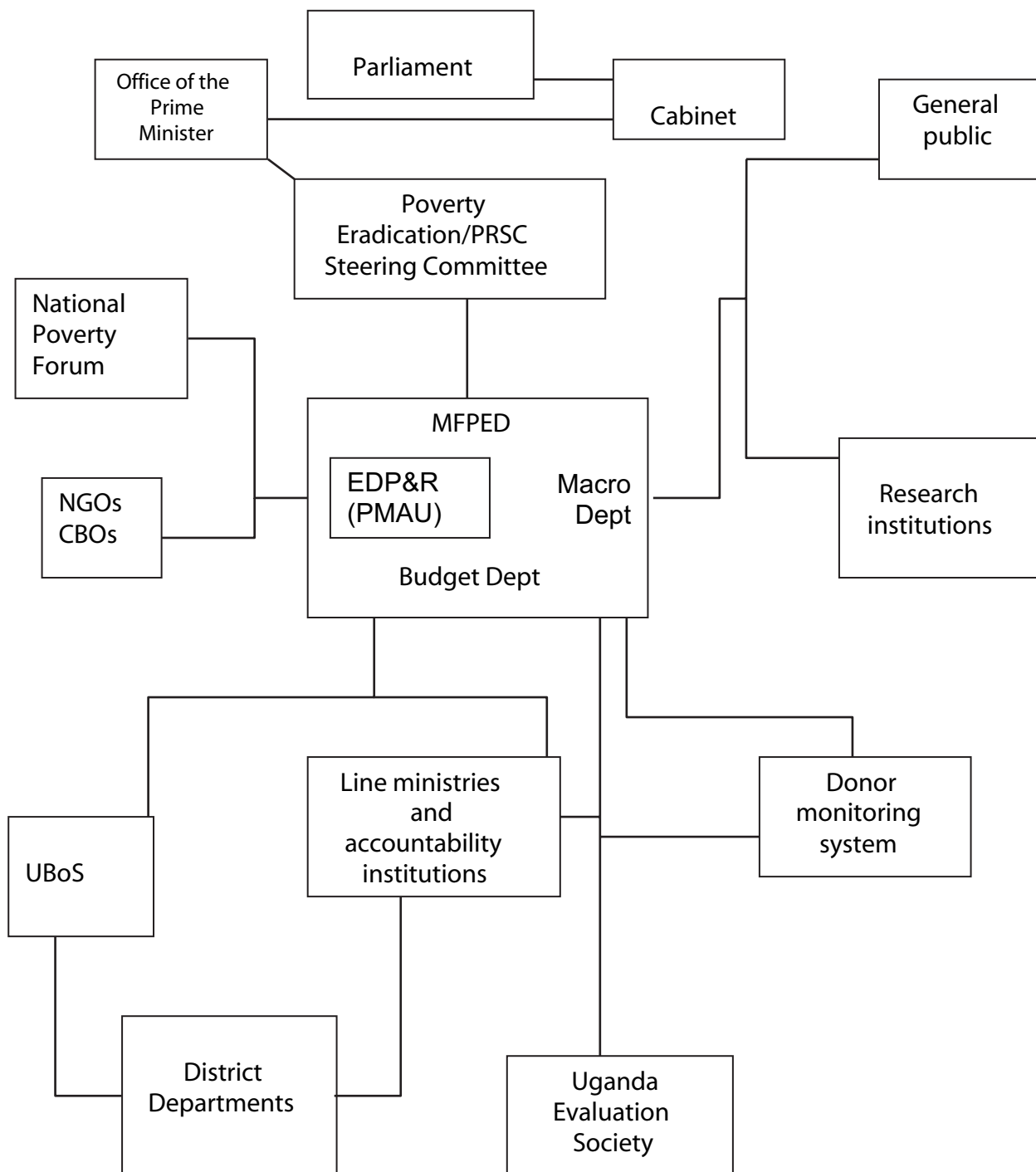
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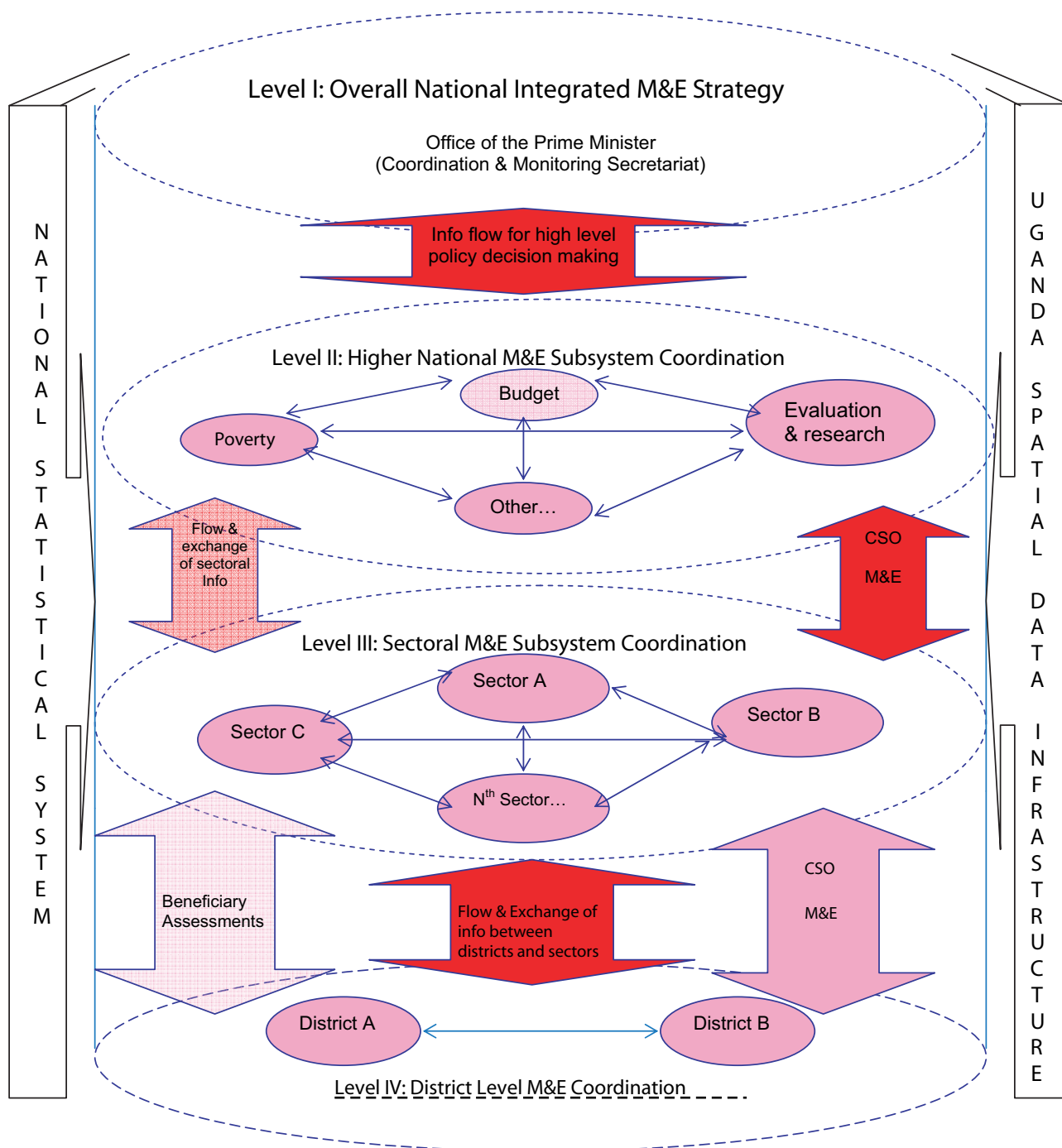
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Annex 2: Elements of the Poverty Monitoring System

(from: Poverty Monitoring and Evaluation Strategy, 2002)



Annex3: The National Integrated Monitoring and Evaluation Framework



Source: GoU (2004: 378)