Country brief

Uganda

Mr. Fredrick Twesiime Tabura
Aid Liaison Department,
Ministry of Finance, Planning and Economic Development

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Contacts: fred.twesiime@finance.go.ug
A. Introduction and Purpose of the Brief

This paper reviews development effectiveness efforts in Uganda. It reflects on progress, challenges and the proposed policy responses of the Ugandan Government and its Development Partners.

The purpose of this paper is to provide a succinct overview, primarily for a global audience. Its objective is to document progress and challenges in Uganda, sharing the country’s own learning and experience in order to contribute to the international dialogue on Development Effectiveness led by the Global Partnership.

B. Country Context

In 1995, Uganda started a process of developing a comprehensive and sustainable development strategy, with an overall objective of wiping out abject poverty in the country. This process culminated in the formulation in 1997 of the draft Poverty Eradication Action Plan (PEAP)\(^1\), which aimed at reducing the population living in absolute poverty to 10% in 2017. In 2000 this was revised to incorporate new information generated from the widened consultations and analysis, particularly from the pilot Participatory Poverty Assessments (PPAs) undertaken and analyzed over the past 3 years. The revised PEAP also reflected progress in various sectors in terms of elaborating on their policies, investment plans, outcomes and performance indicators. The PEAP, for that matter was fairly Comprehensive Development Framework (CDF)\(^2\) and the PEAP summary was adopted in 2000 as Uganda’s Poverty Reduction Strategy Paper (PRSP)\(^3\).

Based on the PEAP as the guiding policy framework, Uganda pursued the development and implementation of sector-wide policies, investment plans and programmes, with the participation of representatives of as many stakeholders as possible, in a genuine partnership, which involved Government at the centre and in the decentralized lower levels of government in the Districts; external funding agencies (Development Partners); the Civil Society and NGOs and the Private Sector. Uganda’s strategic action plan for mass poverty eradication was based on four interrelated pillars for ensuring: sustainable economic growth and structural transformation; good governance and security; ability of the poor to raise incomes; and improve their quality of life.

A further revision is 2007 resulted in a poverty-focused PEAP 2007/8. The PEAP 2007/8 was based on three crucial strategic results to be achieved: increased GDP growth, reduced Poverty and inequality, and improved human development. In summary, between 1997 and 2009 the Poverty Eradication Action Plans (PEAP) was the overarching Planning framework for the country.

In 2010, Government designed the National Development Plan (NDP) as the key primary Government national strategic plan, the anchor for Government fiscal strategy, and lower level or sectorial plans. The NDP provides a guide for the allocation of resources through the Medium Term Expenditure Framework. It guides the decision making and implementation of government programmes including the annual budgets process and prioritization and direction of Government actions. It is therefore a tool for prioritizing government interventions and mobilizing external resources.

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1. The Poverty Eradication Action Plan (PEAP) is issued in three Volumes: Vol.1-Strategic Policy Framework, Vol. II-Public Investment Plan and Vol. III-Principles for Improved Partnerships. These and all major publications by MFPED are available at the Website: www.finance.go.ug

2. The CDF is a holistic, overarching framework which covers macro and microeconomic, financial, structural, social, institutional, environmental and human resource considerations which enables a country to transform society and the economy to effectively reduce poverty.

3. The World Bank and the IMF accepted Uganda’s PRSP as providing an adequate basis for their assistance programmes and for reaching the enhanced HIPC completion point.
The National Development Plan recognizes the role played by Official Development assistance and under Section 4.7 provided for the promulgation of the partnership policy to guide cooperation with Development partners. The Partnership Policy was to be supplemented by Memorandum of Understanding (MOU) that will be signed by Government of Uganda and all development Partners, building all signatories to the commitments therein.

**Box 1: Extract from the NDP on Partnership Policy**

The Partnership Policy will seek to address, inter alia, the following issues:
- Alignment of aid with country priorities and systems
- Transaction costs/burden of inefficiency
- Coordination with development partners and other stakeholders
- Predictability of and information on aid flows
- Mutual accountability for development results

In Uganda, Aid harmonization builds on the government PEAP Volume II Partnership Principles (2001) that were developed as part of the Poverty Eradication Action. The PEAP Volume II Partnership Principles identified the development objective for the government and its development partners. The Partnership Principles link development partners support with PEAP. Over the years, other frameworks have evolved for cooperation around the Paris Declaration and Global Partnership for Development effectiveness like Uganda Joint Assistance Strategy, the National Development Plan, Joint Budget Support Framework and the Partnership Policy. All these frameworks have influenced the localization of the Paris Declaration and Global Partnership for Effective Development.

Furthermore, the Ministry of Finance, Planning and Economic Development (MFPED) embarked on integration of project aid into the MTEF ceiling starting in FY 2004/05. Integration of donor project aid into the MTEF was meant to ensure optimal resource allocation based on sectoral priorities. It guides the overall strategic policy decisions of government.

**C. Development cooperation and partnership framework**

In Uganda, development assistance effectiveness and harmonization can be tracked as back to the 1990’s. That is when the government made the fight against poverty its first priority. The predominantly Poverty Eradication Action Plan (PEAP) was launched in 1997. From 2000 till 2010, the PEAP served as the country’s Poverty Reduction Strategy Paper (PRSP). At the 1999 Stockholm conference on “Making Partnerships work”, the Government laid out its intent for its relationship with donors and proposed a set of principles for the management of donor assistance that were later signed by both government and key donors in 2003. This spurred the birth of Poverty Eradication Plan Volume 3 “Building Partnerships to implement the PEAP”. These Principles were the outcome of consultative process that included different stakeholders, the government, development partners, NGO’s, civic organizations and the public.

This further led to the establishment of joint sector working groups, the development of sectorwide approach programs (SWAPs) and pooled funding mechanisms, joint missions, silent partnerships,
and joint analytical work and advisory services by development partners. By the time the Paris Declaration was launched in March 2005, Uganda had in many ways already made significant progress with respect to local leadership of the development agenda in Uganda. In January 2006, the Uganda Joint Assistance Strategy (UJAS) was laid out and signed by eleven Development Partners. The UJAS was strategic response to the PEAP. It built on and was in line with the Partnership Principles. The UJAS provided a useful strategic framework for dialogue including issues of governance, corruption and public finance management. At the same time it provided the space for all UJAS partners to exercise sufficient flexibility in response to evolving trends, based on mandate and comparative advantage. The UJAS set ambitious organisational effectiveness targets, including the establishment of a better division of labour based on comparative advantage amongst its partners.

Uganda has been at the forefront of implementation of the Paris Deceleration (PD) and the Accra Action Agenda (AAA) on Aid Effectiveness. Uganda was one of the countries that participated in 2008 Paris Survey evaluation that culminated in the 3rd High Level forum in Accra in September 2008. During the Accra High Level Forum, Uganda together with Germany co-chaired 9th Roundtable on aid harmonisation. Following the Accra High Level Forum, Uganda was selected to co-chair with Germany the cluster on Aid Harmonisation, and Division of Labour.

In 2006, Uganda started on the Division of Labour led by the Ministry of Finance, Planning and Economic Development in close collaboration with development partners with a view of harmonizing and aligning all the support to government priorities and systems. The purpose of the exercise was therefore not harmonizing alone but harmonizing to align. The discussion was not so much framed in terms of development partners removing funds from sectors, but rather on how align their support with government policies and systems, as well as how development partners can most effectively promote and enhance government strategies at the sectorial and sub-sectorial level. This did not however, go without challenges; the biggest challenge was the structures and mechanism around which labour should be divided. In order to manage this exercise the Government set up a joint Government of Uganda and Local Development Partners Group Committee on harmonization.

The Division of Labor resulted in a number of achievements to name but a few:

- Promoted transparency about who was doing what and where, and which resources have been provided.
- Helped to identity which sectors were not getting the necessary attention and funding over the period of time
- To some extent led to a reduction in transaction costs on the part of both government and the development partners

The exercise however, had its own challenges

- Some stakeholders both within Government and development partner community felt the process was much more donor driven than by Government
- Not all development partners were willing to subject each and every project proposal to technical committees of Sector Working Groups for intensive discussion prior to approval
- Emerging development partners were not adequately enshrined in the Division of Labour process.

These challenges rendered the entire enterprise merely a partial solution to the challenges of achieving comprehensive aid effectiveness. The exercise was not completed and lost momentum in 2007.
D. Progress in Effective Development Cooperation

Uganda has been at the forefront of implementation of the Paris Declaration (PD) and the Accra Action Agenda (AAA) on Aid Effectiveness. Uganda was one of the countries that participated in 2008 Paris Survey evaluation that culminated in the 3rd High Level forum in Accra in September 2008. During the Accra High Level Forum, Uganda together with Germany co-chaired 9th Roundtable on aid harmonization. Following the Accra High Level Forum, Uganda was selected to co-chair with Germany the cluster on Aid Harmonization, and Division of Labor. Uganda actively participated in the 4th High level Forum in Busan that endorsed the Global Partnership for Effective Development Cooperation. Uganda together with Germany co-chairs the Building Block on Managing Diversity and Fragmentation. The objective of the Building Block remains the development and implementation of innovative, effective, efficient and coherent strategies to: embrace the benefits of broader partnerships while reducing fragmentation and proliferation and strengthen partner countries in their management of the diversity of external support, actively involving all relevant domestic stakeholders.

In the implementation of the GPEDC, Uganda has already made some strides as illustrated in the table.

**Harmonization:** Government and Development Partners that provide Budget support agreed on a Joint Assessment Framework. Performance is assessed against a single results framework. The assessment of progress against this framework provides the means for development partners/donors to make disbursement decisions. It therefore provides for more focused, more harmonized and less costly engagement between government and donors. The targets and actions in the framework are a subset of the targets and actions found in the government’s performance report, so when Government of Uganda reviews its own semi-annual and annual performance, it is at the same time reviewing performance against the budget support targets.

Realizing that this was leaving out project support donors, Government of Uganda has developed a Partnership Policy which sets out the guiding principles and priorities through which the Government will manage the relationship with its development partners and the aid they provide. This policy is accompanied by a monitoring framework with indicators and targets for donors, to be assessed annually. Parliament and civil society are an integral part of the assessment to ensure domestic accountability. Government in collaboration with Development Partners is under the process of developing the Memorandum of Understanding to be entered into with all the development Partners operating in Uganda as commitment to implementation of the Partnership Policy.

**Ownership:** Government sets priorities for the medium term through the Medium Term Framework and Development Partners are required to align their support to government priorities. The medium term priorities are guided by the National Development Plan.

What we have seen from the experience of Uganda that country ownership is key. This has also been confirmed by the work done by the Building Block I co-chair, on Managing Diversity and Fragmentation. The Building Block has been examining how the plurality of aid can best be managed at country level in a way that significantly reduces transaction costs and other negative effects of fragmentation for the partner country.

Concrete country cases have been examined and key messages derived from the observations made in the case studies. What could be observed is, among others, the fact that for a functioning aid diversity management, partner countries’ ownership – one of the shared principles of the Paris Declaration, the Accra Agenda for Change and the Busan Partnership for Effective Development cooperation - plays a crucial role.
However, there is still a serious gap between the rhetoric ownership and practices on the ground. In many African countries donors still dominate decision making over which policies are adopted, how aid is spent, and what conditions are attached to its release.

I think one needs to ask himself/herself two fundamental questions:

☑️ What does ownership actually mean?
☑️ What would it take for donors to genuinely support ‘country ownership’ in an aid dependent country?

Ownership is often used by donors to mean commitment to policies, regardless of how those policies were chosen. This contrasts with ownership defined as the degree of control recipient countries are able to exercise over policy design and implementation. In my view ownership should always be defined as control. In most donor recipient (aid Dependent) countries measuring what is government owned and what is donor-driven is complicated given the ways in which aid relationships have developed over decades, and how the international aid system has expanded and entrenched itself in many countries. Donors have dominated policy making, they have been instrumental in preparing, financing and implementing government programmes through provision of consultants, training and logistical support, and through use of conditionalities.

**Secondly**, donors have created fragmentation in planning processes. They often take up initiative of coordinating aid among themselves and creating arena for ‘policy dialogue’, donors directly negotiating projects directly with specific ministries or sectors. Such fragmentation weakens domestic policy-making and budget processes leaving recipient countries in a weak position to coordinate development strategy.

**Thirdly**, the dependence of African countries on aid as a way to finance their budgets to deliver goods and services and political promises makes these countries unwilling to take stronger policy positions or chart a development strategy outside the purview of donors.

What are the practical approaches to ensure partner country leadership and improved donor coordination. The effectiveness of development assistance requires combined effort by both the development partners and partner countries. Basing on Uganda’s experience, for Governments to preserve some degree of control over policy making there is need for:

i) Strong state institutions.
ii) Good macro-economic management.
iii) Clear development visions and strategies of achieving the desired outcomes.

On the side of development partners:

i) They need to recognize the right of recipient governments to choose their policies.
ii) Reduce conditionalities and strengthen domestic accountability. Keep conditions at a bare minimum in order to give recipient governments more flexibility and control over policy agenda
iii) Be more transparent. Donors should provide more and better information on what they are funding, how much and what are the conditions.
iv) Change the principles, not just the modalities of aid. Donors need to recognise that it is the underlying principles and incentives of aid that really matter for ownership rather than modalities of aid.
v) Change norms and attitudes. Development partners often doubt the competence and probity of recipient countries especially African civil servants and politicians, and are therefore reluctant to let go of their control.
vi) Get serious about supporting institutions and capacity building. Technical assistance should be demand driven and support what recipient countries say they need.

As we move forward, we need emphasise the need for complimentary roles; this can be through division of Labour, joint strategies, delegated cooperation and working through sector working groups. In Uganda all development interventions are guided by government priorities as enshrined in the National Development Plan. We have clear mechanism of coordinating development partners; thorough sector working groups, joint strategies, and joint programming. Government has developed the Partnership Policy that will guide our cooperation with Development Partners.

Furthermore, to work together in increasing the impact of all of our efforts to ensure equitable development requires maturity and patience, and an understanding and willingness to accept that priorities differ, and that, results cannot be bought like services. Strengthening nations ability to effectively manage democratic developmental states requires long-term investment in areas that may not always be measurable or even bear directly attributable results, yet ultimately will be judged by the successful transition or otherwise of these nations.

**Mutual accountability:** Although there is a mechanism for mutual accountability on part of Government, there is an historical imbalance between the providers of aid and the recipients. There is a ready tool available to donors to sanction partner countries if they decide to do so, namely the withdrawal of funding. However, there is no robust sanction that partner countries can apply to donors. The providers of assistance operate without a means of control or oversight by the recipient, so fluctuations in aid flows, late or varied disbursements against commitments, over-burdensome controls and conditionalities have all come with some negative consequences. I believe that this has to change if progress on the aid effectiveness agenda is to be made. Therefore despite the progress Uganda is making, the fundamental question remains—how should donors be sanctioned for poor performance and thereby incentivise good performance?
E. The Global Partnership and its contribution to the development effectiveness agenda at country level

The GPEDC is being implemented in Uganda and progress is being made in some respects but not in others. Government efforts to influence the way development cooperation is delivered in paying off, but much more needs to be done to transform cooperation practices and ensure country ownership of all development efforts, as well as transparency and accountability among development partners.

Progress on Global Indicators vs Targets for 2015

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<tr>
<th>INDICATORS</th>
<th>TARGET FOR 2015</th>
<th>STATUS - UGANDA</th>
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<tbody>
<tr>
<td>1. Development co-operation is focused on results that meet developing</td>
<td>All providers of development co-operation use country results frameworks</td>
<td>Whereas some DPs are using the country systems, the majority are not using country systems. Government is working with a number of DPs on PFM and</td>
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<td>countries’ priorities</td>
<td></td>
<td>Procurement reforms. However, there is more work needs to be done</td>
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<td>Extent of use of country results frameworks by co-operation providers</td>
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<td>2. Civil society operates within an environment which maximizes its</td>
<td>Continued progress over time</td>
<td>CSO are doing their work without Government interruption. Some DPs are channeling resources through CSOs</td>
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<td>engagement in and contribution to development</td>
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<td>A subset of measures from the Enabling Environment Index</td>
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<tr>
<td>3. Engagement and contribution of the private sector to development</td>
<td>Continued progress over time</td>
<td>There is strong Public-Private dialogue at all levels, participate in the budget process and policy formulation processes</td>
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<td>Measure of the quality of public-private dialogue</td>
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<td>4. Transparency: information on development co-operation is publicly</td>
<td>Implement the common standard – All development co-operation providers are on</td>
<td>No common standard electronic publication agreed with DPs. However, government makes public reports on Development Cooperation, post them on the</td>
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<td>available</td>
<td>track to implement a common, open standard for electronic publication of</td>
<td>Ministry Website and Just launched the Aid management Platform and is accessible to the public</td>
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<td></td>
<td>timely, comprehensive and forward-looking</td>
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<td>5. Development co-operation is more predictable</td>
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<tr>
<td>(a) annual: proportion of development cooperation funding disbursed within the fiscal year within which it was scheduled by co-operation providers; and</td>
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<tr>
<td><strong>Halve the gap</strong> – halve the proportion of aid not disbursed within the fiscal year for which it was scheduled</td>
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<tr>
<td>(Baseline year 2010)</td>
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<td><strong>About 75% of on-budget project support of the annual budget provisions is realised. There is some progress but there is still much to be done</strong></td>
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<tr>
<td>(b) medium-term: proportion of development cooperation funding covered by indicative forward spending plans provided at country level</td>
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<tr>
<td><strong>Halve the gap</strong> – halve the proportion of development cooperation funding not covered by indicative forward spending plans provided at country level</td>
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<tr>
<td><strong>Development Partners are requested to submit annual projection over the medium term that forms the basis for the MTFF</strong></td>
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<th>6. Aid is on budgets which are subject to parliamentary scrutiny</th>
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<tr>
<td>% of development cooperation funding scheduled for disbursement that is recorded in the annual budgets approved by the legislatures of developing countries</td>
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<tr>
<td><strong>Halve the gap</strong> – halve the proportion of development cooperation flows to the government sector not reported on government’s budget(s) (with at least 85% reported on budget)</td>
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<td>(Baseline year 2010)</td>
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<tr>
<td><strong>Not all ODA is channeled through Government systems. A number of DPs channel their support through CSO. About 50% of total ODA is channeled through CSOs. Whereas On-budget support is subjected to Parliamentary scrutiny, off-budget support is not subjected to the Parliamentary scrutiny. There is still much more work to be done.</strong></td>
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<th>7. Mutual accountability among development co-operation actors is strengthened through inclusive reviews</th>
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<tr>
<td>% of countries that undertake inclusive mutual assessments of progress in implementing agreed commitments</td>
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<tr>
<td><strong>All developing countries have inclusive mutual assessment reviews in place</strong></td>
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<tr>
<td>(Baseline year 2010)</td>
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<tr>
<td><strong>There is slow progress. There is no inclusive mutual assessment with development partners. However, performance of government in Uganda is assessed every 6 months against a transparent and comprehensive framework in a Government Performance Report. Assessments are carried out by Government and made public. The findings are discussed and made public. However, no mechanism to assess the Development Partners performance</strong></td>
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<th>8. Gender equality and women’s empowerment</th>
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<tr>
<td>% of countries with systems that track and make public allocations for gender equality and women’s empowerment</td>
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<tr>
<td><strong>All developing countries have systems that track and make public resource allocations for gender equality and women’s</strong></td>
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<td><strong>Mainstreamed gender budgeting and output budgeting</strong></td>
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9. Effective institutions: developing countries’ systems are strengthened and used

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<tr>
<th>(a) Quality of developing country PFM systems, and</th>
<th>Half of developing countries move up at least one measure (i.e. 0.5 points) on the PFM/CPIA scale of performance</th>
<th>Government has undertaken several PFM reforms, including Budget Monitoring, IFMIS, payroll audit, cash limit, and TSA, (Baseline year 2010)</th>
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<tr>
<td>(b) Use of country PFM and procurement systems</td>
<td>Reduce the gap. [use the same logic as in Paris – close the gap by two-thirds where CPIA score is &gt;=5; or by one-third where between 3.5 and 4.5]</td>
<td>Reviewed and updated procurement act and the public finance act (Baseline year 2010)</td>
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10. Aid is untied

| % of aid that is fully untied | Continued progress over time (Baseline year 2010) | There is still much work to be done. There is still tendencies of tying aid |

F. Conclusions and recommendations

Principles with greatest success/lessons learned in Uganda:

(i) Strong political leadership

Uganda’s strategy formulation and implementation has been backed by strong top political leadership starting from the national level.

(ii) Shared strategic and pragmatic vision

Given the background of where Uganda was coming from in 1986, building a strategic and pragmatic vision took long to prioritize. It was not until 1999 that Uganda in a national consultative process produced Vision 2025, on which basis the 2000 Revised PEAP/PRS overall goals were built. Vision 2025 reflects the country’s history, core values and aspirations with objectives and goals which are achievable. The theme for Vision 2025 is “Prosperous People, harmonious nation and beautiful country”.

(iii) Nationally owned and country driven processes

Uganda’s experience, particularly since 1995 represents a base of strong national ownership (at least with reference to major stakeholders) and country driven processes given the commitment by Government to develop and implement a poverty reduction strategy. The processes for elaborating the sectorial policies, the sector investment plans, targets setting and programming of interventions are all driven by the country. More and more stakeholders are being involved in these activities particularly as regards local governments, private sector and civil society. The area requiring greater improvement is that of keeping Parliament focused on the national development agenda and avoiding their pursuing personal interests in this process.

(iv) Build on existing processes and strategies
Uganda's strategy for poverty reduction (PEAP/PRS) was certainly built on the then existing strategies, policies and processes. Since 1986, Government had systematically insisted on moving systematically from reconstruction, to rehabilitation and then to sustainable development. The processes for planning in a Sector Wide Approach (or Programme Approach) and prioritization of expenditure were already in place. Participatory development had already been accepted and provided for under the decentralization policy and processes were developing to engage different stakeholders in planning and budgeting. Government had already undertaken serious policy reforms, and planning and budgeting have been developed until it culminated into a Medium Term Framework (MTEF).

(v) A strong institution should spearhead the process

The Ministry of Finance, Planning and Economic Development has stood out as the lead institution in spearheading the process of strategy development and enforcing systematic implementation. This has been possible with full support of the Head of State and the political and technical strength of the Ministry

(vi) Ensuring the widest possible participation

Uganda has worked very hard to build strong mechanisms for wide participation by all stakeholders, first as a right and to open up for new ideas and sources of information; expose issues and develop a consensus on policies and actions. The decentralization policy, regular policy dialogues e.g. Private Sector Forum, SWAPs, PPAs, public hearings on environmental matters and consultative budget processes etc. are all examples of efforts for wide participation. National commitments in relation to international commitments require that we work in close and effective partnerships within our regions and with our development partners. The civil society organizations have been active in Policy dialogue, research and advocacy and service delivery. Considering that economic growth in Uganda is considered critical for poverty reduction, participation of the private sector and civil society in general require even greater enhancement.

(vii) Link the short to the medium and long term

The national planning framework provides for Uganda's long-term vision to be handled in the framework of the NDP. While the long-term plans may not be so clear, the medium-term planning and budgeting system allows for annual plans (short-term plans) to be rolled over the medium-term, to achieve specific outputs which contribute to agreed targets or outcomes. The targets are set by sector over a longer term and these are expected to be achieved through performance on intermediate targets.

(viii) Coherence between budget and strategy priorities

Government has introduced Outcome Oriented Budgeting (OOB) and Result Oriented Management in an effort to relate budgets to the desired outcomes and results. For most sectors the annual budget process is directly linked to the expected outputs and outcomes in the implementation of the NDP. In particular, resources available are targeted to action areas of greatest impact on poverty. This increasingly direct linkage between the NDP priorities and the whole budget has helped to coordinate donor policies, in terms of which areas to support, and has disciplined Government not to engage in long-term plans and long wish lists of activities which are unaffordable. Improving the capacity to project resource availability and predictability, both domestically and from external sources significantly enhances the coherence between budgets and the strategy priorities.

(ix) Ensure continuity of the strategy development process
The basis of the development strategy within a national vision; the institutionalization of participatory processes frameworks and mechanisms for planning and budgeting; the entrenchment of decentralization whereby people participate in taking decisions at lowest level; and the quality of the Public Service at the Centre should together provide sufficient guarantee for continuity of a sustainable strategy development process. Any changes that tampers with the above fundamentals will certainly interrupt such continuity with significant ramifications of economic and social indicators.

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