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Danida

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VOLUME 1: SYNTHESIS REPORT

evaluation

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of Denmark

Office of the Prime Minister
of Uganda

Danish Assistance to Uganda 1987–2005

Volume 1: Synthesis Report

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The views and opinions expressed in the report do not necessarily correspond to the views of the Ministry of Foreign Affairs of Denmark, the Office of the Prime Minister of Uganda, or the implementing organisations.

Preface

Danish bilateral development assistance to Uganda resumed in 1987 after the National Resistance Movement took over power. Uganda was among the first Danish 12 programme cooperation countries identified in 1989, and in 1990 a Danish Embassy was established in Kampala. The Danish assistance (including NGO-support and technical assistance) has grown substantially from a modest level during the first year reaching a peak in 2001 of DKK 472 million. By the beginning of the 1990s Uganda was the second largest receiver of Danish bilateral assistance. The total Danish funded assistance during 1987-2004 has exceeded DKK 5 billion (or about USD 900 million at present exchange rates). The Danish aid contribution thus is at the level of 7 percent of all aid to Uganda during the last 17 years.

A Uganda Joint Assistance Strategy, UJAS, between key development partners and the Ugandan Government is currently being developed. Denmark has decided to participate in these efforts in view to support the harmonisation and alignment of the development assistance. A joint evaluation of this strategy will thus become relevant in the longer term. The current Danish Uganda Strategy for Development Cooperation covers the period 2004-2008, and although a number of sector and thematic evaluations of the long-term Danish development cooperation with Uganda has been undertaken, an evaluation of the substantial country programme in its entirety has so far not been carried out. As recommended by the Performance Review in 2003, and as stipulated in the Strategy, it was decided to conduct an overall evaluation of the Danish development programme in 2006. Thus, the current evaluation could be regarded as an appropriate end-assessment of the 'bilateral' development assistance keeping the UJAS in perspective.

To further the partnership principles the evaluation has been undertaken as a joint collaborative exercise of Danida's Evaluation Department, EVAL, and Uganda's Office of the Prime Minister, OPM, the latter being responsible for coordination and the strategy for monitoring and evaluation in Uganda. EVAL has taken a lead role as regards funding, contracting and implementation management. At the same time, participation in the evaluation has enhanced the evaluation capacity of OPM, and the joint experiences could be useful for future country programme assessment, in particular for future evaluation of the joint strategies.

The main purpose of the evaluation is to evaluate achievements against the overall development objective of poverty reduction in Uganda (as formulated in the Uganda PEAP of 1997 and 2004, and in the Danish Strategy 'Partnership 2000'). Still, the efforts and achievements have also been assessed against the contemporary context and standards prevailing at the time, when decisions were made. The approach of the Danish Uganda country programme evaluation has been inspired by the current debate among partners in the DAC Network on Development Evaluation. Thus, a four-level assessment has been made: 1. Evaluation of the impact of the combined support from development partners to Uganda and the country's own efforts – an assessment of development outcomes; 2. Evaluation of the effectiveness of the development co-operation itself (total ODA contribution) focussing on questions concerning partnership, alignment of support, harmonisation, government revenues, possible negative effect of ODA, etc. 3. Evaluation of the contribution of Denmark as an individual development partner to the effectiveness of the larger development co-operation effort. And 4. Evaluation of the internal effectiveness of

Danida, concerning the institutional effectiveness, and the efficiency of delivery of support. This is the first time this approach has been applied for a Danish country programme evaluation, the experiences of which may guide future similar evaluations.

The evaluation has been carried out by an external team from Mokoro Ltd., led by Principal Consultant, Mr. Stephen Lister. Following DAC's evaluation guidelines and quality standards of independence of responsibility of implementation of programme activities, the team was commissioned after international tendering in March 2006. The field work, including a special perception study of the assessments of the Danish assistance was undertaken during April-July, followed by analysis, drafting of thematic papers, comments and discussions with the reference groups. The draft synthesis evaluation report was discussed at a workshop in Kampala on 18 October, contributing significantly to the assessments of the team.

We thank all stakeholders and evaluation participants for their valuable contributions without which it could not have been completed. The findings, lessons learned and recommendations of the evaluation reports are expected in general to contribute to the strengthening of the development efforts of Uganda, and specifically, to the enhancement of the Danish Uganda assistance programme. Moreover, it is found that the evaluation process itself has shown the usefulness of this country programme evaluation approach, and has provided interesting new learning lessons of how to go about it in a joint partnership.

This Synthesis Report (Vol.1) is the final Evaluation Report of the conclusions and recommendations of the Evaluation. The Perception Study (Vol.2) is published separately. The Appendixes A-G containing the details of the supporting data, thematic chronology, etc. are contained in the attached CD-Rom of Vol.1.

Danida's Evaluation Department *Office of the Prime Minister*

Background Information

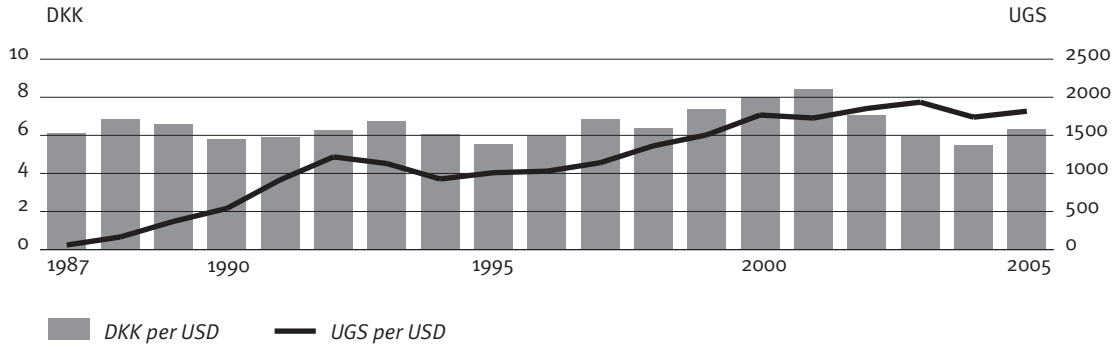
		Denmark	Uganda
Land area (km²)	*total:*	43,094	236,040
	land:	42,394	199,710
	water:	700	36,330
Population (million)		5.4	27.8
Life expectancy at birth (years)		77.5	48.9
HIV prevalence (% of population)		0.2	6.8
GNI per capita (USD)		40,750	250

Data source: World Bank country profiles (data for 2004, except HIV, 2003)

Exchange Rates (September 2006)	Danish Kroner USD 1 = DKK 5.89	Ugandan Shillings USD 1 = UGS 1,855
Financial Years	January – December	July – June

The chart below shows historic rates of DKK and UGS against the USD during the evaluation period.

Danish Kroner and Uganda Shillings vs. US Dollar 1987–2006



Source: Appendix Table D1.

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The Evaluation Report has been prepared in four Volumes:

Volume 1: Synthesis Report

Volume 2: Perception Study

Volume 3: Background Papers

BP1:	Twenty Years of Economic Development in Uganda
BP2:	Political and Social Context
BP3:	Institutional Context and Aid Modalities
BP4:	Evolution of Danish Aid Policies

Volume 4: Thematic Papers

TP1:	Agriculture, Land and Natural Resources
TP2:	Infrastructure (Transport, Energy, Water and Sanitation)
TP3:	Health and HIV/AIDS
TP4:	Capacity Development and TA
TP5:	Decentralisation
TP6:	Accountability and Corruption
TP7:	Human Rights, Justice, Conflict, and Civil Society
TP8:	Gender
TP9:	Private Sector Development
TP10:	Organisation and Management of Danish Aid to Uganda
TP11:	Poverty Monitoring and Analysis in Uganda
TP12:	Environmental Aspects of the Danida Programme
TP13:	Special Education

Volumes 3 and 4 are published on CD-ROM.

Contents

Preface		iii
Background Information		vi
Acknowledgements		vi
Acronyms and Abbreviations		xii
Executive Summary		xv
Part I:	Evaluating Danish Aid to Uganda	1
Chapter 1.	*Evaluation Objectives and Approach*	*1*
	Objectives	1
	Approach	2
Part II:	Uganda's Recovery and Aid in the Museveni Era	7
Chapter 2.	*Political Context and Developments*	*7*
	1986 – a new departure?	7
	Constitutional Developments	8
	Conflict and human rights	9
	Present perspectives	11
Chapter 3.	*Aid Relationships after 1986*	*11*
	Overview	11
	Aid Donors and Aid Coordination	12
Chapter 4.	*Economic Performance and Poverty Reduction*	*15*
	Overview	15
	Macroeconomic Performance	15
	Poverty Reduction	16
	Assessment	20
Chapter 5.	*The Aggregate Contribution of Aid*	*21*
	Introduction	21
	What have been the effects of aid?	22
Part III:	The Danish Contribution	24
Chapter 6.	*Danish Uganda Aid Strategy*	*24*
	The Danish Aid Context	24
	Denmark's Uganda Country Strategy	26
Chapter 7.	*Danish Uganda Aid Programme (Overview)*	*27*
	Introduction	27
	Danish Aid Aggregates and Trends	27
	Sector Composition of Danish Aid	33

Chapter 8. Danish Uganda Aid Programme (Main Components) *37*
Introduction 37
Financial Support 40
Agriculture 47
Transport/Roads 53
Water and Sanitation 55
Health and HIV/AIDS 58
Decentralisation 62
Gender 64
Other Aspects of Governance, Human Rights and Democracy 64
Danish Support to Private Sector Development 66
Other Major Interventions 70

Chapter 9. Cross-Cutting Issues and Modalities of Support *70*
Introduction 70
Poverty focus 70
Cross-Cutting Issues and Themes in Danish Aid 75
Accountability and Corruption 77
Aid modalities / harmonisation and alignment 81
Capacity Development and Technical Assistance 84
Organisation and Management of Danish Aid 85

Chapter 10. Assessment and Lessons Learned *85*
Introduction 85
Assessment 86
Lessons Learned 94
Future Directions 96
Summary of Recommendations 101

Terms of Reference 104
Annex 1 121

Appendix A:	Bibliography	130
Appendix B:	The Study Process	145
	Source material	145
	Reference groups and QA	145
	Work plan and timetable	146
Appendix C:	People Met	149
Appendix D:	Supporting Data	157
Appendix E:	Summary of Denmark's Country Strategies for Uganda	175
	Introduction	175
	The first decade (1986-96)	175
	Towards the 1996 Strategy	176
	1996 "Strategy for Danish Bilateral Cooperation with Uganda"	177
	Strategic observations during annual consultations	179
	The (shadow) 2000 Country Strategy	180
	Adjustment in 2001/02	180
	2004 Strategy	181
Appendix F:	Thematic Chronology	185
Appendix G:	Status of Country Strategy Indicators 2006	195
Maps		v

Boxes

Box 1.1:	Purpose of the Evaluation	1
Box 1.2:	Additive and Subtractive Approaches to Evaluating Country Programmes	3
Box 1.3:	Evaluating Governance Interventions	3
Box 1.4:	The Perception Study	4
Box 2.1:	Key Political Dates	8
Box 3.2:	Poverty Eradication Action Plan (PEAP) Pillars	13
Box 3.3:	Summary of Partnership Principles (PEAP2, 2001)	14
Box 4.1:	Patterns of Development – Uganda, Tanzania and Vietnam	20
Box 8.1:	Programme Aid as Budget Support	41
Box 8.2:	Balance of Payments Support – the 1994 and 1996 Assessments	45
Box 8.3:	Danida Reactions to the Balance of Payments Study	46
Box 8.4:	Donor Coordination in Agriculture (as of 2001)	48
Box 8.5:	The Grain Silos	50
Box 8.6:	Uganda National Farmers' Association (UNFA)	51
Box 8.7:	Labour-Based Road Maintenance	54
Box 8.8:	Danish Support to Development of a SWAp for Water and Sanitation	57
Box 8.9:	Danish Support Linked to the Evolution of the Health Sector	60
Box 8.10:	Involving Danish Business and Industry	67
Box 8.11:	External Evaluation Findings on the PSD Programmes (2001)	69
Box 9.1:	Poverty Focus in Danida's Agriculture Assistance to Uganda	73
Box 9.2:	Gendered District Poverty Profiles	74

Box 9.3:	Perceptions on Accountability and Corruption	80
Box 9.4:	HUGGO	83
Box 10.1:	Sustainability in Infrastructure Sectors	92
Box 10.2:	The UJAS Approach	98
Box 10.3:	PMA Evaluation Recommendations Relevant to ASPS2	100

Figures

Figure 3.1:	Major Donors to Uganda in 1985, 1994 and 2004 (% of total ODA)	12
Figure 3.2:	Trends in Aid Modalities in Uganda	14
Figure 3.3:	Balance between GOU Budget and Projects by Sector	15
Figure 5.1:	Total grants and loans extended from donors to Uganda	22
Figure 5.2:	Expanding Poverty Action Fund Expenditure	23
Figure 7.1:	Danish Annual Aid Expenditure in Uganda, 1987-2004	28
Figure 7.2:	Total Expenditure by Programme Type	28
Figure 7.3:	Annual Danida Expenditure, Type of Programme, Uganda 1987-2004	29
Figure 7.4:	Uganda Total Aid (USD m) and Danish Aid to Uganda (% of Uganda Total Aid)	31
Figure 7.5:	Danish Total Aid (USD m) and Aid to Uganda (% of Danish Total Aid)	33
Figure 7.6:	Total Danish Expenditure by Sector	34
Figure 7.7:	Annual Danida Expenditure by Sector, Uganda 1987-2004	34
Figure 8.1:	Timeline for Sector Interventions	38
Figure 8.2:	Uganda's Programme Aid Receipts 1990/91-1997/98	42

Tables

Table 4.1:	Macroeconomic Indicators 1987-2005	16
Table 6.1:	Aggregate Levels of Danish Aid	24
Table 7.1:	"Overprogramming": Indicative Country Frame and Actual Expenditures	30
Table 7.2:	Danish Aid vs. Total Aid to Uganda 1987-2004	32
Table 7.3:	"NGO Projects": Sector Breakdown 1991-2004	35
Table 7.4:	Danida Share and Rank by Sector	36
Table 8.1:	Annual Disbursements by Sector	38
Table 8.2:	Sector Shares in the Danida Programme	40
Table 8.3:	Overview of Danish Balance of Payments Support to Uganda 1987-1993	43
Table 8.4:	Danida's Main Agriculture Sector Projects	50
Table 8.5:	Transport Sector Programmes/Projects funded by Danida 1988-2005	53
Table 8.6:	Danida Support for Water & Sanitation (Approvals 1989-2003)	56
Table 8.7:	Danida's Major Health Programme Commitments	59
Table 8.8:	Main Danida Funding for Decentralisation	62
Table 8.9:	Danida's Support to Human Rights, Democratisation, Justice and Civil Society	65

Maps

Map 1:	Uganda Districts – 39 districts in 1996	200
Map 2:	Uganda Districts – showing new districts created 2006	201

Appendix Boxes

Box B1: Evaluation Timetable 147

Appendix Figures

Figure D1: Exchange Rates DKK and UGS vs. USD 1987-2006 158
Figure D2: Proportion of people living in Uganda on less than USD1 a day 1990-2015 160
Figure D3: Uganda's External Trade 1975-2004 161
Figure D4: Trade between Uganda and Denmark 1988-2005 162
Figure D5: Total ODA to Uganda 1985-2004 165
Figure D6: Aid At A Glance – Denmark 2004 167

Appendix Tables

Table D1: Exchange Rates DKK and UGS vs. USD 1987-2006 158
Table D2: Macroeconomic Indicators 1987-2005 159
Table D3: Uganda's MDG and PEAP Targets and Status 1990-2015 159
Table D4: Uganda's Poverty and Inequality Trends 1992/3-2002/03 160
Table D5: Uganda's external trade 1975-2004 161
Table D6: Trade between Uganda and Denmark 1988-2005 162
Table D6a: Breakdown of Denmark's exports to Uganda (in DKK millions) 163
Table D6b: Breakdown of Denmark's imports from Uganda (in DKK millions) 164
Table D7: Total ODA to Uganda 1985-2004 165
Table D8: Total ODA to Uganda by Agency 1985-2004 166
Table D9: Danish Aid to Uganda vs. Total Danish Aid 1987-2004 168
Table D10: Danish Aid to Recipient Countries 1987-2004 168
Table D11: Annual Danida Expenditure by Type of Programme 1987-2004 168
Table D12: Annual Danida Expenditure by DAC Sectors 1987-2004 169
Table D13: Share of Annual disbursement by DAC Sectors 1987-2004 170
Table D14: Sector Commitments (DAC) 1987-2004 171
Table D15: Breakdown of 'NGO Projects' Expenditure 1991-2004 171
Table D16: Indicative Planning Figures 1989-2003 (from Agreed Minutes of Annual Consultations) 172
Table D17: "Overprogramming": Indicative Country Frame and Actual Expenditures 172
Table D18: Average Number of Person-Months Bilateral Technical Assistance per DKKm Bilateral Assistance 1994–1999 173
Table D19: Ugandans living in Denmark 174

Acronyms and Abbreviations

ACTV	African Centre for the Treatment and Rehabilitation of Torture Victims
ADB or AfDB	African Development Bank
APIR	Annual PEAP Implementation Review
ASPS	Agriculture Sector Programme Support
ATJ	Access to Justice
BADEA	Arab Bank for African Development
BOP	Balance of Payments
BP	Background Paper
BWI	Bretton Woods Institutions
CAA	Civil Aviation Authority
CAO	Chief Administrative Officer
CD	Capacity Development
CIS	Commodity Import Support
DAC	Development Assistance Committee (OECD)
Danida	Danish International Development Agency *(before 1991)* Danish International Development Assistance *(after 1991)*
DFID	Department for International Development
DIIS	Danish Institute for International Studies
DK	Denmark
DKK	Danish Kroner
DMP	Dairy Master Plan
DRC	Democratic Republic of the Congo
DWD	Department of Water Development
EADB	East African Development Bank
EC	European Commission
ECWSP	Eastern Centres Water and Sanitation Project
EDGPM	External District Gendered Poverty Monitoring
EU	European Union
FA	Farmers' Association
GBS	General Budget Support
GOU	Government of Uganda
H&A	Harmonisation and Alignment
HASP	Household Agricultural Support Project
HIPC	Highly Indebted Poor Country
HIV/AIDS	Human Immuno-deficiency Virus/Acquired Immune Deficiency Syndrome
HMIS	Health Management Information System
HPAC	Health Policy Advisory Committee
HRD	Human Rights and Democratisation
HRDP	Human Rights and Democratisation Programme
HSPS	Health Sector Programme Support
HSSP	Health Sector Strategic Plan
HUGGO	Human Rights and Good Governance Liaison Office
HQ	Headquarters
ICAO	International Civil Aviation Organisation
ICT	Information and Communications Technology
IDA	International Development Association (World Bank)

IDP	Internally Displaced Person
IFAD	International Fund for Agricultural Development
IGG	Inspector General of Government
IMF	International Monetary Fund
IPF	Indicative Planning Figure
IR	Inception Report
JICA	Japan International Cooperation Agency
LDC	Least Developed Country
LGA	Local Grant Authority
LGDP	Local Government Development Programme
LRA	Lord's Resistance Army
MDF	Multilateral Debt Fund
MDGs	Millennium Development Goal
MELTC	Mount Elgon Labour-based Training Centre
MFA	Ministry of Foreign Affairs
MFPED	Ministry of Finance, Planning and Economic Development
MGLSD	Ministry of Gender, Labour and Social Development
MWHC	Ministry of Works, Housing and Communications
MTEF	Medium Term Expenditure Framework
NAADS	National Agricultural Advisory Services
NCG	Nordic Consulting Group
NDF	Nordic Development Fund
NGO	Non-Governmental Organisation
NMS	National Medical Stores
NURP	Northern Uganda Reconstruction Programme
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OECD DAC	OECD Development Assistance Committee
OPM	Office of the Prime Minister
PAF	Poverty Action Fund
PEAP	Poverty Eradication Action Plan
PER	Public Expenditure Review
PGBS	Partnership General Budget Support
PHC	Primary Health Care
PMA	Plan for the Modernisation of Agriculture
PMB	Produce Marketing Board
PMAU	Poverty Monitoring and Analysis Unit
PNFP	Private Not For Profit
PPA	Participatory Poverty Assessment
PRS	Poverty Reduction Strategy
PRSC	Poverty Reduction Support Credit
PRSP	Poverty Reduction Strategy Paper
PSD	Private Sector Development
PTA	Preferential Trade Area
RDDP	Rakai District Development Programme
RDE	Royal Danish Embassy
RSDP	Road Sector Development Programme
RSPS	Road Sector Programme Support
RUWASA	Rural Water and Sanitation
SAP	Structural Adjustment Programme
SAP	Structural Adjustment Programme

SBS	Sector Budget Support
Sida	Swedish International Development Agency
SJP	Strengthening the Judiciary Project
SNE/EARS	Special Needs Education / Education Assessment and Resource Service
SPS	Sector Programme Support
SWAp	Sector-Wide Approach
T&V	Training and Visit
TA	Technical Assistance
TASO	The AIDS Support Organisation
ToR	Terms of Reference
TP	Thematic Paper
UGS	Uganda Shillings
UHEDOC	Uganda Human Rights Education and Documentation Centre
UHRC	Uganda Human Rights Commission
UJAS	Uganda Joint Assistance Strategy
UK	United Kingdom
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNFA	Uganda National Farmers' Association
UNFFE	Uganda National Farmers' Federation
Unicef	United Nations Children's Fund
UNISE	Uganda National Institute of Special Education
UPDF	Uganda People's Defence Force
UPE	Universal Primary Education
UPPAP	Uganda Participatory Poverty Assessment Process/Programme
USAID	United States Agency for International Development
USD	US Dollars
WB	World Bank
WFP	World Food Programme

Executive Summary

I. Evaluation Objectives and Approach

1. This is an evaluation of the entirety of Danish aid to Uganda over almost two decades. The evaluation is required to assess achievements against the overall objective of poverty reduction, using the OECD Development Assistance Committee's criteria of relevance, effectiveness, efficiency and sustainability. Danish assistance is to be evaluated in light of Ugandan national policies, and in the context of activities of other donors.

2. The evaluation approach was first to assess Uganda's overall performance and the contribution of aid as a whole (Part II of the report), then to assess the Danish contribution (Part III).

3. The evaluation is based on a thorough review of available documentation, supplemented by interviews with a range of those involved with the Danida programme. A study of stakeholder perceptions was an important source of evidence, and is presented as a separate volume of the report. The analysis in the present volume also draws on a series of Background Papers and Thematic Papers that form Volumes 3 and 4 of the report.

II. Uganda's Recovery and Aid in the Museveni Era

Political and Economic Developments

4. Uganda has proved an exceptionally difficult country to hold together, and both the years of Idi Amin's dictatorship and the "Obote II" era which followed were marked by exceptional brutality and strife. When the National Resistance Movement (NRM) took power in 1986, led by Yoweri Museveni, its commitment to national unity and development was widely welcomed by the Ugandan public and the international community.

5. In the subsequent decades there has been substantial but not unqualified political and economic progress. The new regime has had a much better human rights record than its predecessors, but conflict has continued in the north of the country, and Uganda also became embroiled in the Democratic Republic of the Congo (DRC). A new constitution was adopted, linked to a radical decentralisation process, but only in the most recent elections was party political competition allowed.

6. By the end of the period under review, much of the government's early support had been eroded, with both public and donors concerned that Uganda has become a *de facto* one-party state with highly personalised presidential power. Associated with the NRM's monopoly on power, Uganda has come to appear like other patrimonial states with high levels of corruption and the use of public resources to buy support.

7. Uganda has made substantial economic progress. One of the strongest growth records in Africa has led to a substantial reduction in poverty (although rapid population growth means that absolute numbers below the poverty line have risen). But a number of caveats are required:

- A good deal of the growth can be explained by the restoration of the pre-Amin levels of economic activity and by the direct impact of the flow of aid.
- Reductions in poverty have been regionally unbalanced, with improvements concentrated in the centre and west of the country, and a much less impressive performance in the north and east.
- After 1997, economic growth slowed, inequality began to rise and poverty in the north increased.
- Despite its successes, Uganda remains one of the world's poorest countries, and it is not clear that the foundation has been laid for longer-term sustainable economic growth.

The Role of Aid

8. Aid inflows increased substantially over the period, and Uganda has become highly aid-dependent in terms of the ratios of aid to GDP and public expenditure. The aggregate contribution of aid needs to be assessed in terms of its financial effects, but also its influence on public policies and the development of Ugandan institutions.

9. From the early 1990s, economic and fiscal discipline under a strong ministry of planning and finance (MFPED) enabled the dialogue between government and its aid partners to move on from structural adjustment concerns to more detailed consideration of development strategy and public expenditures. Uganda became a pioneer of many innovations in aid management.

10. The government itself had a strong interest in poverty reduction as a political strategy, and successive Poverty Eradication Action Plans (PEAPs) provided a policy framework with which donors could align. MFPED developed a system of medium-term plans which linked aid and public expenditure to the PEAP priorities, and was prepared to involve donors closely in public expenditure reviews and in the formulation and management of sector-wide approaches (SWAps) in key sectors. Debt relief under the Heavily Indebted Poor Countries (HIPC) initiative was linked to the establishment of a Poverty Action Fund (PAF) which encouraged donors to channel funds through the budget to pro-poor expenditure priorities. This led to a surge in funding of basic public services delivered through the new local government structure.

11. There were corresponding changes in the way aid was delivered. Balance of payments support for structural adjustment was succeeded by debt relief and, after HIPC, by increasing use of general and sector budget support. At the same time, fragmented project approaches gave way to more coordinated, government-led sector approaches, facilitating greater donor harmonisation and alignment.

12. For much of the period there was a strong coincidence of interests between the presidency, MFPED and donors, which fostered a high level of trust and collaboration. More recently, this relationship has deteriorated somewhat, reflecting donor concerns about a number of governance issues, including corruption and democratic transition. Nevertheless, there is continuing impetus towards delivering aid more effectively, in keeping with the emerging ideas of good practice most recently expressed in the Paris Declaration. In 2005 a group of bilateral and multilateral agencies adopted a Uganda Joint Assistance Strategy (UJAS).

13. There are legitimate concerns about Uganda's aid dependency, but we judge that aid in aggregate has made a clearly positive contribution. Without the aid that it received, Uganda's economic growth would certainly have been slower, its political stability might also have been threatened, and more people would have been left in poverty.

III. The Danish Contribution

The Danish Aid Strategy in Uganda

Danish Aid Characteristics

14. Denmark is one of the most generous OECD donors. The consensus supporting high levels of aid has been nurtured by attention to the Danish "resource base". After a change of government in 2001 there was some erosion of consensus and a reduction in aid, but it remains well above the UN target. There is a notable tendency to concentrate on a limited number of programme countries and of sectors within those countries.

15. As regards aid modalities, Denmark was an early advocate and practitioner of partnership with recipient governments, and of the use of government systems so as to build capacity and promote ownership. It was an early mover away from isolated projects towards programmes designed at sector level. However, because of concerns about accountability and about the need for distinct visibility of Danish aid, it has been cautious about disbursing through government financial systems, and has had reservations about budget support.

Danish Aid Strategy in Uganda

16. Denmark's aid to Uganda has not been governed by rigid strategy documents. There is a rolling country programme with scope for annual adjustments. Nevertheless, there has been great continuity in the country strategy. From the beginning it was conceived as having three complementary elements: support to production; support to social development; and support to institutional development (including a strong emphasis on governance and human rights). Basic objectives have not changed, and Denmark has been remarkably consistent in staying engaged for the most part in the same sectors and with the same partners for very long periods.

The Danish Aid Programme in Uganda

Overview

17. Denmark was one of the first bilaterals to re-establish an official aid programme in Uganda, and it quickly grew to become one of Denmark's largest bilateral programmes:

- Total Danish aid expenditure to Uganda from 1987-2004 was DKK 5,288.5 million (roughly USD 900 million at the present exchange rate).
- Expenditures grew steadily until the late 1990s; after the Danish aid review in 2001 they fell slightly, to an annual level of about DKK 355 million.

- Denmark's share of official aid to Uganda peaked in the 1990s (over 9% in 1996). From 1994 through 2000 Denmark was the third or fourth largest donor to Uganda; its ranking in 2004 had declined to seventh, providing less than 5% of aid to Uganda. This decline was due more to increased aid from other donors than to the tapering off of Danish assistance.

Areas of Focus

18. The main sectors in which Danida remained engaged through the period were health, water and sanitation, governance (including human rights and democratisation, decentralisation and gender), agriculture and transport. There were substantial flows of "financial support" (balance of payments support and debt relief) in the period before 1998. A private sector development scheme, linked to partnerships between Uganda and Danish firms, has operated (outside the country frame) since 1996. Also outside the country frame, there have been significant flows of resources via Danish NGOs funded from Copenhagen.

19. There are certain common patterns. Initial interventions were informed by the broad strategy described above, but were often quite opportunistic. Several activities began with funding from the Local Grant Authority, before obtaining larger-scale funding from Danida HQ. Across sectors, there were moves towards sector approaches, first as an organising principle for Danida's own interventions, then as a joint enterprise with government and other donors. However, unlike a number of like-minded donors, Danida did not continue with any other form of general budget support once its contributions to multilateral debt relief ended.

Assessment

20. This synthesis report includes a sector-by-sector review of experiences with Danish aid, and then a thematic review of cross-cutting issues, including poverty focus, accountability and corruption, aid modalities, capacity development and the organisation and management of Danish aid. This is reinforced by detailed Thematic Papers on different sectors and cross-cutting themes in Volume 4 of the report. There is not room in this summary to include descriptions of each component: we proceed straight to the overall assessment.

Overall Assessment

21. There are ways (with hindsight) in which Danish aid could have been made more efficient and effective. But our assessment is that Danish aid has generally been of high quality, and that Denmark's contribution to Uganda's progress is rightly valued.

Relevance

22. The Danish aid programme was clearly relevant both to national recovery objectives and more specifically to poverty reduction. However, poverty strategies were not at first well-defined. After the mid-1990s, as both Denmark's and Uganda's poverty objectives and poverty strategies became more refined, Danish aid adapted to become more relevant and more aligned with Uganda's poverty reduction strategy. There was conscious attention to the main cross-cutting issues (gender, environment, HIV/AIDS), but on

none of them is there room for complacency. There was strong support to democratic participation.

23. The Danish programme was consistently relevant in the nature of the aid offered – in providing grants, not loans, and in being prepared to finance recurrent costs. Denmark's readiness to work with a range of partners – from NGOs and civil society, as well as government – was also relevant. Increasing collaboration with other donors has been both appropriate and responsive to national strategy.

24. Danida deserves special credit for the relevance of its support to the health sector, with its focus on building basic health systems, but some prominent early interventions (grain silos, a large dairy plant) were inappropriate.

25. Without labelling it as such, Danida provided general budget support during the 1990s (in the form of balance of payments aid and debt relief). This was highly relevant and effective. In discontinuing such aid the programme missed an important opportunity.

Effectiveness

26. Overall we judge that the programme was effective. Areas where Danish aid was conspicuously effective included: debt relief; rural roads programmes (arguably, rural roads have been the programme's most successful contribution to agricultural development); support to the rehabilitation and expansion of basic health services, especially through the essential drugs system; rural water and sanitation programmes; support to economic and institutional recovery in Rakai District; in human rights and democratisation (HRD), support to the justice and accountability systems of government.

27. Danish aid has made distinctive contributions (over and above provision of infrastructure and services) in at least the following areas: water and sanitation (system development, innovation – including decentralised implementation of water projects and privatisation of construction, capacity building as well as service delivery); gender (a formative influence on gender analysis and advocacy during the 1990s); decentralisation (an effective partnership with GOU in designing and implementing decentralisation strategy); labour-based roads; special education; in HRD, its advocacy and support for human rights.

Efficiency

28. We judge the Danish aid programme in general to have been efficient. We have found few conspicuously inefficient programme components; the correspondence between commitments and disbursements is impressive; and the management arrangements for the programme have generally been well adapted to requirements. There have been conscious efforts to make the programme more efficient by aligning it, where appropriate, with GOU systems, and by coordinating with other donors. Observer perceptions of Danida's efficiency are generally favourable.

29. A number of factors had a positive influence on efficiency over time. These included: the relaxation of tying of Danish aid; the decentralisation of aid management by MFA; the integration of development and diplomatic aspects of MFA work; and increased harmonisation and alignment with other donors and government.

Sustainability

30. It is clear that the programme increasingly tended to use more sustainable modalities (reflecting the moves beyond Danida-specific projects and sector programmes to fuller engagement with government-led SWAps). At the same time Uganda's poverty reduction strategy will require significant donor support, including support for recurrent costs, for many years ahead. Moreover, Danida (and like-minded donors) accord higher priority to certain institutions than the government does; their adequate funding is therefore likely to require continued donor support. This applies particularly to institutions for accountability and justice.

Coherence

31. Overall, the Danish aid programme to Uganda has shown strong coherence. It has maintained a balance between the different "legs" (social, productive, institutional) that were established at the outset. The breadth of the programme has been used to build support from both Danish and Ugandan stakeholders. Denmark's credibility in pursuing its institutional and governance objectives has been strengthened by its track record of social and infrastructure support.

32. Denmark has also sought coherence and complementarity by staying out of sectors and programmes considered adequately supported, and by participating in joint government-donor coordination mechanisms. The recent decision to join the Uganda Joint Assistance Strategy is a welcome one, and will involve further efforts to rationalise the division of labour among donors.

Recommendations

33. The evaluation highlights a number of lessons to be learned from the experience of Danish aid in Uganda. These are reflected in the recommendations summarised below.

On Danida's overall strategy and approach

34. Experience in Uganda confirms the value of several principles of Danida's overall strategy and approach, which should be continued. These include:

- Concentration and focus (at country, sector and programme levels).
- Consistency and staying engaged.
- Flexibility within the country programme – avoiding rigid advance programming of expenditure.
- Capacity development by working with and through local systems and recognising the importance of national ownership.
- Avoiding the tying of aid.

35. In line with these principles, Danida should take care not to micro-manage the agencies and the programmes that it supports.

On aid modalities, accountability and collaboration with GOU and other donors

36. Danida (at least in Uganda) has operated with a rather narrow paradigm concerning aid modalities. It has allowed its concern for strict accountability of aid funds to frustrate other important principles, including the use of national systems and more collaboration with other donors. It should adopt a less rigid approach in which:

- More weight is attached to the value of using, and strengthening, national systems of implementation, disbursement and accounting.
- Budget support and other modalities are seen as complementary, a lower "entry threshold" for budget support is applied, and there is more emphasis on learning from experience with new modalities.

37. At the same time, Danida should use its participation with other donors and government to push for strengthening of national accountability systems, and also to help raise general standards of monitoring and reporting.

On maintaining domestic support for aid

38. Danida is right to emphasise the importance of maintaining domestic support for the provision of generous levels of aid. The best way to maintain support is to ensure and demonstrate the effectiveness of aid. However, making Danish aid separately visible is less appropriate when more collaborative (and effective) aid modalities are adopted. A more nuanced strategy to maximise the effectiveness of a country programme and to maintain support for it will include:

- Considering the balance between joint and separate interventions.
- Seeking to improve monitoring and reporting on the effectiveness of aid (integrated with monitoring of the national programmes that it supports).
- Seeking to enhance (Danish) public understanding of what constitutes effective aid.
- Seeking to strengthen broad accountability for resources, not just specific accountability for Danish aid funds.

On "division of labour" and future priorities for the Danida programme in Uganda

39. The "division of labour" exercise should go beyond a simplistic "pruning" of the number of donors in each sector, and consider explicitly the balance between aid modalities that is appropriate for each sector. (This and the other recommendations under this heading require the joint action of GOU and donors.)

40. As regards the future focus of Danish aid:

- Denmark's involvement in the health sector should continue, based on the depth of experience and comparative advantage built up over many years.
- Denmark should take a continuing interest in decentralisation, and seek through UJAS to encourage moves towards greater coordination and a "decentralisation SWAp".
- Danida's Human Rights and Good Governance Liaison Office (HUGGO) represents valuable planning and management capacity for the HRD sector, with potential for shared benefits among UJAS partners.

- Denmark should maintain its role in the agriculture sector. There is particular scope for Danish aid to reinforce the Plan for Modernisation of Agriculture (PMA) in some of the specific areas that the recent PMA evaluation highlighted as needing attention. These areas include the promotion of extension approaches that are appropriate for reaching poorer households and districts; marketing and land reform issues, with special attention to women's access to land; more attention to environment as a cross-cutting issue; and more systematic impact assessment (in which there is scope to build on the gendered district poverty profiles supported under Danida's Agricultural Sector Programme Support).
- Danida should seek to influence the work programme of the UJAS partners, and should take a special interest in issues of decentralisation, accountability and capacity building (as well as those sectors in which it remains directly involved).
- Danida needs to ensure that the Embassy in Kampala has adequate staff with economics skills to enable Denmark to participate credibly in general budget support discussions.
- Working through non-UJAS (and sub-UJAS) groupings will continue to be relevant, especially in pursuing governance concerns.

41. Both through UJAS and in its internal strategy, Danida should seek to develop more systematic analysis of risks and a more explicit risk mitigation strategy.

On future evaluation

42. Danida should support an external independent evaluation of the PEAP and UJAS in 2008/09.

Part I: Evaluating Danish Aid to Uganda

Chapter 1. Evaluation Objectives and Approach

Objectives

1.1 This is an evaluation of the entirety of Danish aid to Uganda over almost two decades. Included within its scope, as well as the bilateral country programme, are "personnel" support, NGO projects and the Private Sector Development programme.[1] Danish funding of multilaterals active in Uganda (e.g. UN agencies, the European Commission, the World Bank) is not included.

1.2 The full Terms of Reference (ToR) are at the end of this report. The evaluation objectives, as summarised in the ToR, are reproduced in Box 1.1.

Box 1.1: Purpose of the Evaluation

2.1 Main evaluation objective

The main purpose is to evaluate achievements against the overall development objective of poverty reduction in Uganda (as formulated in the Uganda PEAP of 1997 and 2004, and in the Danish Strategy 'Partnership 2000'). Still, the efforts and achievements will also be assessed against the contemporary context and standards prevailing at the time, when decisions were made. The evaluation will provide answers to the two overall evaluation questions concerning accountability and learning (see Danida Evaluation Guidelines[2]).

2.2 Specific evaluation objectives

Specifically, the evaluation will answer if – and to which degree – Danish assistance to Uganda

- Adhere to overall Danish and Ugandan policy goals concerning poverty
- Adhere to cross-cutting issues (gender, environment, popular participation) and themes (children and HIV/AIDS), as stipulated in the partners' policies
- Was *relevant* in relation to country poverty needs as expressed in national poverty reduction strategies and sector policies and strategies?
- Was *effective* in making contributions to the overall political, economical and human development of Uganda – both at the national and local level – and in specific sectors
- Was *efficient*, i.e. compared to different ways of delivering assistance, and efficiently aligned with national policies and harmonised with assistance of other donors
- Was *sustainable* in relation to its choice of modalities, i.e. whether it was developed and undertaken in co-operation with relevant national and local authorities and in different sectors?
- And was *sustainable* in the sense that it strengthened the organisational capacity of relevant national and local authorities or organisations.

1) See Chapter 7 for details.

2) MFA Danida, 1999b.

Danish assistance will be evaluated in light of Ugandan national policies, and in the context of activities of other donors. Achievements will, to the extent necessary, be assessed against contemporary goals and standards. Assessment of *impact* will generally be restricted to the overall level of achievements of the combined support from donors to Uganda and the country's own efforts.

Finally, the evaluation should review the progress against the specific indicators of the Danish 2004 country strategy – and make recommendations to possible adjustments of the strategy.

Approach

1.3 Evaluating an entire donor programme requires the evaluators to go beyond an analysis of its component projects. The country programme has to be assessed as a coherent and dynamic whole, seen in the context of the country's overall performance and of what other donors were doing. The exceptionally long time period in this case brings additional challenges. Evidence for the early years is more difficult to assemble, while both the programme's objectives and general concepts of good practice are likely to have altered. Accordingly, the evaluators must guard against a bias towards the more recent years, and against using anachronistic objectives and performance standards when judging early performance.

1.4 The ToR set out a methodological framework to address these challenges. It involves:

Adherence to OECD DAC principles and evaluation criteria.

An organising framework based on four headings/levels to be addressed in sequence:

1. Context and framework conditions.
2. Combined donor efforts.
3. The contribution of Danish financed activities to Uganda's development.
4. Implementation modalities and follow-up of Danish development assistance.

An Evaluation Matrix attached to the ToR (see end of report) follows these levels and proposes detailed questions/issues plus relevant indicators and data.

A study of stakeholder perceptions.

1.5 The OECD DAC evaluation criteria (relevance, effectiveness, efficiency, sustainability, impact) are reflected in Box 1.1. A key DAC (and therefore Danida[3]) principle is that evaluation should be independent. The evaluation team is responsible for all the findings and conclusions in this report. None of the team members has had significant direct involvement in the programme under evaluation.

1.6 The OECD DAC criteria do not resolve the difficulties of making an overall evaluation of a programme that consists of very disparate components. Box 1.2 notes the alternative (or complementary) additive and subtractive approaches that may be used. One reason

3) See MFA Danida, 1999b.

why one cannot simply evaluate sectors separately and sum the results is that sectors are not symmetrical. Some (e.g. infrastructure) lend themselves more easily to quantitative economic analysis which would be impossible for others (e.g. governance, see Box 1.3). There would be a danger of bias towards what is simpler to evaluate. Also, this would ignore interactions and possible complementarity between dissimilar components of a donor's aid programme. In the final, assessment, chapter we return to the question of coherence.

Box 1.2: Additive and Subtractive Approaches to Evaluating Country Programmes

A 1999 conference on country evaluations noted alternative approaches:
Two different broad approaches to country evaluation started to emerge from the conference. One looks at individual projects and aggregates the findings, and the other at the country programme as a whole. The former is essentially additive, using more conventional evaluation techniques to look at a representative selection of projects; the latter is basically subtractive, looking at the overall achievements of the country and attempting to explain what part of national success and failure can be attributed to the influence of a donor's aid.

... an inductive approach which sought first to identify change and then to identify the causes (aid and non-aid) which explain the change would introduce more balance into the aid-centric picture of development which often emerges from aid evaluation. (OECD Development Assistance Committee, 1999b:21)

The present evaluation draws on both approaches. The Danish aid programme is set clearly within the broader assessment of levels 1 and 2 of the Evaluation Matrix so as to derive a (subtractive) assessment of the Danish contribution. At the same time, we could not assess the Danish programme as a whole without understanding its individual components in some detail (Levels 3 and 4): that aspect of the approach is "additive" but recognises that the overall assessment has to go beyond a simple summation of components.

Box 1.3: Evaluating Governance Interventions

There are several challenges to assessing whether donors in general in Uganda have contributed to building democracy, peace and respect for human rights. First, the instruments available for measuring progress in these fields are under-developed compared with our ability to measure changes in poverty. Assessing whether significant change has occurred in government attitudes and behaviour, in public opinion or in political culture is a much more difficult exercise than measuring the poverty headcount, or a given population's health status or educational outcomes. Typically, changes in governance are assessed against milestones (for example, the holding of multi-party elections) that assert but cannot firmly establish a linkage to more open and accountable governance.

The challenge of measurement is linked to the fact that – much more explicitly than is the case with technical sectors – donors are operating within and trying to influence political processes and institutions. Political and institutional change is slow, uneven, uncertain and reversible. Domestic factors and forces (including the impact of regional political and economic dynamics) always dominate, and they can and often do knock donor initiatives off track.

With respect to Uganda, donors have learned to temper what now appears to have been an earlier over-estimation of the pace and direction of change. The lesson that donors have taken from this and similar experiences elsewhere is the need for their support to institutional change to be rooted in a careful analysis of political context and of the structural and institutional levers or drivers of change. Considerable progress has been made in donors' capacity for political analysis, but our ability to link this to strategies for programming and policy dialogue is still very much a 'work in progress'.

Finally, the way that donors have traditionally organised their support to governance initiatives also makes it difficult to assess whether this support is making a difference. Within donor agencies, much of the funding for governance has been dispersed between a relatively large number of short-term projects and within programmes that were not particularly coherent or strategic. This has mainly been the case with support to civil society, which has become an increasingly important component of donor governance strategies in the last few years. While it may be possible to evaluate the immediate outcomes of discrete projects, it has been much more difficult to reach a judgement on whether cumulatively they had longer-term or wider impact. Coordination between donors has also been limited, which has added to the general difficulty of assessing how far donors as a whole have been able to influence change.

Source: Volume 4, Thematic Paper 7.

Box 1.4: The Perception Study

Objective:
The ToR envisaged a perception study in which: *The "voice" of the stakeholders (Ugandan and other donor representatives) will be heard. [They] will be questioned of their perception (which by definition is subjective, but none the less important) of the relevance, modalities and performance of the Danish financed assistance.*

Method:
The team sought a range of informants covering the different fields and time periods of Danish assistance.

A total of 150 interviews were conducted with 186 informants (see box for details). Interviews were not tape-recorded. However, phrases presented in quotation marks in the perception study were noted at the time as direct speech. For accuracy, most interviews were conducted by at least two team members, notes were systematically written up, cross-checked and shared among all the team.

Informant Categories	*Number of Informants*
Non-Danida	
Central Government	40
NGOs and CSOs	33
Local Government	27
Agencies	17
Donors	14
Others	9
Sub-total	**140**
Danida	
Danida programme/project officer	16
MFA Danida staff – Kampala	16
MFA staff – Copenhagen	14
Sub-total	**46**
Total	**186**

132 men, 54 women
130 Ugandans, 56 non-Ugandans

The study team agreed a standard approach to conducting interviews and writing up interview notes. These notes were an extremely valuable resource for all components of the evaluation.

The perception study report is distilled from over 135,000 words of interview notes. (The core of the report –Chapter 3 – is under 10,000 words; the more detailed annexes, about 25,000 words.)

Annex 3 of the perception study gives more detail on the methodology and informants.

Structure of the Perception Study Report
The report systematically juxtaposes the views of Danida informants with those of other stakeholders.

Recorded perceptions are organised by theme:*

What kind of donor is Danida perceived to be? What kind of organisation is Danida perceived to be? How is the Uganda programme perceived to have developed? Key thematic and sector perceptions.

Annexes provide more detail on perceptions of the main components of the Danish aid programme.

Uses and Limitations of the Perception Study
Any qualitative perception study has certain limitations:

- As the ToR acknowledge, the perceptions recorded are subjective.
- The interviewees were not a scientifically selected sample. (Inevitably, perceptions of the early years are fewer and less certain than for the more recent period. Some areas of Danida focus are covered in considerable detail; for others there is only a smattering of observations.)
- Many interviewees have biases by virtue of their involvement in the Danish aid programme. The perception study indicates the affiliations and perspectives of the informants quoted, but without disclosing individual identities.

The process of editing and analysis inevitably reflects the judgements and biases of the study team as to what is relevant and interesting. However, the evaluation team's own judgements and opinions are provided in the other volumes of the report. The perception study is an attempt to let the voices of stakeholders come through.

The process of documenting and analysing stakeholder views was laborious. However, the study team found it a very useful way of collecting and sharing evidence for the evaluation. Interview evidence is not self-sufficient, but it is a vital complement to the documentary records available.

** Informants rarely used the vocabulary of the DAC evaluation criteria and it would have been misleading to report their views under the DAC evaluation headings.*

1.7 The perception study report (see Box 1.4) is presented separately as Volume 2 of the evaluation. It was compiled as an integral part of the study, drawing on all the interviews undertaken by the evaluation team. The report systematically juxtaposes the perceptions of "Danida" and "non-Danida" stakeholders. Its evidence is inherently subjective, and most interviewees have a direct interest in Danish aid. Nevertheless, it provides interesting insights, and has been a valuable complement to the data and documentary research undertaken by the evaluation team. At certain points in this report we refer to the Perception Study as a key source of evidence; but even where it is not explicitly referred to, we have drawn on the information and insights from the interviews in arriving at our judgments.

1.8 The evaluation has followed the logic of the evaluation methodology both in its work plan (Appendix B describes the study process) and in the structure of this report. Following this introduction, Part II addresses levels 1 and 2 of the evaluation framework (Uganda's overall performance and the contribution of combined donor efforts). Part III then analyses the Danish contribution.

1.9 The chapter structure is as follows:

Part II Uganda's Recovery and Aid in the Museveni Era
Chapter 2: Political Context and Developments
Chapter 3: Aid Relationships after 1986
Chapter 4: Economic Performance and Poverty Reduction
Chapter 5: The Aggregate Contribution of Aid

Part III: The Danish Contribution
Chapter 6: Danish Uganda Aid Strategy
Chapter 7: Danish Uganda Aid Programme (Overview)
Chapter 8: Danish Uganda Aid Programme (Main Components)
Chapter 9: Cross-cutting Issues and Aid Modalities
Chapter 10: Assessment and Lessons Learned.

Part II: Uganda's Recovery and Aid in the Museveni Era

Chapter 2. Political Context and Developments[4]

1986 – a new departure?

2.1 Political conditions in Uganda today have to be understood in the context of Ugandan history. Post-independence politics were rooted in sectarian divisions that owed much of their influence to the structures and dynamics of British colonial rule. Uganda has proved an exceptionally difficult country to hold together, and both Idi Amin's dictatorship and the "Obote II" era which followed were marked by exceptional brutality and strife.

2.2 Britain fashioned the protectorate of Uganda out of a diverse group of kingdoms and communities representing more than 50 ethno-linguistic groups. Proselytisation created distinct Catholic and Protestant communities; there is also a Muslim minority. The people and the territory were also distinguished by modes of livelihood, the centre and west being predominantly agricultural, and the north and east mainly pastoral and agro-pastoral. Colonial development exploited these differences, bringing people from the centre and west into commerce and employment in the administration and using people from the north and east mainly as labour and in the army. This laid down a pattern of inequality between a poorer north and a richer centre that persists today, aggravated by unresolved internal and external conflicts.

2.3 After independence in 1962, Uganda was governed by a series of civilian and military regimes. In general, each successive regime ruled through exploiting internal divisions and by force. Between 1971 and 1986, the Amin and Obote II regimes were marked by gross human rights violations and economic mismanagement. An estimated 600,000 Ugandans were killed in politically-inspired violence and Uganda was reduced to a subsistence economy. In 1986, after a five-year bush war, Yoweri Museveni and the National Resistance Movement (NRM) took power.

2.4 After the atrocities of the previous regimes, the NRM's commitment to national unity and development was widely welcomed by the Ugandan public and the international community. The NRM brought a new approach to state-building that gave primacy to establishing security throughout Uganda and to giving all Ugandan citizens a political and economic stake in the country. The political template that the NRM laid down for this (no-party politics, the devolution of power and poverty reduction) remained largely intact throughout the period under review. The NRM's approach to devolution and poverty reduction prefigured concepts of good development practice that emerged during the 1990s and won wide donor support.

4) For a more extended treatment of the topics discussed here, see Background Paper 2 in Volume 3 of this report.

Constitutional Developments

Constitution-making and elections

2.5 Almost the first decade of NRM rule was taken up in Constitution making (see Box 2.1 for key events). A constitutional commission was established in 1988. Following public hearings throughout the country, the commission completed a draft constitution at the end of 1992. Elections to the Constituent Assembly were held in March 1994 and the new constitution was promulgated in October 1995. Three Presidential and parliamentary elections have been held; the first two under the NRM's "no-party" system, the most recent (2006) allowing party political competition. President Museveni has been returned to power on each occasion. Local government elections have also been an important democratic outlet.

Box 2.1:	**Key Political Dates**[5]
1986	Museveni leads NRM/A (National Resistance Movement/Army) to power and becomes President of Uganda. Beginning of insurgency in Northern Uganda.
1988	Constitutional Commission established.
1989	Expected presidential elections are postponed to 1996.
1992	Draft constitution presented
1993	Decentralisation reform launched.
1994	Constitutional Assembly elected. New Constitution of Uganda is presented.
1995	New constitution of Uganda is approved, with new framework of rights and specific attention to status of women. Forum on Poverty.
1996	Conflict in Northern Uganda intensifies. Local and parliamentary elections held. Presidential elections are held. Yoweri Museveni wins with 75.5% of the votes.
1997	Local Government Act. Uganda develops a national plan for fighting poverty: PEAP (Poverty Eradication Action Plan). Museveni launches UPE (Universal Primary Education).
1998	Uganda becomes actively involved in the conflict in Democratic Republic of Congo (DRC). Security in Northern Uganda deteriorates.

5) See Appendix F for a more comprehensive chronology.

1999	Clashes between Ugandan and Rwandan troops. (1999/2000).
2000	PEAP2 and Partnership Principles.
2001	2001 Budget Act gives MPs power to vote on the budget and amend lines in Committee. Greater independence not maintained by 2001 cohort of MPs. Presidential, parliamentary and local elections. President Museveni is re-elected with 69% of the votes.
2002	Operation Iron Fist – failed attempt to crush Lord's Resistance Army (LRA).
2003	Uganda maintains troops in DRC. Spread of LRA insurgency.
2004	Third iteration of PEAP and work begins on Uganda Joint Assistance Strategy.
2005	Constitutional amendments: • to allow third term for president • to allow multi-party elections.
2006	Local, Parliamentary and Presidential elections. Victory for President Museveni (with 59% of the votes) and NRMO (National Resistance Movement Organisation), but about 80 opposition and independent MPs elected. Ceasefire talks between Government and LRA.

Decentralisation

2.6 An important element of the political structure was the introduction of a system of elected local governments. The Ugandan model of decentralisation is very much a 'home-grown' initiative and one that chimes well with donor perceptions of the role of devolution in building more inclusive and representative political systems and ensuring the efficient provision of basic services. The NRM based its model on the Resistance Councils (RCs) that it set up during the armed struggle against Obote. After 1986, the RC model was extended throughout the country and formalised into a five-level structure of councils at village, ward/parish, sub-county, county and district levels.[6] The 1997 Local Government Act gave local councils responsibility for delivering basic services and aimed "to ensure democratic participation in and control of decision making by the people concerned".

Conflict and human rights

Internal conflicts

2.7 Uganda's social cleavages have presented obstacles to the unification of the country for every pre- and post-independence government. Museveni's strategy for this was to try to give all Ugandans a political and economic stake in the country. However, the NRM

6) See Volume 4, Thematic Paper 5 for fuller discussion.

has not yet been successful in redressing the political grievances of the north or the marginalisation of the pastoral north-east. Insecurity and conflict in both areas explain the vast disparities in health status, education levels and other welfare indicators between these regions and the rest of the country.

2.8 Insurgency in the north began almost immediately after Museveni took power in 1986 and has continued with increasing ferocity ever since. The Districts of Gulu, Kitgum and Pader[7] have experienced a secular increase in human rights abuses since the leadership of the insurgency passed to the Lord's Resistance Army (LRA) in 1994. The LRA has killed, tortured, mutilated and sexually abused civilians and has abducted an estimated 25,000 children, forcing them to serve as porters, 'sex slaves' and child soldiers. Between 1.5 and 2 million people (an estimated 94% of the population in the most affected Districts) have been displaced from their homes and into IDP camps. Chronic violence and the displacement of almost the whole population has caused the collapse of the local economy. Despite reassurances to the contrary, and some attempts to negotiate a settlement, the government failed to bring the conflict to an end during the review period.[8] Some observers contend that there are military and political interests in maintaining the status quo (Barkan et al., 2004).

2.9 The origins and nature of insecurity and conflict in Karamoja[9] are rather different. Karamoja suffers the geographic and social isolation typical of all pastoral regions. This correlates with the political marginalisation of the Karimojong and with an absence of government agencies able to provide them with either services or effective security. This marginalisation can be traced to a fundamental lack of understanding of pastoralism among government officers and policy-makers. First, there is a ready supply of small arms from the collapse of the Amin and Obote regimes and from the war in southern Sudan and other regional conflicts. Second, and associated with young men's access to guns, traditional authority in Karamoja society has largely broken down. As a result, the tit-for-tat cattle raids between pastoral groups (in the Uganda, Sudan, Ethiopia and Kenya borderlands), which were previously managed through traditional 'rules of engagement' with few casualties, are now carried out with automatic weapons, and involve significant fatalities and other injuries including a high incidence of rape. The resulting insecurity in Karamoja contributes to a cycle of a shrinking government presence – apart from that of the military – and to increasing poverty and isolation. There have also been spill-over effects on neighbouring districts.

External conflicts

2.10 Uganda has also been affected by turmoil in neighbouring countries, particularly the conflicts in Sudan and the Democratic Republic of the Congo (DRC). Uganda's intervention in the DRC, and associated looting and military corruption, have been especially contentious issues between the Ugandan government and its aid partners.

2.11 Uganda's involvement in Zaire (later the DRC) was sparked by President Museveni's belief that President Mobutu was providing support to rebel forces in the west

7) See maps at the back of this volume.

8) Renewed cease-fire talks were under way as this report was prepared.

9) Karamoja corresponds to the districts of Kotido, Moroto, Nakapiripirit, Abim and Kaabong as shown on Map 2.

of Uganda. In 1997, this was used to justify the Ugandan intervention, in collaboration with Rwanda, which helped to overthrow Mobutu and install Laurent Kabila. Ugandan military forces remained in occupation of the north-east of the DRC until 2003, their presence being justified by reference to continuing insecurity. There is a widespread belief, however, that the UPDF deliberately provoked insecurity as a cover for Uganda's involvement in the illegal exploitation and export of minerals and other resources from the area. The army's privileged position in Ugandan society has allowed army officers involved in these and other corrupt practices to go unpunished.

2.12 Similarly, it has proved difficult to control budgetary allocations to the military. While official defence expenditure has declined since 1994, intra-budget reallocations have been made in several years since then. In 2002/03, a substantial increase in defence spending after Parliament had approved the budget provoked a major crisis with Uganda's development partners, with several donors either delaying or cutting disbursement.

Implications for human rights and governance

2.13 The record of the Museveni government on human rights has been a major improvement on that of the governments that preceded it and for much of the period under consideration Uganda's human rights record has been considered satisfactory. More recently, human rights issues have become matters of greater concern to donors, particularly the government's failure adequately to address rights violations arising from the conflict in the north of Uganda.

Present perspectives

2.14 By the end of the period under review, much of the early enthusiasm for the NRM government had been eroded, with both public and donors concerned that Uganda has become a *de facto* one-party state and with highly personalised presidential power. Associated with the Movement's monopoly on power, Uganda has come to appear like other patrimonial states with high levels of corruption and the use of public resources to buy support. The creation of new Districts in areas supportive of the Presidency is a conspicuous example of this form of patronage.

Chapter 3. Aid Relationships after 1986

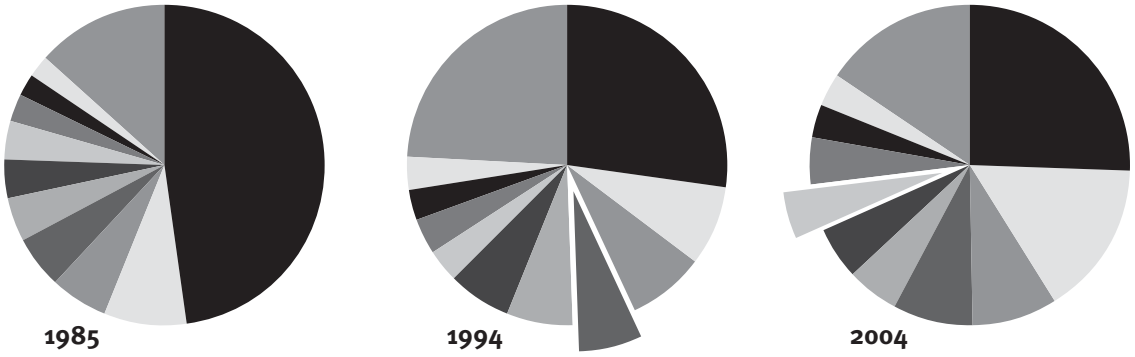
Overview

3.1 During the Museveni era, Uganda became a favoured aid recipient, and a pioneer of many innovations in aid management. An initial impetus for donors was the desire to assist with reconstruction and rehabilitation of the country's infrastructure and institutions. In the early 1990s, Uganda achieved fiscal discipline and macroeconomic stability, which has since been maintained under a strong Ministry of Finance, Planning and Economic Development (MFPED). This enabled the dialogue between government and its aid partners to move on from structural adjustment concerns to more detailed consideration of development strategy and public expenditures. Bilateral donors assumed greater relative importance in the relationship.

Aid Donors and Aid Coordination

3.2 Initially, aid was dominated by multilateral agencies, but as aid flows grew, so did the relative importance of bilateral donors (see Figure 3.1). In the earlier years the government was heavily reliant on the Bretton Woods Institutions (BWI = World Bank and IMF), who provided structural adjustment funding to support the Economic Recovery Programme. The relationship between the BWI and a number of bilateral donors was often strained, as they did not necessarily agree about the macroeconomic policy prescriptions for structural adjustment and its implications for poverty and debt. Even when bilaterals co-funded Structural Adjustment Programmes (SAPs), they often felt excluded from the policy dialogue.

Figure 3.1: Major Donors to Uganda in 1985, 1994 and 2004 (% of total ODA)



1985		1994		2004	
IDA	49%	IDA	28%	IDA	26%
EC	8%	United Kingdom	8%	United States	16%
Italy	6%	United States	8%	EC	9%
United Kingdom	5%	**Denmark**	**7%**	United Kingdom	8%
UNDP	4%	EC	6%	Netherlands	5%
WFP	4%	IMF	6%	Japan	5%
UNICEF	4%	Japan	3%	**Denmark**	**5%**
United States	3%	AfDF	3%	AfDF	4%
Germany	2%	Germany	3%	Ireland	4%
IFAD	2%	Netherlands	3%	Sweden	3%
Remaining 21 donors	13%	Remaining 30 donors	25%	Remaining 30 donors	15%

Source: OECD DAC data.

3.3 During the 1980s, aid coordination by the government was rather weak. A turning point was in 1992 when the Ministries of Planning and Finance were merged and the President gave MFPED more authority to run a disciplined macroeconomic and fiscal policy. Thereafter MFPED began to take a more pro-active role in aid management, backed by considerable openness in engaging the donors in the discussion of public expenditure priorities. Spending departments were disciplined by cash budgets, and a Medium Term Expenditure Framework (MTEF) was developed to guide expenditure priorities in a less hand-to-mouth way. When, reflecting the government's own political interests, a poverty strategy (the Poverty Eradication Action Plan – Box 3.2) was developed, it was possible to link this both to the expenditure planning framework provided by the MTEF and to the development of sector-wide approaches (SWAps) in a number of key sectors.

Box 3.2: Poverty Eradication Action Plan (PEAP) Pillars

PEAP1 (1997) and PEAP2 (2000/01)

- Framework for Economic Growth and Structural Transformation.
- Ensuring Good Governance and Security.
- Directly Increasing the Ability of the Poor to Raise their Incomes.
- Directly Improving the Quality of Life of the Poor.

PEAP3 (2003/04)

- Economic Management.
- Production, Competitiveness and Incomes.
- Security, Conflict Resolution and Disasters.
- Good Governance.
- Human Development.

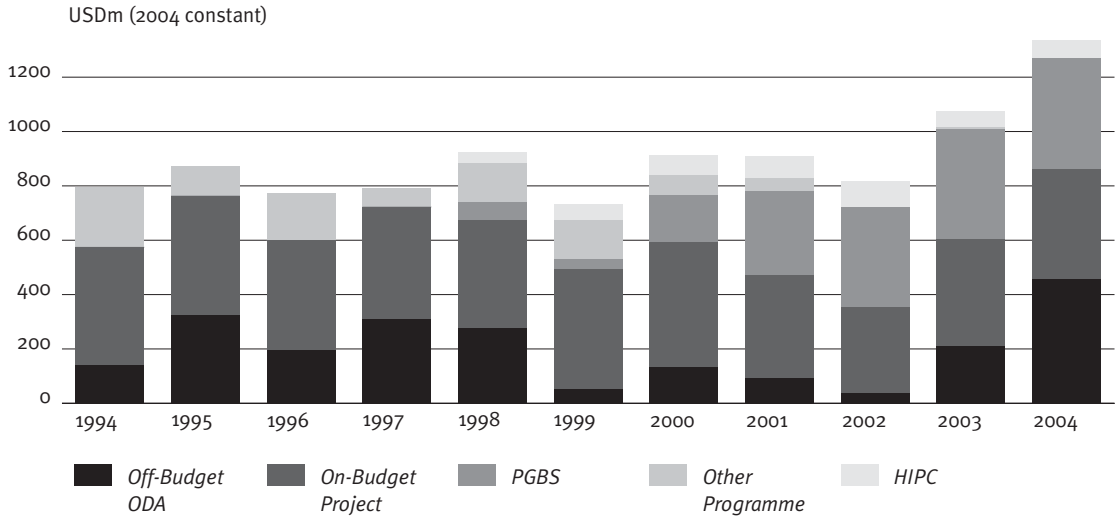
3.4 Against the background of general discontent with the effectiveness of aid, Uganda became a laboratory for new approaches. It was a pioneer in MTEFs and SWAps, and its PEAP was the forerunner of the Poverty Reduction Strategy Papers. The second iteration of the PEAP was accompanied by a set of "Partnership Principles" (Box 3.3) which codified reciprocal aid management undertakings by the government and donors.

3.5 Debt relief under the HIPC initiative was linked to the establishment of an innovative Poverty Action Fund (PAF) which encouraged donors to channel funds through the budget to pro-poor expenditure priorities. Under the PAF there was a surge in funding of basic public services delivered through the new local government structures.[10]

3.6 There were corresponding changes in the way aid was delivered. Balance of payments support for structural adjustment was succeeded by debt relief and, after HIPC, by increasing use of general and sector budget support (Figure 3.2 – see Lister et al, 2006 for details). At the same time, fragmented project approaches gave way to more coordinated, government-led sector approaches, facilitating greater donor harmonisation and alignment. The impact of new aid modalities varied significantly from sector to sector, reflecting both sector characteristics and the preferences of different donors (see Figure 3.3).

10) See Chapter 5 below, Figure 5.2.

Figure 3.2: Trends in Aid Modalities in Uganda



Source: Lister et al, 2006.

Box 3.3: Summary of Partnership Principles (PEAP2, 2001)[11]

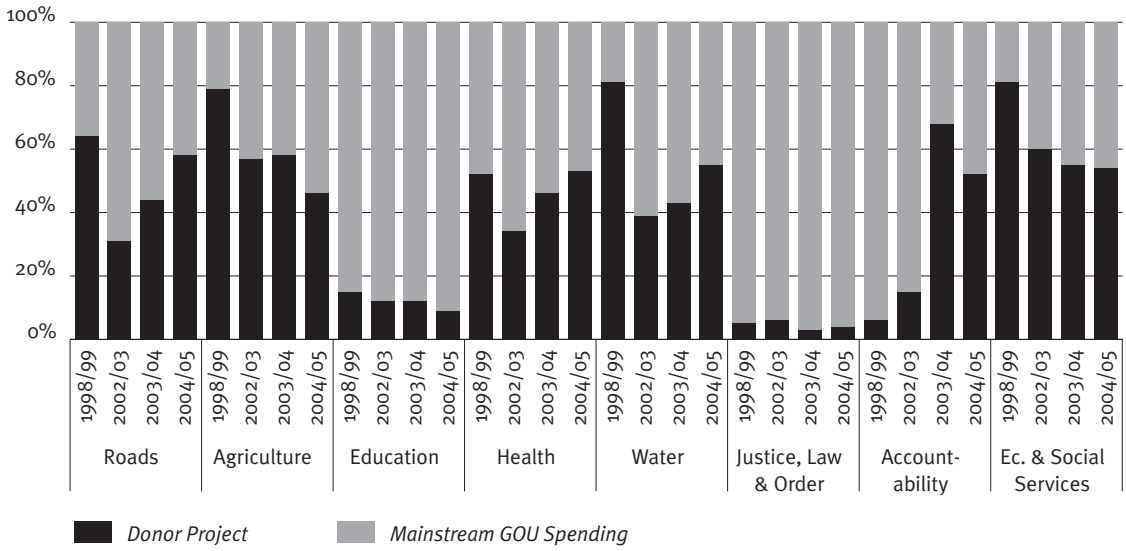
Government will
- continue to increase its focus on poverty eradication
- continue with increased tax effort
- assume full leadership in donor coordination
- decline any offers of stand alone donor projects
- strengthen monitoring and accountability
- continue to improve transparency and combat corruption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

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

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

11) The Partnership Principles were revised in 2003, and appear in full in PEAP3. (The full version is annexed to Background Paper 3 in Volume 3 of this report.)

Figure 3.3: Balance between GOU Budget and Projects by Sector



Source: MTEF from Lister et al, 2006. "GOU Budget" is inclusive of aid received as budget support.

3.7 For much of the period under review there was a strong coincidence of interests between the presidency, MFPED and donors, which fostered a high level of trust and collaboration. Towards the end of the period, this relationship had deteriorated somewhat, reflecting donor concerns about a number of governance issues, including corruption and democratic transition. Nevertheless there was still continuing impetus towards delivering aid more effectively, in keeping with the emerging ideas of good practice most recently expressed in the Paris Declaration. During 2004–2005 a group of bilateral and multilateral agencies prepared and adopted a Uganda Joint Assistance Strategy (UJAS), which was expected to attract more adherents over time.

Chapter 4. Economic Performance and Poverty Reduction

Overview

4.1 Uganda has staged an impressive economic recovery during the Museveni years. It has consistently registered one of the highest growth rates in Africa, aided by reconstruction of infrastructure and liberalisation of the economy. Overall, there has been a significant reduction of poverty. This chapter highlights the main features of this performance and assesses the depth and durability of the achievement.[12]

Macroeconomic Performance

4.2 When the National Resistance Movement (NRM) took power in 1986, the economy had collapsed with GDP 20 percent lower than its 1970 peak, high inflation rates, chronic budget deficits, an overvalued exchange rate, significantly lower export earnings and deteriorated infrastructure. Subsequent macroeconomic developments are summarised in Table 4.1.

12) For a fuller analysis see Volume 3, Background Paper 1. Additional data are in Appendix D of the present volume.

Table 4.1: Macroeconomic Indicators 1987–2005

(%)	1987	1988	1989	1990	1991	1992
Real growth GDP at market prices	3.95	8.27	6.36	6.47	7.95	2.78
Real GDP per capita growth	0.6	4.5	2.4	2.2	4.0	-0.7
Inflation, consumer prices (annual %)	200.0	196.1	61.4	33.1	28.1	52.4
General government final consumption expenditure (% GDP)	8.0	8.1	7.0	7.5	8.8	9.7
Total expend. and net lending (% GDP)	8.9	11.3	10.2	12.7	15.6	21.9
Govern. revenue, incl. all grants % GDP)	5.1	7.4	7.0	8.3	11.7	14.3
Govern. revenues, excl. all grants (% GDP)	4.7	5.8	5.5	6.8	7.7	7.0
Overall surplus/deficit, excl. all grants (% GDP)	-4.2	-5.6	-4.8	-5.9	-7.8	-14.9
Overall surplus/deficit, incl. all grants (% GDP)	-3.8	-3.9	-3.2	-4.4	-3.9	-7.6

Sources: World Bank Development Indicators Database and World Bank Africa Database 2005.

4.3 Positive GDP growth rates were maintained throughout the period, and Uganda has stood out as a rare strong performer during a period when the economic performance of most African countries has been dismal.[13] However, it was not until 1992 that inflation was brought under control: since then it has remained in single digits. A series of policies to liberalise the economy were implemented, including the abolition of foreign exchange controls, freeing up of commodity markets, and reduction of trade barriers. Domestic revenue collection (in a land-locked economy with a weak revenue base) has strengthened. It was less than 5% of GDP in 1985, but the present level – 12% of GDP – is still low. Strong aid inflows have enabled public expenditure to run at double the level of domestic revenues, and have themselves boosted economic growth. The economy is still highly dependent on coffee exports, but with significant diversification into fish and other agricultural exports.

Poverty Reduction

4.4 Table 4.2 summarises trends in poverty reduction. Over the period for which poverty data are available, the proportion of Ugandans living below the national poverty line has fallen from 56% to 38% (though the latter figure is a rise of 4% between 1999/2000 and 2002/03). Economic growth (which has exceeded Uganda's very high population growth rate), has been the main factor in reducing the number of people living below the income poverty line, while aid has supported the expansion of basic public services.

13) See Commission for Africa, 2005, Chapter 7.

1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
8.25	6.42	11.29	9.10	5.47	3.61	8.05	5.64	4.94	6.84	4.72		
4.9	3.5	8.6	6.4	2.7	0.8	5.0	2.6	2.0	3.9	1.9		
6.1	9.7	8.6	7.2	6.9	0.0	6.6	2.8	2.0	-0.3	7.8	3.3	8.2
11.2	11.7	11.2	11.8	13.3	12.9	12.9	13.7	13.8	15.2	14.8	14.5	14.2
19.2	19.3	17.2	16.6	17.2	16.3	17.9	26.7	21.6	24.4	24.9		
15.9	15.4	14.6	14.7	15.8	15.8	16.6	17.0	18.7	19.1	19.1		
7.5	8.6	10.1	10.5	11.3	10.6	11.6	11.3	10.8	12.2	12.1		
-11.7	-10.7	-7.1	-6.1	-5.9	-5.7	-6.3	-15.4	-10.8	-12.3	-12.8		
-3.3	-3.9	-2.6	-1.9	-1.4	-0.5	-1.3	-9.6	-3.0	-5.3	-5.8		

Table 4.2: Uganda's Poverty and Inequality Trends 1992/93–2002/03

Percentage of the population living below the national poverty line*

	1992/93	1996/97	1999/2000	2002/03
National	56	44	34	38
Rural	60	49	37	42
Urban	28	17	10	12
Central	46	28	20	22
Eastern	59	54	35	46
Northern	72	60	64	63
Western	53	43	26	31

Inequality as measured by the Gini coefficient

	1992/93	1996/97	1999/2000	2002/03
National	0.364	0.347	0.395	0.428
Rural	0.326	0.311	0.332	0.363
Urban	0.395	0.347	0.426	0.477

Source: World Bank, 2005 (PEAP 2004/05–2007/08).
Notes:

- *(*) Excluding Kitgum, Gulu, Bundibugyo, Kasese and Pader. If these (except Pader) are included, poverty in 2002 will be 66% instead of 63% in northern Uganda and 39% at the national level rather than 38%.*
- *Despite a decrease in the percentage of people living below the national poverty line from 1992/93 to 2002/03, due to population growth, the number of people living below the national poverty line has risen over this period.*

4.5 Table 4.3 shows the status of MDG targets. The Uganda Joint Assistance Strategy assesses Uganda's prospects for achieving the MDGs as follows:

> Uganda has made substantial progress towards achieving the MDGs, although more needs to be done if all are to be achieved.[14] As can be seen from [Table 4.3], with continued good policies, Uganda appears likely to achieve one of the targets for MDG 1 (eradicate extreme poverty), MDG 3 (promote gender equality and empower women), MDG 6 (combat HIV/AIDS), MDG 7 (ensure environmental sustainability), and MDG 8 (develop a global partnership for development). Uganda may also be able to achieve MDG 2 (achieve universal primary education) with greater effort to encourage children to complete primary education. With adoption of improved policies, strengthened institutions, and additional funding, the country may be able to meet the target for hunger. However, progress towards MDG 4 (reduce child mortality) and MDG 5 (improve maternal health) is uncertain even with improvements in policies, institutions, and funding. (World Bank 2005a)

Table 4.3: Uganda's MDG and PEAP Targets and Status 1990–2015

	1990 (or closest available)	**2005** (or latest available)	**2007/2008** PEAP Target	**2013/2014** PEAP Target	**2015** MDG Target
1 Eradicate extreme poverty and hunger	*2015 = halve 1990 USD 1 a day poverty and malnutrition rates*				
Poverty headcount ratio (%)	56	38		28*	28
Prevalance of child malnutrition (% of children under 5)	23	23			12
2 Achieve universal primary education	*2015 target = net enrollment, etc. to 100*				
Net primary enrollment rate	58 boys 48 girls	87 boys 86 girls	90 boys 89 girls	100*	100
Primary completion rate (% of boys and girls)		56	69		100
3 Promote gender equality	*2005 target = education ration to 100*				
Ratio of girls to boys in primary education (%)	83	99	100*	100*	100

14) It is important to note, however, that Uganda's long-term development objectives are set out in the PEAP and that the PEAP contains targets that are as ambitious as, and in certain areas (HIV/AIDS), even more ambitious than the MDGs.

4	**Reduce child mortality**	*2015 target = reduce 1990 under 5 mortality by two–thirds*			
Under 5 mortality rate (per 1,000)	177	152			53
Infant mortality rate (per 1,000 live births)	98	88	68		32
Immunization, DPT3 (% of children)	45	83	90		n/a
5	**Improve maternal health**	*2015 target = reduce 1990 maternal mortality by two–thirds*			
Maternal mortality ratio (modeled estimate, per 100,000 live births		505	354		126
Deliveries in health care centers (% of total)		24	50		n/a
6	**Combat HIV/AIDS, malaria and other diseases**	*2015 = halt, and begin to reverse, AIDS, etc.*			
Prevalance of HIV, total (% of adult population)	20	6,2	5*		‹20
7	**Ensure environmental sustainability**	*2015 target = integrate into Gov. policies, reverse loss of environmental resources, halve proportion of people without access to safe water and sanitation*			
Forest are (% of total land area)		24	27*	30*	›24
Access to safe water (% of population)	45	65 urban 55 rural	100* urban 90* rural		90
Access to improved sanitation (& of population)		65 urban 56 rural	100* urban 80* rural		
Titled land (% of land)		13	17	25	
8	**Develop a Global Partnership for Development**	*2015 targets = sustainable debt, make available benefits of new technologies*			
Debt service (% of exports of goods and services)		305	238	187	

Sources: World Bank, 2005a (2004 PEAP, Demographic and Health Surveys, National Household Survey).
*Notes: *PEAP Targets more ambitious than MDGs.*

Assessment

4.6 The overall conclusion is that over the past two decades, Uganda has had considerable economic success, achieving a lively rate of economic growth in response to macroeconomic stabilisation and liberalisation. Government has improved the supply of basic social services and poverty has been reduced across much of the country.

4.7 Although impressive, the Ugandan "success story" is subject to certain caveats and there are a number of economic issues that will have to be addressed in the coming period:

- A good deal of the growth can be explained by the restoration of the pre-Amin levels of economic activity and by the direct impact of the flow of aid.
- Although there were significant reductions in poverty, these were regionally unbalanced, with improvements concentrated in the Centre and West of the country, and a much less impressive performance in the North and East.
- After 1997, GDP growth slowed and the terms of trade deteriorated (the effects of coffee prices on poverty remain strong). Inequality began to rise and poverty in the North increased. Agricultural growth during 2000-2003 was disappointing except in the livestock sector.
- Although Uganda is showing encouraging levels of private sector investment, it is not clear that the foundation has been laid for longer-term sustainable economic growth. Despite its successes, Uganda remains one of the world's poorest countries.

4.8 Box 4.1 compares Uganda with Tanzania and Vietnam to raise some issues about the strength and sustainability of the growth path that Uganda has followed.

Box 4.1: Patterns of Development – Uganda, Tanzania and Vietnam

A comparison between Uganda, Tanzania and Vietnam is of special interest, as the three countries began their reform process at around the same time (Tanzania moved towards structural adjustment over 1982-85, initiating a systematic reform programme in 1985; Vietnam initiated Doi Moi in 1985, quickening the pace of reform from 1989). Also they began with quite similar levels of per capita income, and similarly deep economic crises. Also they have received support from many of the same donors (including Danida).

The economic performance of Uganda and Tanzania is essentially similar. Both have stabilised their macroeconomic environments, liberalised their international payments and trade regimes and achieved reasonable rates of growth. In both cases poverty programmes have been adopted which have met with donor approval (the PRSP in Tanzania and the PEAP in Uganda), and both have had some success in expanding basic education and other social services. Both countries are viewed as among the successes of structural adjustment in Africa.

However, in both cases there has been a large and persistent dependence on aid to finance the budget and the large gap in the trade account, so that at least part of the observed growth performance is simply the result of aid flows. Tanzania has done somewhat better in recent years in relation to export growth, but mainly as the result of the rapid expansion of gold exports (in response to favourable – perhaps too favourable – incentives for foreign investment in mining).

In neither country has there been any significant growth in the relative importance of manufacturing nor success in developing industrial exports. In both cases, there has been a lively development of the service sector and investment in buildings, partially sustained by the inflow of aid.

In contrast, Vietnam has achieved a quite dramatic and sustained increase in exports, on a highly diversified base (mining, agriculture and fisheries and manufactured exports), which has underpinned a much more vigorous growth performance, resulting in an exemplary reduction in poverty.

Perhaps what is worrying for an aid assessment is that in the Vietnamese case the role of aid has been relatively minor. Notably, the most dramatic changes in policy and the initiation of the export-led growth process happened during a period of very modest and declining levels of external assistance – 1980-1993. Even with the build-up in official assistance from 1994 onwards, aid dependence has remained modest, in striking contrast to Uganda and Tanzania. While aid has been useful (e.g. in supporting infrastructure development) there is little sense that the Vietnamese economy and growth process are dependent on aid flows.

The difficult question, which is raised here but not answered, is whether this comparison suggests that there is an African model of excessive aid dependence, associated with the growth of an aid financed service sector, low rates of industrialisation and sluggish export performance.

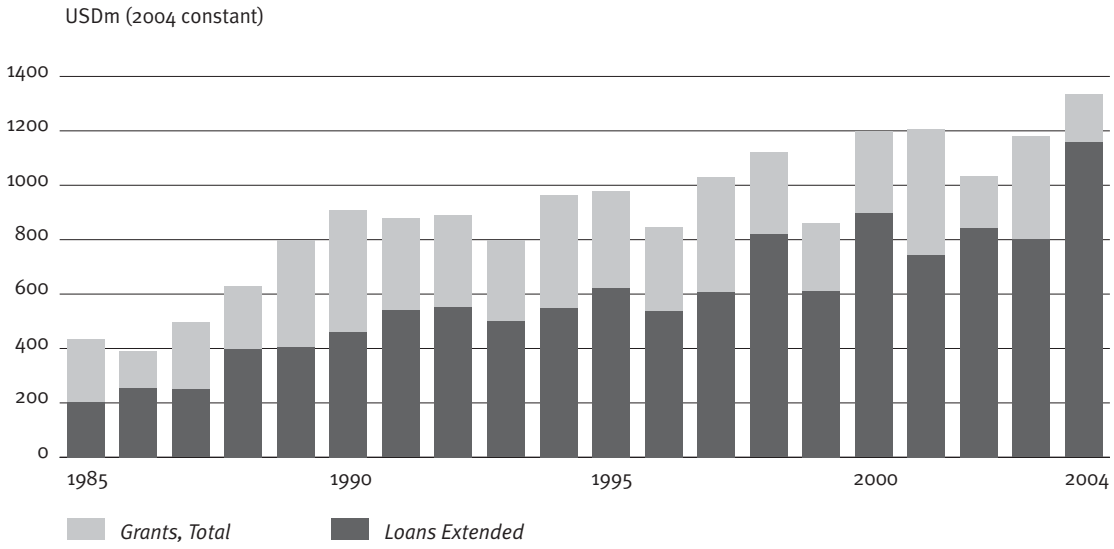
Source: Volume 3, Background Paper 1.

Chapter 5. The Aggregate Contribution of Aid

Introduction

5.1 Aid flows to Uganda increased substantially over the period (Figure 5.1), and Uganda has become increasingly aid-dependent in terms of the ratios of aid to GDP and public expenditure. The aggregate contribution of aid needs to be assessed in terms of its financial effects, but also its influence on public policies and the development of Ugandan institutions.

Figure 5.1: Total grants and loans extended from donors to Uganda



Source: OECD DAC International Development Statistics online www.oecd.org/dac/stats/idsonline [Accessed September 2006].
Notes: in 2004 constant USD.
See Appendix D, Table D7 for source data.

What have been the effects of aid?

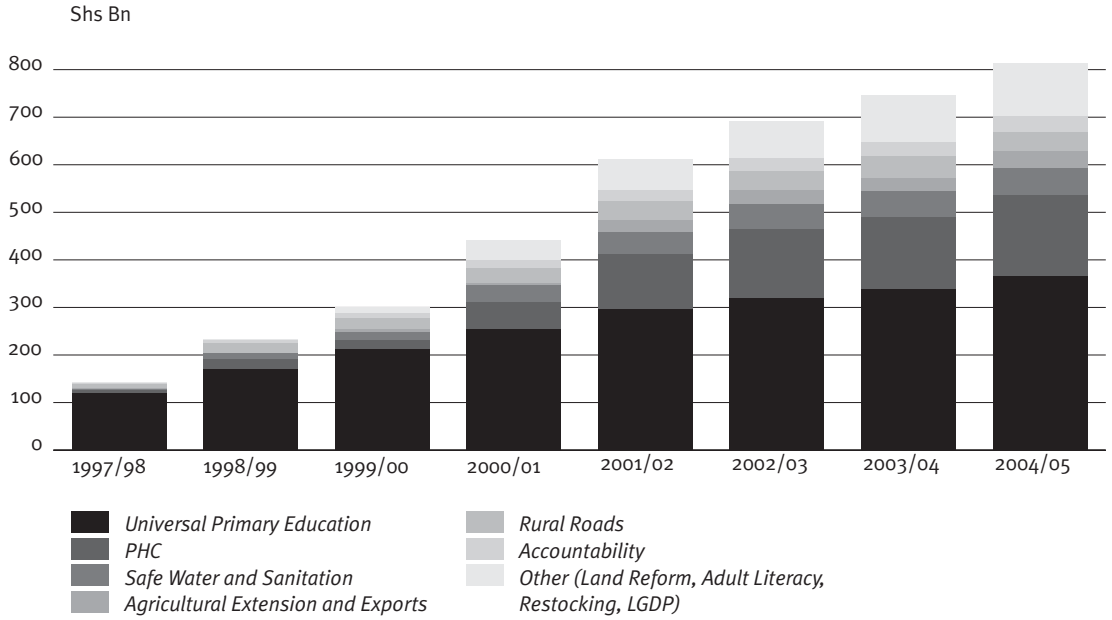
5.2 Our assessment of how aid has influenced Uganda draws especially on two major studies: the 1999 review of programme aid (Ddumba-Ssentamu et al., 1999) and the recent evaluation of General Budget Support (Lister et al., 2006).

5.3 As regards policy effects: aid has not been able to "buy" policies in Uganda, but it has been able to provide financial support for reforms once government became committed to them. Where there is broad agreement on objectives, there has been an influential dialogue about appropriate policies and public expenditure priorities.

5.4 As regards financial effects: aid (including debt relief) has enabled the economy to expand imports by more than the growth in exports and government to expand public expenditure by more than the growth in domestic revenue. Debt relief and later forms of budget support were especially helpful in enabling GOU to meet necessary recurrent expenditures (offsetting the bias towards capital investments that is typically associated with project finance). In the early 1990s this was helpful in financing civil service reform and demobilisation of the army; after 1997, there was an aid-financed surge in pro-poor public expenditures through the Poverty Action Fund (see Figure 5.2).

5.5 Aid has had a further significant influence on the strengthening of public institutions, including those relating to the public expenditure management and accountability functions of government. An important factor, though one that is inherently difficult to assess precisely (what would have happened without aid?) is the role of aid in helping to consolidate the more benign NRM regime, enabling it to deliver a "peace dividend" after the turmoil of its predecessors.

Figure 5.2: Expanding Poverty Action Fund Expenditure



Source: MFPED (see Volume 3, Background Paper 1, Figure 7).

5.6 The aid relationship, and the thrust of the aid contribution, was different in different periods. Immediately after the NRM takeover there was a period of uncertain policy adjustment, with disagreements between GOU and the Bretton Woods Institutions, until the decisive achievement of fiscal discipline already mentioned. From about 1992-1997 was a period of continuing reforms, in which there was clearer policy alignment between GOU and donors, and donor support was mobilised for such reforms as civil service restructuring and retrenchment. Under a more liberal foreign exchange regime, debt relief became a more relevant form of support than earlier commodity import support. After 1997, with HIPC relief, the Poverty Action Fund, and the PEAP as the national Poverty Reduction Strategy, aid was increasingly focused on financing the public expenditure priorities of the PEAP, which most notably included a rapid expansion of basic public services. In all eras, budget support, under different labels (balance of payments support, commodity import support, debt relief, as well as, more recently, explicit sector and general budget support) was especially valuable to the government in enhancing its discretion and complementing the larger flows of project aid and technical assistance.

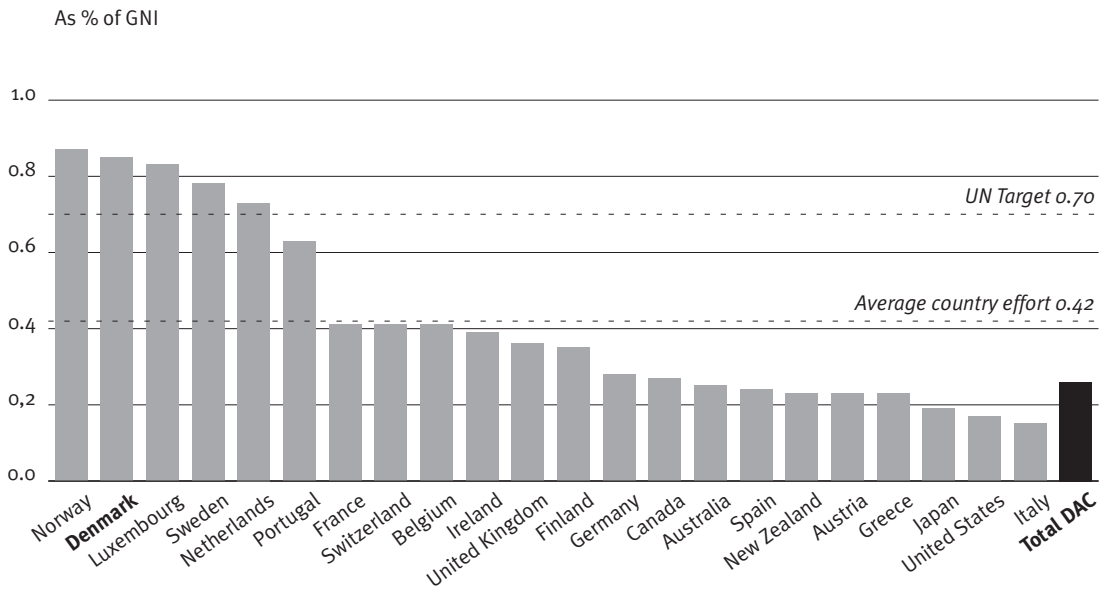
5.7 There is a radical critique which argues that aid inevitably undermines the domestic accountability of regimes and enables them to side-step the challenge of raising resources domestically. This is a legitimate concern, but it is not plausible that Uganda could have achieved similar levels of investment, growth, expanded public services and poverty reduction without the aid that it received. Our judgement is that aid in aggregate made a clearly positive economic, social and political contribution. This forms the context for efforts to evaluate the contribution of Danish aid in particular.

Part III: The Danish Contribution

Chapter 6. Danish Uganda Aid Strategy

Table 6.1: Danish ODA as % of Danish GNI

	1987	1988	1989	1990	1991	1992	1993	1994	1995
Danish	0.88	0.89	0.93	0.94	0.96	1.02	1.03	1.03	0.96
DAC country average									



Source: OECD International Development Statistics online.
Note: During the 2005 election, the government made a commitment that Danish aid would not fall below 0.80% of GNI.

The data for 2005 are preliminary pending detailed final data to be published in December 2006. The data are standardised on a calendar year basis for all donors, and so may differ from fiscal year data available in countries' budget documents.

The Danish Aid Context[15]

6.1 Danish aid strategy for Uganda is subject to three main sets of influences: the Ugandan country context, the context of what other donors do and advocate, and the context of Danish influences. The country and donor contexts have been addressed in Part I; we next consider characteristics and evolution of Danish aid.

15) Background Paper 4 (in Volume 3) and the three OECD DAC Peer Reviews are important sources for this section.

6.2 Denmark provides consistently high levels of aid relative to GDP (see Table 6.1). These levels are sustained by political consensus, which is nurtured by the so-called "Danish resource base". This refers to the involvement of Danish consultants, academic institutions, NGOs and business interests in the aid programme.[16]

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Average
1.04	0.97	0.99	1.01 0.39	1.06 0.40	1.03 0.41	0.96 0.41	0.84 0.42	0.85 0.47	0.81	0.96

6.3 "Resource base" concerns have had effects on the formal and informal tying of Danish aid. This became less restrictive over the period, but was nevertheless an influence. Although explicit tying of aid was curtailed early in the evaluation period, a system of informal tying remained.[17] This was reflected as follows in the 1996 annual consultations:

> Touching on procurements, the Danish delegation reiterated that the Danish aid is provided as untied grant. The delegation stated that there is no direct link between development aid and commercial interests. It is the delegation's view that Denmark has competitive, high quality companies, which can compete in international tenders on fair and equal terms, and that the high quality of services offered by Danish companies should be given due consideration during the evaluation of bids in connection with international tenders. The concentration of the Danish aid on few sectors should involve Danish companies much more in the future, than what has been the experience in the past. (Uganda–Denmark Development Cooperation Programme, 1996:13)

6.4 The concern to maintain the support of the Danish public has had implications for the (separate) visibility of Danish aid, linked to the need for Danida to be able to demonstrate credibly its proper use and effectiveness. Again this concern is evident in the dialogue around Danish aid to Uganda:

> The Head of the Danish delegation raised the dilemma of the visibility of Danish funds if integrated into government's budgetary and financial systems. In order to maintain public support for Danish development assistance it will be necessary even within a Sector-Wide Approach (SWAp) to demonstrate results on the ground of Danish support. (Agreed Minutes, April/May, Uganda–Denmark Development Cooperation Programme, 2000:7)

16) *The OECD DAC peer review in 1995 commented:*
There are some particular features which distinguish the Danish aid system from others and contribute to its positive image with the public. One of these elements is the strong involvement of all components of Danish society in the conception of aid policy, also in its implementation. Non-governmental organisations (NGOs), consultancy firms, researchers, trade unions and the private business community form the so-called "Danish Resource Base" for the aid programme. (OECD Development Assistance Committee, 1995)

17) *"The other side of this integration is the continued involvement of the Danish business community, through a system of "informal tying" in place since 1989, aiming at a 50% return on bilateral ODA in favour of Danish procurement." (OECD Development Assistance Committee, 1999a). We understand that figures on the return of Danish aid to Denmark are still monitored, although no longer published.*

6.5 As regards the objectives of Danish aid, this has always implicitly, and recently more explicitly, focused on poverty reduction, allied to strong concerns for democratic governance and high accountability standards. The 1994 statement of Danish aid strategy (MFA Danida, 1994a) made poverty reduction a more explicit concern that it had been hitherto[18] and also heralded a focus on explicit country strategies and on sector programmes rather than isolated projects.

6.6 Danish aid is seen by OECD DAC peers as generous and high quality aid. It is also regarded as unusually focused on a limited number of programme countries and of sectors within those countries. See Chapter 2 of the Perception Study – Volume 2 of this report – for a summary of international perceptions of Danish aid.

6.7 As regards aid modalities: Denmark was an early advocate and practitioner of partnership with recipient governments, and of the use of government systems so as to build capacity and promote ownership. It was an early mover away from isolated projects towards programmes designed at sector level. However, it has been cautious about disbursing through government financial systems, and has had reservations about budget support (because of concerns both about accountability and about the need for distinct visibility of Danish aid).

6.8 The diplomatic and aid functions of the Danish Ministry of Foreign Affairs (MFA) are thoroughly integrated. Until 1991, Danida denoted a distinct agency; since then it has just been a brand name for Danish development assistance, delivered through the MFA.

6.9 The change in composition of the Danish coalition government after the 2001 election, challenged the national consensus around aid, and led to an important strategic review (MFA Danida, 2002g). One result of the review was an announcement of a reduction in aid levels to Uganda, to signal discontent with Uganda's continued involvement in the DRC.

Denmark's Uganda Country Strategy

6.10 Appendix E traces the evolution of the Danish aid strategy for Uganda in some detail. Danish aid to Uganda is not strictly governed by formal strategy documents. Country strategies only became an important feature for Danida in the mid-1990s and only two such documents have been adopted during the period, in 1996 and 2004. A strategy was prepared in 2000, but never put forward for approval. These strategies played a process role and helped to crystallise thinking and plans, but they were not a rigid guide to resource allocation, and in practice Danida's Uganda strategy is also found in general Danida strategies and statements, in the record of agreed minutes of annual consultations and other dialogue, and, increasingly (as harmonisation and alignment proceed) in GOU plans and strategy documents and in joint government–donor strategies at sector and national level. In practice, the country programme is a rolling one, with considerable flexibility and scope for annual adjustments.

18) See Udsholt, 1997a for an analysis.

6.11 At the same time, there has been great continuity in the country strategy. From the beginning it was conceived as having three complementary elements: support to production, support to social development, and support to institutional development. Basic objectives have not changed (though terminology has been revised, with more use now of "poverty" and "governance"), and Denmark has been remarkably consistent in staying engaged for the most part in the same sectors and with the same partners for very long periods.

6.12 Over time, there is a noticeably stronger linkage to Ugandan government policies and strategies (which are now much more articulated and more credible than in the 1980s) and to what other donors are doing, and more explicit attention to the appropriate modalities to adopt (with increasing trends towards donor harmonisation and alignment). Also, especially in the latest (2004) strategy, there are more specific targets and performance indicators ("results orientation").

6.13 The Uganda strategy also consistently echoes Danida's global concerns. Early themes which have persisted have included interest and involvement in "governance" issues; concern to support national strategies and institutions (for ownership and to develop capacity); concern for visibility of Danish aid; and concern for high standards of accountability. Efforts to ensure that the programme is adequately focused also recur, alongside a concern to ensure that Danish aid can "make a difference". Subsequent chapters review how these concerns have played out in the overall shape of the programme and in the evolution of its main components.

Chapter 7. Danish Uganda Aid Programme (Overview)

Introduction

7.1 This chapter reviews the level and the composition of Danish bilateral aid to Uganda. In both dimensions it reviews the relative importance of Danish aid. It also notes the significance of Uganda within Denmark's total aid portfolio.

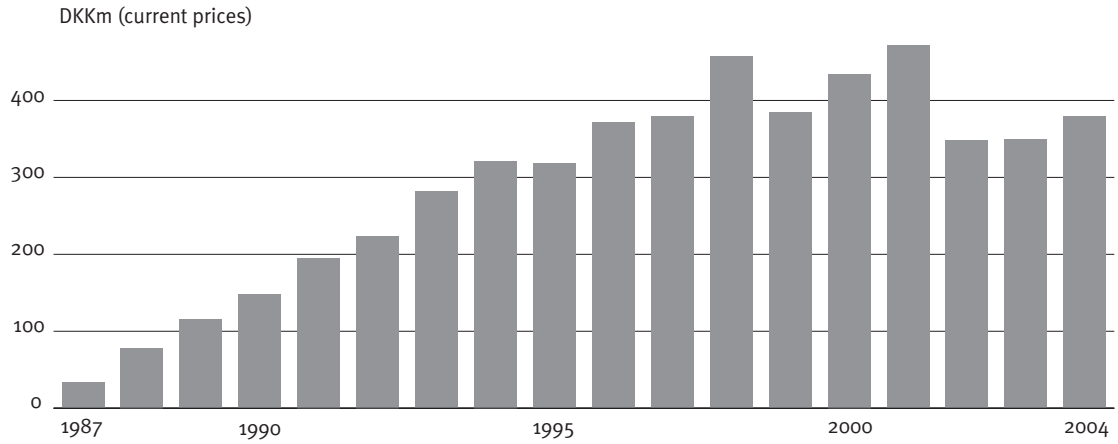
Danish Aid Aggregates and Trends

Total bilateral aid

7.2 Denmark was one of the first bilaterals to re-establish an official aid programme in Uganda, and it quickly grew to become one of Denmark's largest bilateral programmes. Figure 7.1 traces the development of aggregate annual expenditures.

7.3 Total Danish aid expenditure to Uganda from 1987-2004 was DKK 5,288.5 million (roughly USD 900 million at the present exchange rate). The initial expenditure in 1987 of DKK 33.7 million rose to a high point in 1998 of DKK 457 million. Between 1998 and 2001 average annual expenditure was DKK 437m. In the three subsequent years for which figures are available, 2002-2004, a lower plateau is evident, with an annual average of DKK 355m. This drop in Danish aid flows is linked to the review of Danish aid mentioned in 6.9 above.

Figure 7.1: Danish Annual Aid Expenditure in Uganda, 1987–2004



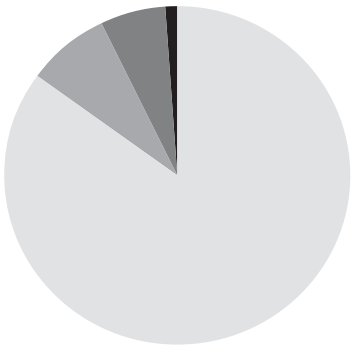
Source: NCG Pre-Study of Uganda Country Programme Evaluation (NCG, 2006).
See Appendix D, Table D11 for source data.

Components of the bilateral programme

7.4 These figures are for the total of bilateral Danish aid to Uganda. The total *bilateral programme* is defined to include four elements.[19] The *country programme* is the main element, for which indicative planning figures[20] are discussed between MFA/Danida and GOU at the annual consultations. Elements of the bilateral programme that are not included in the country programme are (a) the Private Sector Development Programme, which is a separate funding line; (b) "NGO projects" – i.e. expenditures on projects in Uganda by Danish NGOs funded directly by MFA/Danida headquarters; (c) "personnel" – expenditures on advisers, technical assistance, scholarships. Figure 7.2 shows the relative importance of the country programme and other components.

Figure 7.2: Total Expenditure by Programme Type

	DKKm	%
Country programme	4.453,9	85
NGO projects	416,3	8
Personnel	339,4	16
Private Sector programme	78,9	1
Total	**5.288,5**	**100**



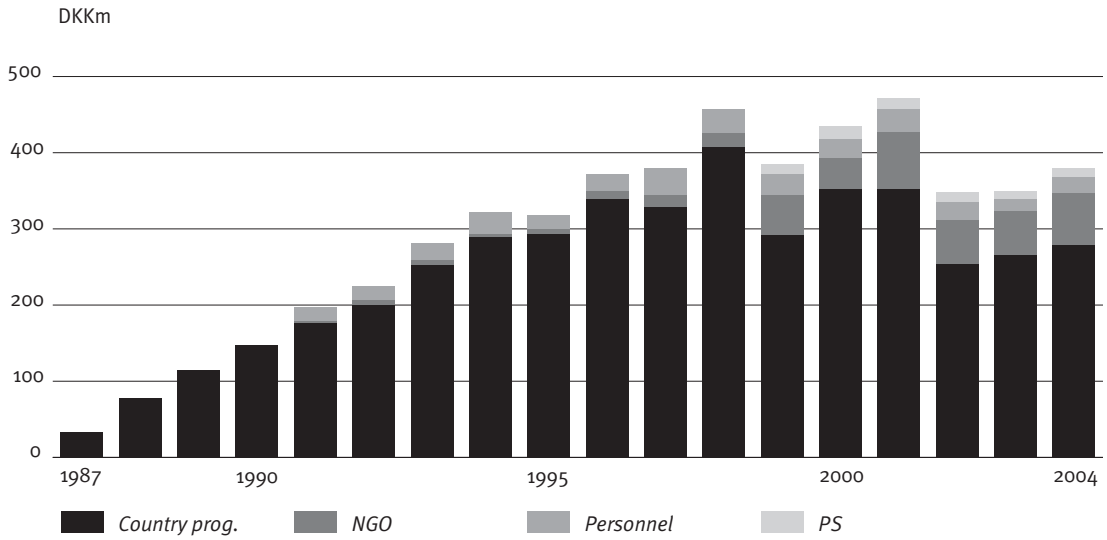
Source: NCG Pre-Study of Uganda Country Programme Evaluation (NCG, 2006).

19) The NCG Pre-study is not always consistent in observing the distinction between the total bilateral programme and the country programme that is applied here.

20) Sometimes referred to as "the country frame"

7.5 Figure 7.3 shows annual expenditure by programme type. Expenditures outside the country frame have had greater relative importance in recent years (mainly because of growth in Danish NGO expenditures and the introduction of the Private Sector Development programme).

Figure 7.3: Annual Danida Expenditure, Type of Programme, Uganda 1987–2004



Source: NCG Pre-Study of Uganda Country Programme Evaluation (Figure 3.1) (NCG, 2006). See Appendix D, Table D11 for source data and an explanation of how the NCG Pre-study dealt with discrepancies in the available records.

"*Over-programming*"

7.6 Apart from the difference between the "country programme" and the total of "bilateral aid", actual expenditure on the country programme has often exceeded the planning figure (the "country frame") by a substantial margin (see Table 7.1). This reflects deliberate "over-programming", which seems to have two components: (a) individual project approvals are at a level which would exceed the country frame if all were implemented in full and on time; and (b) ad hoc additions are made to absorb available funds. Uganda has benefited, relative to Denmark's other aid partners, from its superior ability to absorb aid. Thus the 1996 Agreed Minutes include the following explanation of over-programming:

> The Danish delegation informed that the total spending on the Danish programme in 1995 exceeded the planned figure of 250 million DKK and informed that for 1996 there will equally be room for additional spending. The aim for total disbursement for 1996 would be a maximum of 330 million DKK, provided that eligible and support-worthy projects could be identified, and keeping in mind that such projects should not create a spin off into the following year. The new projects might therefore especially be found within the frame of multilateral debt relief and infrastructure (roads). (Uganda–Denmark Development Cooperation Programme, 1996:12)

7.7 This was still a feature in 2001[21] but the reduction in Danish aid to Uganda is reflected in a much smaller difference between country frame and actual country programme expenditures in subsequent years. (Even so, Table 7.1 shows that 2002 was the only year since 1992 in which actual country programme expenditure was less than the country frame.)

Table 7.1: "Overprogramming": Indicative Country Frame and Actual Expenditures

DKK m	Final "Country Frame"	Actual Country Programme Expenditure	Actual Total Bilateral Expenditure
1987		34	34
1988		78	78
1989	140	115	115
1990	180	147	147
1991	200	177	195
1992	220	200	224
1993	240	252	281
1994	270	289	321
1995	245	293	318
1996	250	339	371
1997	242	329	379
1998	273	407	457
1999	280	292	385
2000	280	352	435
2001	280	352	471
2002	280	254	348
2003	250	266	349
2004	250	279	379
2005	250		
2006	250		
2007	250		
Total		**4,453.9**	**5,288.6**

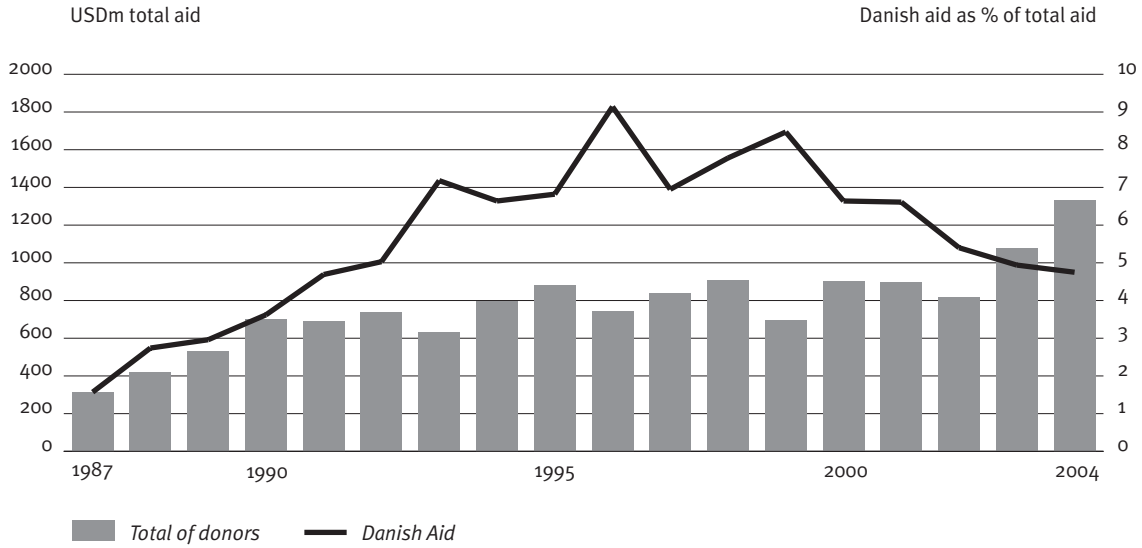
Source: Agreed Minutes of Annual Consultations (AM), 1989–2001 and 2003, and NCG Pre-Study (NCG, 2006). See Appendix D, Table D16 for source data.

21) The Head of the Danish Delegation informed that the official country frame for 2001 was DKK 280 mill. However, disbursements for 2001 would be no less than DKK 325 mill. for the direct bilateral assistance. (Uganda–Denmark Development Cooperation Programme, 2001:7.)

Relative importance of Danish Aid to Uganda

7.8 Figure 7.4 and Table 7.2 (using OECD DAC disbursement data) show trends in the total of all donors' aid to Uganda and the percentage share of Danish aid in that total. The share peaked in the 1990s (over 9% in 1996). Its decline since is due more to increased aid from other donors than to the recent tapering off of Danish aid.[22] From 1994 through 2000 Denmark was the third or fourth largest donor to Uganda; its ranking in 2004 had declined to seventh, providing less than 5% of all Uganda's ODA.

Figure 7.4: Uganda Total Aid (USD m) and Danish Aid to Uganda (% of Uganda Total Aid)



Source: OECD DAC International Development Statistics online www.oecd.org/dac/stats/idsonline [Accessed September 2006]. See Table 7.2 for source data.

22) Note that the recent decline in DKK disbursements is masked in USD terms by the appreciation of the krone vis-à-vis the dollar (exchange rate information inside front cover and at Appendix D, Table D1)

Table 7.2: Danish Aid vs. Total Aid to Uganda 1987–2004

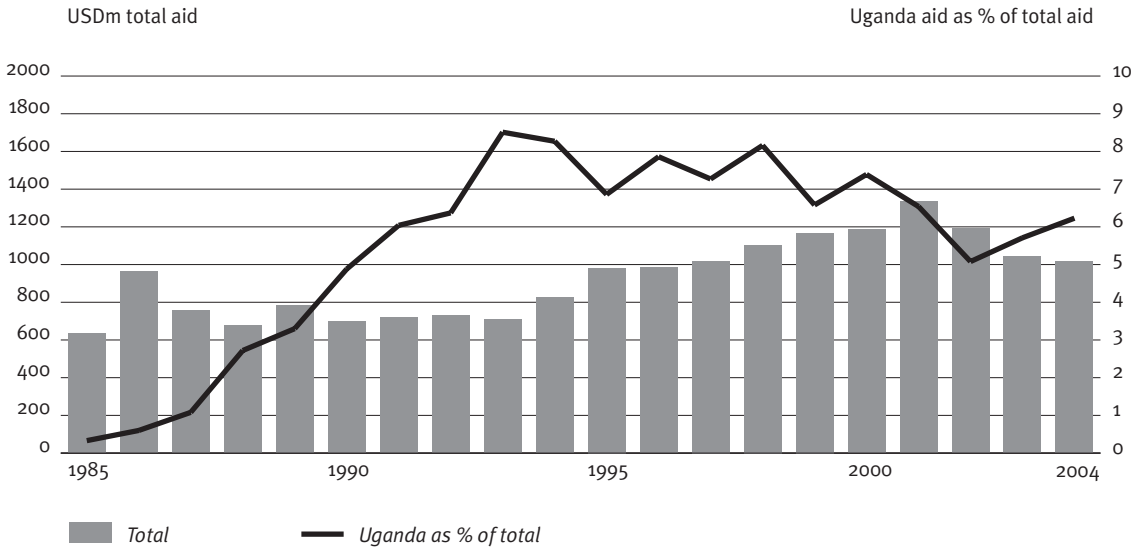
Year	All donors USD m*	Danish aid USD m*	Denmark's ranking **	Danish aid share of total aid to Uganda
1987	313.10	4.9	8	1.57%
1988	422.39	11.6	9	2.74%
1989	532.53	15.8	9	2.96%
1990	701.59	25.4	8	3.62%
1991	689.99	32.4	7	4.69%
1992	738.04	37.1	5	5.03%
1993	631.55	45.4	5	7.18%
1994	797.49	53.0	3	6.64%
1995	880.74	60.1	4	6.82%
1996	743.34	68.0	3	9.14%
1997	839.32	58.4	4	6.95%
1998	909.36	70.8	3	7.78%
1999	695.61	58.9	4	8.47%
2000	901.28	59.8	4	6.64%
2001	897.01	59.3	5	6.61%
2002	815.27	44.1	5	5.40%
2003	1,076.47	53.2	6	4.94%
2004	1,334.84	63.3	7	4.75%
Total	**13,919.92**	**821.4**	**5.5**	**5.90%**

Source: OECD DAC International Development Statistics online www.oecd.org/dac/stats/idsonline [Accessed September 2006].
*Notes: * in current prices.*
*** Ranking: Where 1 is the donor that disbursed the largest amount of aid in the year.*

Relative importance to Danida of the Uganda programme

7.9 Figure 7.5 shows trends in Danish total aid, and aid to Uganda as a percentage of the Danish total. From less than 1% of Danish aid in 1985, the Uganda programme rose steadily to over 8% by 1993. It declined in relative importance after the millennium, but its share actually increased again after 2002 (i.e. aid to Uganda fell by *less* than total Danish aid).

Figure 7.5: Danish Total Aid (USD m) and Aid to Uganda (% of Danish Total Aid)



Source: OECD DAC International Development Statistics, DAC online [Accessed September 2006]. See Appendix D, Table D9 for source data.
Notes: Total aid is the aggregate of OECD DAC data: grants total + loans extended. USD in 2004 prices.

7.10 By 1992 Uganda had become Denmark's third largest aid recipient country (DAC statistics, see Appendix table D10) and it remained in the top three for a decade. Between 1996 and 2000 it was at least second, but from 2002 onward it has slipped to fifth or fourth.

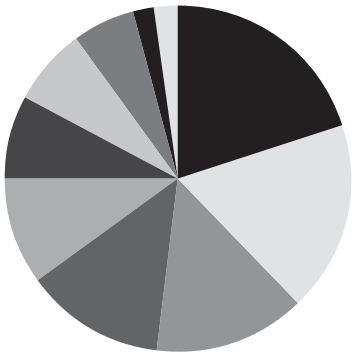
Sector Composition of Danish Aid

Sector composition

7.11 Figure 7.6 shows the approximate breakdown of expenditures by sector for the entire period, while Figure 7.7 shows the annual breakdowns. (Sector breakdowns are only available from 1991 onwards; earlier expenditures are all included as unclassified.) The component programmes underlying these figures are reviewed in the next chapter.

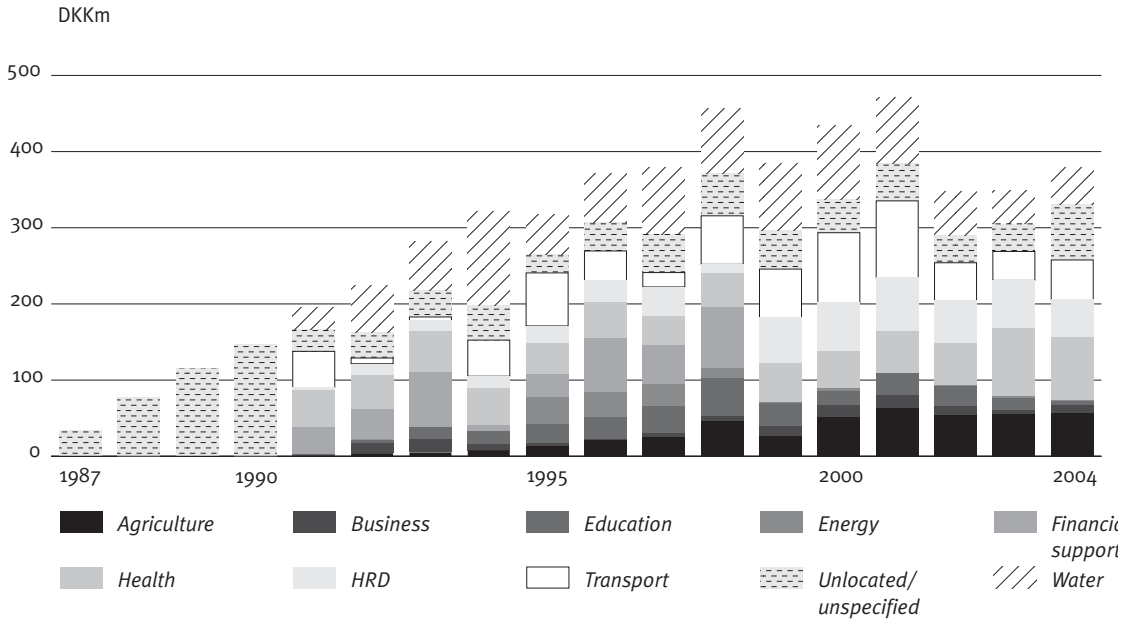
Figure 7.6: Total Danish Expenditure by Sector

	DKKm	%
Water	989.8	20
Unallocated/unspecified	974.4	18
Health	751.1	14
Transport	695.3	13
HRD	509.5	10
Agriculture	427.1	8
Financial Support	386.5	7
Education	303.3	6
Business	130.7	2
Energy	120.8	2
Total	**5.288,5**	**100**



Note: Decentralisation was a significant component of expenditure. Table 8.7 below identifies about DKK 300m of expenditure on decentralisation during the period from 1992 onward (about 6% of total Danish expenditures). Much of this is included in the HRD (Human Rights and Democratisation) sector category, but expenditures on the Rakai District Development Programme are distributed among the various sectors shown above. This makes it impossible to show "decentralisation" as a separate sector within this classification, but we estimate that between 30–50% of the HRD expenditures could be considered as support to decentralisation.
Source: NCG Pre-Study of Uganda Country Programme Evaluation (NCG, 2006).
See Appendix D, Table D12 for annual source data. See notes to Figure 7.7.

Figure 7.7: Annual Danida Expenditure by Sector, Uganda 1987–2004



Source: NCG Pre-Study (see Appendix D, Table D12) (NCG, 2006).
Notes: (a) 1987–1990: no sector breakdown available. (b) Due to their small size, the following sectors have been renamed unallocated/unspecified: other social infrastructure and services; other emergency assistance and distress relief; gender; environment; administrative costs of donors;. (c) HRD includes a substantial component of support to decentralisation (see note to Figure 7.6 above.)

Danish NGOs

7.12 The inclusion of "NGO projects" in the total is something of an anomaly. This category covers expenditure on Ugandan projects by Danish NGOs funded directly by Danida in Copenhagen.[23] The figures have been added retrospectively to the analysis, but this assistance was not explicitly planned as part of the country strategy.

Table 7.3: "NGO Projects": Sector Breakdown 1991–2004

Sector	DKK	Share
Multi-sector/unallocated/unspecified	103,171,585	28.0%
Health and population	69,285,245	18.8%
Education	61,180,828	16.6%
Other social infrastructure and services	50,467,140	13.7%
Agriculture	42,825,400	11.6%
Government and civil society	33,509,140	9.1%
Business and other services	2,480,675	0.7%
Emergency and distress relief	2,076,675	0.6%
Environmental protection	1,886,758	0.5%
Women in development	1,495,727	0.4%
Total	**368,379,173**	**100.0%**

Source: NCG Pre-Study (NCG, 2006).
Note: See Appendix D, Table D15 for additional detail. Discrepancy between the above total and Figure 7.2 is explained in notes to Appendix Table D11.

7.13 As far as the available data allow, Table 7.3 shows the sector breakdown of this expenditure. In the early period, most Danida-funded projects were in infrastructure, vocational training, HIV/AIDS, and support for special groups. There was some collaboration between Danida and Danish NGOs on primary school construction and in health. Since the mid-1990s, Danish NGOs have shifted the focus of their activities towards building capacity in Ugandan CSOs for poverty reduction, for gender and rights issues, and for peace and reconciliation. While there has been no conscious effort to align the work of the Danish NGOs in Uganda with the Danida programme there has been a convergence between their objectives and those of Danida. This has created recent openings for collaboration between Danida's Human Rights and Good Governance Liaison Office (HUGGO)[24] in Uganda and some Danish NGOs on anti-corruption work and support to district Networks.

23) *There is additional financing of NGOs within Uganda through the country programme, notably through the Local Grant Authority and under the Human Rights and Democratisation Programme (HRDP).*
24) *On HUGGO, see Box 9.4.*

Relative importance of Danish aid by sector

7.14 It is difficult to be precise about the shares of Danish aid at sector level, because of the poor quality of available data on the sector allocation of other donors' aid. Table 7.4 gives an approximate[25] indication of the importance of Danish aid in various sectors, relative to aid provided by other donors.

Table 7.4: Danida Share and Rank by Sector

	1987 - 1996			1997 - 2004		
	Danida commitment % of total	Ranking *	Number of donors in sector	Danida commitment % of total	Ranking *	Number of donors in sector
All sectors	9.2%	3	21	2.8%	11	30
Agriculture, Forestry, Fishing	7.4%	6	22	10.4%	6	22
Education	7.7%	5	16	1.7%	11	22
Government and Civil Society	6.5%	3	13	11.0%	4	19
Health	20.0%	1	19	9.4%	3	24
Transport and Storage	11.1%	4	12	0.4%	9	17
WATSAN	31.0%	2	12	11.3%	4	19

Source: OECD DAC Creditor Reporting System online at www.oecd.org/dac/stats/idsonline
*Notes: * ranking 1 = donor with largest commitment.*

7.15 Danida's relative importance, in aggregate and at sector level, has changed over the period.[26] Thus:

- In health, water & sanitation and governance ("government and civil society"), Denmark was a very prominent donor in both halves of the period.
- However, only in agriculture and governance did the Danida share of total aid increase between the first and second halves of the period. In other sectors the importance of Danish aid was diluted as the number of other active donors increased.
- The figures for education show the effects of Denmark's decision to concentrate on the health sector.

25) Very approximate, because based on commitment, rather than actual disbursement, data, and because there are obvious anomalies in some years of the source data.

26) It is likely that these figures understate the relative importance of Danish aid flows. Commitment data are notoriously higher than eventual disbursements, but Danida's record of disbursement in Uganda is very good.

- The figures for "Transport and Storage" in the first half of the period are dominated by a few major projects (notably Entebbe Airport and Fort Bell ferry terminal – see Chapter 8, Table 8.4). As a roads donor in the second half of the period, Danida was a much smaller player.

7.16 The significance of Danida's relative weight in different sectors, for Danish strategy and for Danish influence, is further discussed in the next chapter.

Chapter 8. Danish Uganda Aid Programme (Main Components)

Introduction

Approach

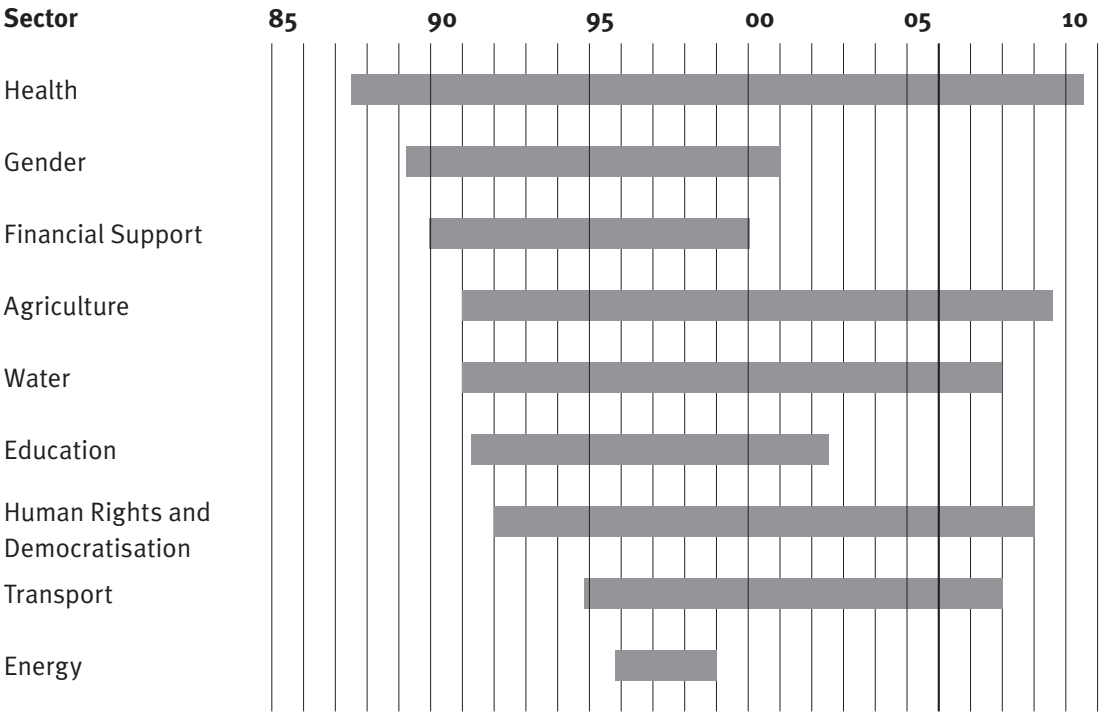
8.1 This study is not a primary evaluation of the various component activities within the Danish aid programme. However, it draws on available programme documents, reviews and evaluations to make an assessment of Danish-supported activities and their contributions to overall development within each of Danida's main programme areas. The assessment is based not only on the direct outputs of Danish-funded activities but also on indirect influences on policies, institutions and capacities. This chapter reviews each of these main programme areas. In doing so, it distils findings from more detailed discussions and descriptions of the main interventions in the Thematic Papers which comprise Volume 4 of the report. Stakeholder perceptions (reported in Volume 2) also made an important contribution to the evaluation team's assessments. Chapter 9 draws on the same sources to consider issues that cut across sectors and programmes, and Chapter 10 then assesses the Danish aid programme as a whole.

Common Patterns

8.2 Figure 8.1 shows the commencement and duration of key "sector" interventions within Denmark's Uganda aid programme.[27]

27) The NCG Pre-study (in its Annex C2) also gives timelines for the main interventions within each of the categories shown in Figure 8.1 (NCG, 2006).

Figure 8.1: Timeline for Sector Interventions



Source: NCG Pre-Study of Uganda Country Programme Evaluation (NCG, 2006).
Note: Timelines are based on the commencement of formal programmes approved in Copenhagen. In practice, sector work often began earlier through locally approved funding. "Human Rights and Democratisation" is a case in point, and includes a distinct element of support to decentralisation.

Table 8.1: Annual Disbursements by Sector (DKK'000)

	1987	1988	1989	1990	1991	1992	1993	1994	1995
Agriculture					144	4,061	5,083	7,721	13,546
Business					1,541	12,944	17,025	7,944	3,280
Education					519	4,578	16,844	16,763	24,965
Energy						-			36,528
Financial Support					35,651	40,489	71,985	8,632	29,444
Health					48,457	44,255	53,551	47,582	41,130
HRD					3,968	15,119	13,547	16,476	22,219
Transport					47,460	7,547	4,843	47,388	69,615
Unallocated/ unspecified	33,600	78,000	115,000	147,400	28,666	34,107	35,131	45,973	23,989
Water					28,894	60,697	63,391	122,720	53,337
Total	**33,600**	**78,000**	**115,000**	**147,400**	**195,300**	**223,800**	**281,400**	**321,200**	**318,053**

Source: NCG Pre-study (NCG, 2006). (See notes to Figure 7.7 above.)

8.3 There are certain common patterns. Initial interventions were informed by the strategic stance described in Chapter 6, but were often quite opportunistic. Several activities began with funding from the Local Grant Authority, before obtaining larger-scale funding from Danida HQ. There is strong continuity, both in sectors of focus and in particular activities and partners within those sectors. And, across sectors, there are moves towards sector approaches, first as an organising principle for Danida's own interventions, then as a joint enterprise with government and other donors.

Disbursement data

8.4 Tables 8.1 and 8.2 show the annual disbursements by sector (in DKK) that lie behind Figure 7.7 (previous chapter). Unfortunately, a sector breakdown for the first four years of the programme is not available. Partly for this reason, our assessment of the relative importance of Danish aid in each sector draws on the OECD DAC commitment data that were presented in Table 7.4 above.

8.5 The NCG Pre-study did not attempt detailed documentation of interventions below a threshold of DKK 3 million. This was understandable, in view of the mass of material that had to be assembled anyway. However, it introduced some constraints and biases. Some sectors (notably Human Rights and Democratisation) were much more based on small interventions than others. And in many sectors, patterns of development were set by small interventions agreed locally before larger programmes were submitted to Danida HQ for approval.

1996	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**1991-04**	***1987–04***
20,593	24,864	45,577	26,367	50,890	63,043	53,444	54,766	56,955	427,055	*427,055*
1,832	5,182	6,624	12,417	16,095	17,397	12,305	6,375	9,777	130,738	*130,738*
29,364	35,684	50,044	30,388	18,723	27,573	26,563	15,593	5,741	303,343	*303,343*
32,606	29,391	13,184	1,592	3,224	-	742	2,109	1,451	120,827	*120,827*
70,000	49,970	80,002	-	273	-				386,447	*386,447*
48,274	38,702	44,446	51,609	48,976	56,376	55,507	89,637	82,600	751,104	*751,104*
27,663	38,498	12,127	59,410	63,605	69,844	55,764	62,428	48,831	509,500	*509,500*
39,183	18,874	63,666	63,938	91,692	101,069	49,709	37,969	52,349	695,301	*695,301*
37,151	50,588	55,527	51,308	43,958	49,271	35,978	36,348	72,400	600,396	*974,396*
64,712	87,454	85,877	87,670	97,164	86,627	57,988	44,099	49,168	989,798	*989,798*
371,380	**379,207**	**457,073**	**384,700**	**434,600**	**471,200**	**348,000**	**349,324**	**379,273**	**4,914,510**	***5,288,510***

Table 8.2: Sector Shares in the Danida Programme

	1991	1992	1993	1994	1995	1996
Agriculture	0.1%	1.8%	1.8%	2.4%	4.3%	5.5%
Business	0.8%	5.8%	6.1%	2.5%	1.0%	0.5%
Education	0.3%	2.0%	6.0%	5.2%	7.8%	7.9%
Energy	0.0%	0.0%	0.0%	0.0%	11.5%	8.8%
Financial Support	18.3%	18.1%	25.6%	2.7%	9.3%	18.8%
Health	24.8%	19.8%	19.0%	14.8%	12.9%	13.0%
HRD	2.0%	6.8%	4.8%	5.1%	7.0%	7.4%
Transport	24.3%	3.4%	1.7%	14.8%	21.9%	10.6%
Unallocated/unspecified	14.7%	15.2%	12.5%	14.3%	7.5%	10.0%
Water	14.8%	27.1%	22.5%	38.2%	16.8%	17.4%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: NCG Pre-study (see Table 8.1 above).

Financial Support

Context

8.6 "Financial support" is the category that groups balance of payments aid/import support in earlier years with subsequent debt relief. It corresponds to the more common term "programme aid". In Chapter 5 we noted the special importance of programme aid in supporting Uganda during the evaluation period, with the emphasis shifting from balance of payments support to debt relief and then to explicit budget support. At times the different labels attached to these forms of programme aid have obscured an underlying similarity: that all can serve as *de facto* budget support to the government of Uganda (see Box 8.1).

8.7 The programme aid study for Sida (Ddumba-Ssentamu et al., 1999) is an authoritative analysis, which covers the entire period of Danish "financial support" to Uganda. Figure 8.2, based on MFPED records which it cites, shows the Danish contribution to programme aid during the 1990s. This was less than 3.5% of Uganda's receipts. The Netherlands and Sweden each provided twice as much, the EU and UK nearly four times as much, and the World Bank more than ten times as much as Denmark.

1997	1998	1999	2000	2001	2002	2003	2004	*1991–04*
6.6%	10.0%	6.9%	11.7%	13.4%	15.4%	15.7%	15.0%	*8.7%*
1.4%	1.4%	3.2%	3.7%	3.7%	3.5%	1.8%	2.6%	*2.7%*
9.4%	10.9%	7.9%	4.3%	5.9%	7.6%	4.5%	1.5%	*6.2%*
7.8%	2.9%	0.4%	0.7%	0.0%	0.2%	0.6%	0.4%	*2.5%*
13.2%	17.5%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	*7.9%*
10.2%	9.7%	13.4%	11.3%	12.0%	16.0%	25.7%	21.8%	*15.3%*
10.2%	2.7%	15.4%	14.6%	14.8%	16.0%	17.9%	12.9%	*10.4%*
5.0%	13.9%	16.6%	21.1%	21.4%	14.3%	10.9%	13.8%	*14.1%*
13.3%	12.1%	13.3%	10.1%	10.5%	10.3%	10.4%	19.1%	*12.2%*
23.1%	18.8%	22.8%	22.4%	18.4%	16.7%	12.6%	13.0%	*20.1%*
100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	***100.0%***

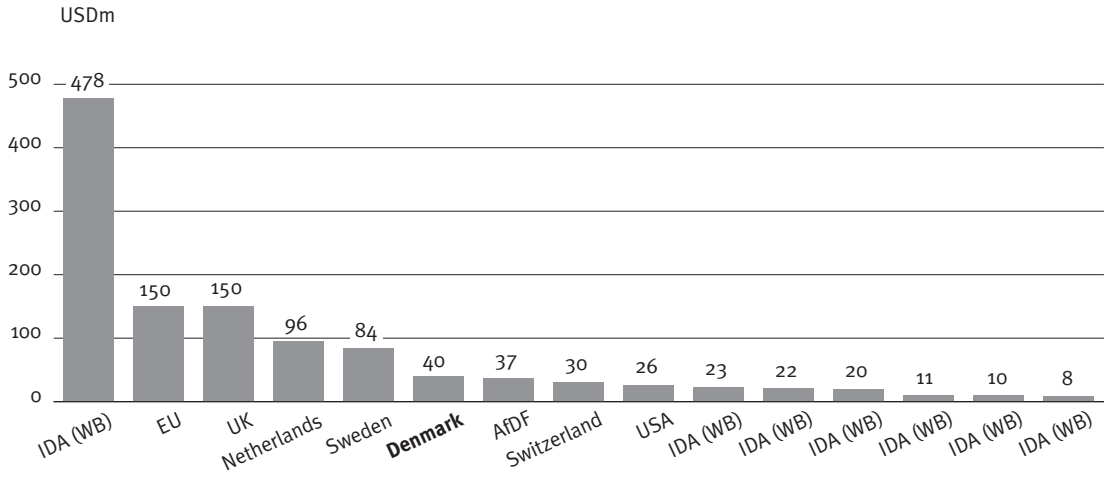
Box 8.1: Programme Aid as Budget Support

Sida commissioned an important study of programme aid in 1999. This observed a confusion that has applied equally to Danish aid:

The Sida rationale for programme aid has always been that there were financing gaps that had to be filled. However, there seems to have been some confusion on the nature of these gaps. **Macroeconomically, it does not make a difference whether programme aid is given as import support**, debt relief or budget support, provided that import support and budget support are untied and that debt relief is servicing debts that would have been serviced anyway (which is the case with debt to World Bank or IMF). Under the conditions just mentioned, **all three modalities facilitate higher government expenditure and higher imports than would otherwise have been possible**. For this reason, the current reluctance to budget support of the Swedish Ministry of Finance is a bit odd: the same arguments could have been raised against import support and debt relief. However, the Ministry has a point in that it is good to discuss whether gaps should be financed continuously. This depends on the effectiveness of aid.

Source: Ddumba-Ssentamu et al, 1999 (emphasis added).

Figure 8.2: Uganda's Programme Aid Receipts 1990/91–1997/98



Source: Ddumba-Ssentamu et al, 1999 (MFPED data cited in Table 4.2).

Danish support

8.8 We have had access to the NCG Pre-study records on financial support, but our analysis builds more directly on a major evaluation of Danida balance-of-payments support which was undertaken in 1994.[28] This included a Uganda case study, from which Table 8.3 is drawn.

8.9 Although the NCG Pre-study shows Financial Support commencing in 1990 (Figure 8.1), Table 8.3 (from the T&B study) shows that such support actually began earlier, with some of the interventions approved in 1987 (EADB credit line and co-financing of World Bank SAP) and 1998 (commodity import support, steel for hoes). The total through 1993 was DKK 300m. Additional financial support allocations amounted to DKK 230m, as follows:[29]

Date of Approval	amount DKK	Purpose	Data Source
December 1995	30m	Multilateral Debt Fund	COWI 1996, Table 9.1
October 1996	200m	Multilateral Debt Fund (for 1996-99)	Denmark–Uganda agreement[30]

28) Parallel funding for World Bank SAP (see COWI, 1996: Table 9.1).

29) T&B Consult, 1994. A complementary analysis a little later is provided by COWI, 1996. Volume II includes a review of the poverty impact of financial support as one of its case studies.

30) There is a discrepancy between total approvals identified here and in Table 8.3, and the total of Financial Support expenditure shown in Table 8.1 above. The latter does not separate out Financial Support expenditures for 1987-1990, and in several cases actual disbursement was less than the amounts approved.

Table 8.3: Overview of Danish Balance of Payments Support to Uganda 1987–1993

Input	Year	DKK Million (committed)	Type of assistance and tying status
Steel for hoes	1988-89	25.4	Commodity Import Support (CIS), tied to DK.
Agricultural input	1989-ongoing	8.0	CIS, tied to DK.
Vegetable seeds	1991-ongoing	11.0	CIS, tied to DK
Materials for soap powder	1991	7.0	CIS, tied to DK
Cement	1991-94	84.0	CIS, tied to cement from Tanzania
Credit lines to EADB – Danida I and II: Danida III and IV	 1987-93 1993-ongoing	 25.0 24.0	Credit lines I and II tied to DK or PTA; lines III and IV tied to DK or any LDC.
Co-financing of World Bank SAP-credits	1987-90	42.0	Import Support, tied to DK or any LDC
Debt Relief for Uganda's debt to EADB	1990	12.4	Debt relief, given directly to EADB
Debt relief for Uganda's debt to AfDB	1992 1993	14.0 23.0	Debt relief, given directly to AfDB
Support to auctioning system[31]	1992-93	25.0	Free foreign exchange, untied
Total commodity import support		**135,4**	
EADB credit lines		**49.0**	
Total SAP-related import support		**67.0**	
Total debt relief		**49.4**	
Grand Total		**300.8**	

Source: Danida files. (Reproduced from T & B Consult, 1994.)

8.10 Commodity import support (CIS) was variously linked to the import of steel for hoes, raw materials for soap manufacture, vegetable seeds and (from a Danish-aided factory in Tanzania) of cement. Commodity import support was tied to procurement from Denmark or the region, and Denmark also practised the tying of the counterpart funds generated. This rendered such aid very cumbersome and inefficient. The 1994 BOP evaluation (T&B Consult, 1994) noted that, as well as being cumbersome for Uganda, this was not an efficient way of supporting Danish business interests:

31) Government of Uganda and Government of Denmark, 1996.

> The Danida CIS programmes have ... been useful, but the large degree of tying of the programmes to procurement in Denmark, and in some cases of earmarking the use of the generated counterpart funds has slowed down disbursement and created a number of apparently quite unnecessary problems.
> By the Ugandan authorities, Danida is considered to have been one of the more "difficult" donors with regard to balance of payments support as its support has been accompanied by a large number of restrictions and earmarking, slowing down disbursements and necessitating a large amount of paper work for the Ugandan administration.
> ... within Uganda's present macroeconomic framework, it is most likely that the Danida policy of 50 per cent of the assistance to be spend [sic] in Denmark can be fulfilled more effectively through other aid forms than tied commodity import support.

8.11 Tied credit lines were similarly unsatisfactory, and tying was again an obstacle to efficient disbursement when Denmark co-financed or parallel-financed a World Bank Structural Adjustment Programme (SAP). As Figure 8.2 shows, the World Bank dominated programme aid flows through the 1990s. In addition to the technical problems experienced with disbursement of co-financing, Denmark and other bilaterals found the Bank a difficult and unresponsive partner in programme aid. They felt excluded from the dialogue and setting of conditions incorporated in Policy Framework Papers, even when they acted as SAP co-funders. The later PRSCs represented a significantly different way of doing business (Lister et al., 2006) but by then – as discussed below – Denmark had withdrawn from all forms of general budget support.

8.12 Debt relief was much the most efficient (and effective) form of programme aid. Denmark first contributed to the relief of Uganda's debts to the East African Development Bank (EADB) and the African Development Bank (AfDB), and then made larger contributions to the Multilateral Debt Fund (MDF). There was no question of tying and payments were made direct to Uganda's creditors or into the MDF mechanism. A key effect of these payments was to release equivalent resources for other expenditures within the GOU budget (see Box 8.1 above), but this was not taken explicitly into account in the way the aid was described or the way that the use of Danish funds was audited.[32]

32) *The objective of the MDF funding agreed in 1996 was stated as:* to enhance the economic growth of Uganda through strengthening the balance of payment of the country. *Reporting and audit requirements focused on verifying that Danish funds had reached Uganda's creditors, not on GOU's use of the implicit budget support.*

Box 8.2: Balance of Payments Support – the 1994 and 1996 Assessments

Key points from the 1994 BOP study's critique and recommendations:

Making balance of payments support a residual also implies that it is given on a year-to-year basis, making it a short-term type of assistance. This is unfortunate as especially Uganda's debt crisis calls for long-term solutions; furthermore it complicates the Ugandan budgeting process in so far that the Government of Uganda does not know what will be the size of the support for the coming fiscal year.

Seen from the perspective of the Ugandan Government, present conditions of the Ugandan economy are characterised by a shortage of resources for the Ugandan state budget rather than of foreign exchange. In order to implement a number of its priority programmes – like civil service reform, reduction of the army, and elections – the Ugandan Government is therefore in need of budget support for these purposes.

The country study has shown that Uganda is very much in need of balance of payments support, not least debt relief. Within Danida this calls for a shift in the use and perception of balance of payments support in Uganda, away from its present day residual character towards status as a more permanent aid form. Balance of payments support can also be seen as an "admission card" for Danida to participate in assessments of the composition of the Ugandan budget – e.g. through the Public Expenditure Reviews – and get influence on donor coordination. Should this type of assistance be cut down or allowed accidentally to disappear, Danida's position in the policy making process might be weakened.

Generally speaking, debt relief and budget support – the two types of balance of payments support which the Evaluation Team recommends for Uganda – are very fungible types of aid.

Rather than attempting to prevent such fungibility by setting up restrictions on the use of the funds, Danida should make an effort in avoiding unwarranted effects of this fungibility – e.g. an increase in military expenditures – by trying to influence the framework in which decisions on the use of the development assistance are taken. That could e.g. be by active participation in the Public Expenditure Reviews, or by setting up "negative lists" indicating that future assistance is conditioned on, for instance, the military expenditures not being expanded, the social sectors getting a certain minimum share of the budget, or a certain percentage of Uganda's export earnings being used for servicing of its debt. (T&B Consult, 1994)

The 1996 poverty study offered a similar analysis:

In Danish aid to Uganda, where macro-economic policies of the government are by and large conducive to poverty reduction, **policy-based assistance** may have a general role to play. Denmark may be able to inspire a group of like-minded donors to compose an aid package, to be conditional on the maintenance and further development of policy reforms, which are pro-poor. By "rewarding" the results of macro-economic policies, the effectiveness of programme aid in terms of poverty reduction may increase. Such performance-based support will require enhanced capacity in Danida to analyse macro-economic developments and sustain the policy dialogue with government and other donors. (COWI 1996, Uganda Volume I.)

These studies thus anticipated the approach to budget support that many of Uganda's donors (but not Denmark) adopted in the post-HIPC period.

8.13 In the early years of the evaluation period, there was an understanding that up to 25% of the programme could be allocated to "financial support",[33] but there are no significant disbursements in this category recorded after 1998, when the HIPC agreement came into play and the MDF to which Denmark had contributed gave way to sectoral and general budget support modalities, from which, for the most part, Denmark abstained.

Box 8.3: Danida Reactions to the Balance of Payments Study

At the workshop in Kampala which reviewed the draft version of this report, there was some discussion as to whether RDE and Danida had been conscious of the budget support role of debt relief, and therefore whether budget support was deliberately stopped or (in the consultants' words quoted in Box 8.2) "allowed accidentally to disappear". RDE Kampala subsequently provided the following comments:

It is very difficult to arrive at definite conclusions on the Danida understanding of its debt relief in the 1990s, since not all observations and readings of the use of aid modalities will ever be available. It is therefore impossible to be certain of Danida's unawareness of giving budget support in the form of debt relief.

However, communication between the Embassy in Kampala and MFA in Copenhagen spanning the years 1996-1997 shed some light on the awareness in Danida. Regrettably, the communication is confidential and therefore unavailable to the country evaluation team. The Embassy's reading of the content is as follows:

A high awareness of the fundamental implications of budget support is reflected in the communication. Budget support is considered used as an aid modality, but it is at one point discarded because of unacquaintedness with the budget and the difficulties of justifying budget support in the light of the Government's increasing military expenditures.

Debt relief constitutes a significant contribution to Uganda in the same period, but even though the Embassy has not found any direct reference to a linkage made by Danida between debt relief and budget support, we do not believe that this is necessarily a reflection of unawareness. It could indicate a reluctance of drawing the parallel, because of the political implications of budget support.

The official Danida management response to the 1994 study (MFA Danida 1994f) declined to take forward the recommendation to treat BOP aid as a permanent aid form:

33) The Agreed Minutes for 1990 record:
The Ugandan Delegation suggested that at least 25% of the total yearly amounts (IPFs) under the Development Cooperation Programme be reserved for balance of payment support. This was roughly the same as hitherto, where Danida had supplied imported commodities directly such as steel and also financed lines of credit in foreign exchange through various development banks. The Danish delegation agreed to work on this basis, but added that Danida regarded balance of payments as a temporary measure that hopefully could be phased out after some years.

Recommendation	Follow-up
It is recommended that Danida considers BoP support as a permanent aid form and further develop the criteria to be applied, when deciding on whether to use BoP support as an aid instrument.	BoP support can and should take different forms relating to the different circumstances in different recipient countries. Developing universal criteria to govern all BoP support is therefore not seen as a resource effective way of making decisions with regard to BoP support.

8.14 Financial support tended to be used as a residual to which funds were allocated that could not be absorbed by other modalities.[34] Its share in the programme dwindled during the 1990s, reflecting the general trend away from tied CIS, and the fact that: *As other Danida activities in Uganda have become more established and extended there are less funds "left over" for balance of payments support* (T&B Consult, 1994)

8.15 The 1994 evaluation of balance of payments support concluded that such aid, largely because of its utility as a form of budget support to reforming governments, was highly effective, and ought to be treated not as a residual but as a purposeful modality in its own right (see Box 8.2). This recommendation was not taken up (see Box 8.3 on Danida reactions at country and HQ level).

Agriculture[35]

Context

8.16 Agriculture is crucial to the Ugandan economy, and income growth of poor farmers is key to the poverty reduction that has taken place. But the improvements are primarily explained by restoration of security, rehabilitation of infrastructure and liberalisation of markets. Direct interventions to support agriculture have not been conspicuously successful. The Land Act of 1998 has not lived up to expectations in delivering land reform, principally because of the failure to put in place the decentralised administration needed for its implementation. Thus the tenure of the mass of small-scale cultivators, especially women, has not become more secure and the associated investment has not been forthcoming.

8.17 The bulk of ODA for agriculture in Uganda in the period under review has come from international financial institutions, namely the World Bank, IFAD and the ADB.

34) Thus, from the 1997 annual consultations:
The Danish delegation informed that the Danish contribution in 1997 to the Multilateral Debt Fund would be determined towards the end of the year and would depend on disbursements to other activities under the country programme. (Uganda-Denmark Development Cooperation Programme, 1997: 20.) See also the explanation of "over-programming" in Chapter 7. It is striking how many of the financial support agreements had December dates. See COWI, 1996: Table 9.1.

35) See Volume 4, Thematic Paper 1 for a fuller treatment.

The major bilateral donors are Danida and USAID. Based on the commitment records shown in Table 7.5, Danida provided about 7% of ODA to agriculture between 1987-1996, and about 10% between 1997-2004.

8.18 In the early years after 1986, a recurring problem was the underutilisation of the refurbished capacity of state-run enterprises and the reluctance to follow through with undertakings to privatise. Danida was not the only agency experiencing difficulties persuading the government to reduce its direct role in production during this period. For the most part there is little positive evidence that ODA to the agriculture sector in Uganda during this period had any positive impact, directly or indirectly, intended or unintended.

8.19 In the period 1991-98, Uganda's international partners helped government to take a longer-term view of development opportunities in the agricultural sector – mainly through sub-sectoral planning – and to move to the improvement of agricultural support services in rural areas. For many years there was no well-articulated national agricultural strategy. The Ministry of Agriculture was not regarded as a strong agency, and MFPED has taken a leading role in much of the planning and strategy formulation for the sector. With the PEAP in 1997 and then, in 2000, the Plan for the Modernisation of Agriculture (PMA), a more coherent programme became possible for ODA to the sector. Danida contributed actively to the agricultural strategy debate among donors and with government from which the PMA emerged (see Box 8.4).

Box 8.4: Donor Coordination in Agriculture (as of 2001)

In terms of agriculture, the Danish play the coordinating role: "We turned down the Bank." Donor subgroups formed partly because the Bank tended to ignore other donors and "coordination" increasingly became a dialogue between the Bank and Uganda, while the other donors "picked up the scraps off the table."

The donor subgroup creates a much stronger voice to trample the Bank back into line and say, "No, you're part of the donor group here; you need to talk with us as well. We do not just get the bits of leftovers. We need to act as one unit."

This arrangement has worked relatively successfully, only because, in late 1996, the Bank was "shot down by Parliament on a large project [the Agriculture Sector Management Project, ASMP] and came into line." That was the starting point for the dialogue between the Bank and other donors (who also had concerns about that particular agricultural project). Donors were accused of torpedoing the project, because we were critical.

The Danish Embassy chairs the donor sector specialist meeting on agriculture. The group started just over a year ago. Two factors triggered the group meetings: problems of understanding with the Bank, which was leading initiatives that most donors did not agree with or appreciate, and initiatives of the Ministry of Agriculture, with which donors also disagreed. Donors decided to get together to assist the sector, the Ministry of Agriculture, the Bank, and the Ministry of Finance to move forward.

To give the Bank their due, there was also no real coordination among any bilateral donors. Donors did not know what other donors were doing. We had to get together to share information, so that we had a common understanding of where everyone was going.

The Ministry of Agriculture developed sector development plans but in virtual isolation from the donors. That resulted in an "incredibly weak" sector development plan, which neither the donors nor the Ministry of Finance could support. The donors and the ministry then became involved, and Danida and DFID are funding a project (the PMA) over 18 months, trying to help the ministry and GOU to transform the initial sector development plan into a better document.

Source: World Bank, 2001a.

8.20 In this most recent phase, much closer alignment in support of ODA to the agricultural sector is in evidence. The National Agricultural Advisory Services Project (NAADS) funded by the World Bank and IFAD, and co-financed by the EC, Danida, DFID, Irish Aid and the Netherlands is evidence of the broad consensus in support of the PMA.

Danish support

8.21 Danida's allocation to Uganda's agricultural sector climbed rapidly in the period 1992-2000 and since then has levelled off to about 15% of the annual total (see Tables 8.1 and 8.2 above). This contribution has been strongly bolstered by Danida's support to the improvement of rural roads. Danida's strategy is in contrast to general ODA to agriculture for sub-Saharan Africa where DAC statistics show there has been a decline in both the share and value of aid to agriculture over the past two decades. In Uganda, this is one sector in which Danida's share of total ODA has also increased (see 7.15 above). However, Danida has experienced the same difficulties in achieving effective interventions in favour of poor farmers that have discouraged other donors. Its aid divides into three phases: ad hoc interventions between 1988 and 1991; support to policy development and related investments between 1991 and 1998, and sector programme support thereafter (see Table 8.4).

8.22 Phase 1 (1987-1990): Our detailed review (Thematic Paper 1) concludes that, with the exception of the initial support to the dairy industry, Danida's contribution to the agricultural sector in the period was not *effective*. The largest ad hoc intervention was for the construction of grain mills and silos. Changes in grain marketing institutions rendered these an inappropriate undertaking from the outset. The resulting structures became a visible symbol of Uganda's economic recovery, for which Danida gained some kudos, but they were never viable (see Box 8.5). A large investment in a dairy plant was similarly ill-fated (and also linked to an obsolescent parastatal organisation), although more modest support to the dairy sector was useful.

Table 8.4: Danida's Main Agriculture Sector Projects

Period	Projects/Programmes	File No.	DKKm	Total
Phase 1 – ad hoc interventions				
1988–1991	Support to the Dairy Sector	104.Uganda.27	10.19	159.89
1987–1991	Farm Forestry Project	104.Uganda.20	51.70	
1989–1990	Credit for Small Farmers	104.Uganda.31	8.00	
1987–1991	Grain Drying & Storage	104.0.27.Uganda.1	90.00	
Phase 2 – support to policy development and related investments				
1991–1993	Dairy Master Plan Study	104.Uganda.42	4.84	84.74
	Dairy Development Project	104.Uganda.42	25.80	
1994–1996	Animal Breeding Project	104.Uganda.50	12.10	
1991–2003	Uganda National Farmers' Association	104.Uganda.49	42.00	
Phase 3 – sector programme support				
1998–2003	Agriculture Sector Programme Support (ASPS) I	104.Uganda.67	294.30	294.30
2004–	ASPS-II (programme ongoing)	104.Uganda.805	292.40 (budget)	

Notes: See Volume 4, Thematic Paper 1, Table 1, for a further explanation of these cost data.

Box 8.5: The Grain Silos

The undertaking involved the construction of grain silos at three locations in Uganda. It was one of many turn-key, industrial-scale grain storage and drying projects funded by Danida in developing countries between 1969 and 1992. These were coming to an end, primarily because of world-wide trends in market liberalisation, about the time when the Uganda project was being conceived (NCG, 1993).

In Uganda, the Jinja and Kyazanga facilities were constructed for the Produce Marketing Board (PMB) and the Kawempe plant for the Uganda Grain Milling Company. The evaluation commissioned by Danida in 1993 included a detailed study of these projects around the time of their completion. It found that the silos were misconceived due to the abolition of the state grain monopoly in 1988 and market liberalisation which resulted in the collapse of the PMB's market share. The evaluation was critical of the initial 1987 feasibility study, which focused on the investigation of 'projects' rather than the overall grain sector. With regard to the recently completed construction and cost over-runs, it raised questions about the procedures used by Danida in the selection of the contractor and the lack of construction supervision, particularly relating to soil engineering at Jinja and the choice of bulk handling equipment.

The evaluation team in 2006 was informed that the energy costs of grain drying had proved prohibitive as the Jinja complex had been built in a swamp. It received reports of deep-seated corruption associated with the PMB and WFP operations, unmentioned by the feasibility study and the 1993 evaluation. The situation would have rendered Danida's investment non-viable, even without the bungled planning and construction. To this day, the Jinja and the Kyazanga facilities, by far the largest Danida investment of the period, are uneconomic and underutilised. The silos at Kawempe (pictured on Uganda's one thousand shilling bank note) are now used by three private firms for maize and beans. Their main customer is the World Food Programme.

Nonetheless the project long continued to have political clout. It was the biggest visible investment of the regime. President Museveni brought Nelson Mandela to see the Jinja complex in 1993.

8.23 Phase 2 (1991-1998): Danida's assistance to the agricultural sector in the period 1991-1998 focused on the development of the livestock sub-sector and farmers' associations under the UNFA. The Dairy Master Plan was influential, but the other main projects funded by Danida over this period score very poorly in terms of the DAC evaluation criteria. Danida made a significant contribution to planning in the livestock sector, but then poured funds into a dairy industry which should reasonably have been a candidate for privatisation under the Agricultural Sector Adjustment Programme. Along with other donors, Danida recognised the importance of improving advice and assistance to small farmers, but efforts to establish an extension model based on farmers' associations (following a Danish pattern which had no parallel outside Scandinavia) led to many years of subsidy and a commitment Danida found difficult to withdraw from despite its lack of success (Box 8.6).

Box 8.6: Uganda National Farmers' Association (UNFA)

In 1992, Danida supported an initiative which was expected to lead to the development of an independent, self-financing agricultural extension system as an alternative to the Training and Visit (T&V) extension model being promoted by the World Bank. The explicit purpose, as expressed in the early documents of UNFA, was to contribute to the welfare of members through the mutually supportive activities of an independent association. Emphasis was placed upon the objective of 'increasing the political influence of farmers' and giving them 'a voice'. Yet, from the beginning, the claimed non-viability of the World Bank's T&V model was conflated with the justification for funding the UNFA. According to the authorities in the RDE at the time, the idea of supporting the UNFA and district farmers' associations (FAs) came from the cooperative sector in Denmark. The initial request for support stated that, by the end of the five-year implementation phase, 'a fully staffed and equipped National Secretariat for the UNFA would be established and functioning with District Coordinators operating in each district'. But in 1997, the UNFA came back for more funds for an organisation which had offices and coordinators in 33 districts.

The apex organisation and the constituent district FAs continued to rely heavily on Danida. Less than 10% of the budget had come from fees. FAs in a small number of districts with strong leadership, good communications infrastructure and favourable farming conditions were reported to be breaking even, but in most districts in the north and east of the country, there was little prospect of their surviving without core funding. Under ASPS-I (1999–2004) a determined effort was made to down-size the UNFA (now Uganda National Farmers' Federation – UNFFE) and channel correspondingly more resources to the district-level farmers associations. Down-sizing has continued under ASPS-II since 2005.

No appreciable progress was made in seeing UNFFE develop as an organisation that could truly …represent the nation's farmers in the national agricultural lobby. Instead UNFFE remains to a large extent a mouthpiece for nation's leadership. Support to the UNFFE in the ASPS-II will be against a programme of agreed upon deliverables ……and not as "core" funding to the institution" (page 8)

Source: MFA D anida and Government of Uganda, 2005.

8.24 Phase 3 (1998-2005): The most recent period represents a sea-change in Danish assistance to the agricultural sector. Under two successive phases of Agriculture Sector Programme Support (ASPS) from 1998, Danida attempted to address the needs of poor farmers in a more programmatic way, designed to improve the condition of the rural poor, not by focusing on discrete projects, but by taking account of the role and functions of the agricultural sector as a whole and providing strategic support. ASPS-I was a Danida-specific programme, but its scope and content were in line with the PEAP, first launched in 1997. ASPS-II is more explicitly linked to the PMA, and includes a Danish contribution to the joint funding of the new approach to extension represented by NAADS (National Agricultural Advisory Services). It adheres to the Government's current guidelines for the sector, as set out in the PMA, and is designed with the overall objective of poverty alleviation. The programme, which may be joined by other bilateral donors, is therefore *relevant* taking into account the role and functions of the agricultural sector, global priorities and partners' and donors' policies. Issues of *effectiveness, efficiency and sustainability* are still to be resolved.

8.25 Despite the progress made, concerns remain about the impact of ODA on the agricultural sector in Uganda, compared with more well-defined sectors such as health and roads. Chapter 9 includes further discussion of the poverty-focus of aid to agriculture, and Chapter 10 considers some of the implications that arise from the recent (Danida-led) evaluation of the PMA and from collaboration in the Uganda Joint Assistance Strategy (UJAS). A key issue is whether the appropriate lessons from Danida's extensive sector experience can be fed into future agriculture strategy for Uganda.

Transport/Roads

Context

8.26 At the time when Denmark resumed its bilateral assistance in 1987 the infrastructure in Uganda was in a deplorable state with most of the facilities broken down and in disrepair. Hence, the rehabilitation and reconstruction of infrastructure featured prominently in the NRM's 10-point programme, and in subsequent GOU development plans. GOU was heavily reliant on aid for the major investments involved, and the rehabilitation of communications infrastructure was a key factor in the economic rebound after years of conflict and economic decline.

8.27 The World Bank has been the lead financier in the sector with the EC, ADB, JICA, Danida and BADEA also making important contributions. The emerging issues in the road sector include the slow pace of institutional reforms and donor coordination as well as inadequate resources from Government for maintenance of the road infrastructure (this issue is highlighted under sustainability in Chapter 10 – see Box 10.1).

Danish Support

8.28 Danish support to transport infrastructure was much more substantial in the first half of the evaluation period than in the second. Table 7.4 shows Danida providing 10% of ODA commitments to Transport and Storage between 1987-1996, but between 1997-2004 the equivalent Danida share was less than 1%. This reflects Danida's increasing concentration on rural roads, which have been the main focus of Danish support to the transport sector. Other interventions were more ad hoc, but some of them were large individual projects (see Table 8.5). They included, in 1988, support to a ferry terminal to help keep open alternative international transport routes via Tanzania. In 1992-1994 there was a project to make up a backlog of railway wagon maintenance. Most notably, between 1994-1996 Denmark financed the renovation of Uganda's international airport. This attracted some criticism in Denmark as "not poverty oriented", but was justified on the grounds that the investment itself was appropriate, and that the credit Danida would gain with the Ugandan elite would assist in its pursuit of the social leg of its strategy.

Table 8.5: Transport Sector Programmes/Projects funded by Danida 1988-2005

Project Name	Period	DKK million(a)
Port Bell Ferry Terminal	1988–1989	101.32
Wagon Maintenance Project	1992–1994	13.90
Renovation of Entebbe Airport	1994–1996	352.00
Roads under Rakai DDP (b)	1991–1999	40.50
Tarmacking of Rakai – Kyotera Road	1996–1997	23.90
Northern Uganda Reconstruction Project – Feeder Roads	1995–1997	27.30
RSPS I	1998–2002	398.50
RSPS II	2003–2007	260.00

Source: Danida Project Appraisal, Project Description and Completion Reports.
Notes: (a) The figures are allocated grants (budgets). (b) This includes the allocation for second phase (DKK 17.5 million) which covered activities other than roads.

Box 8.7: Labour-Based Road Maintenance

Danida's involvement in labour-based road maintenance dates back to the Northern Uganda Reconstruction Programme in the mid-1990s. Under the Programme, the feeder roads component was designed in the traditional way involving use of heavy equipment. However, when Danida was requested to fund the component, the appraisal team modified the scope of work to focus more on complementing ongoing roadwork activities by mechanised units with a labour-based programme coupled with institutional capacity building.

At this time the labour-based methods were being piloted in four eastern districts under the IDA/NDF funded Transport Rehabilitation Project. Since knowledge and skills on labour-based approach were limited, GOU availed the National Technical College Mbale to become a centre for training in labour-based methods.

Under Component 2 of RSPS (District Roads), Danida stepped up its support for the labour-based approach by financing the training and building the capacity of contractors to undertake road maintenance, the capacity of MWHC and District Engineering Departments to plan, award and supervise labour-based contracts. The component also covered putting in place the operational framework and strengthening the capacity of Mt Elgon Labour-Based Training Centre (MELTC), Mbale.

As a result of these investments, the impact of labour-based road works is beginning to make itself felt. The training of contractors and districts' staff and the use of labour-based periodic maintenance have expanded from the initial four districts to over 56 today.

The analysis of the relative cost-effectiveness of labour-based methods in comparison to equipment-based methods shows that while it costs USD 13,000 to rehabilitate 1 km of gravel road using labour-based methods, the corresponding figure for the equipment-based approach is USD 15,000. In terms of employment, 60% of the labour-based expenditure (USD 7,200) is for unskilled labour which is normally sourced from the local community while the corresponding wage component of the equipment-based approach is only 8% and the vast majority are skilled labourers who come from outside the community. Furthermore, because of the emphasis on gender equality in the recruitment of labour, women are major beneficiaries of the labour-based approach. Hence, the labour-based method is not only cost-effective, but also creates more employment in the local community in a gender-responsive manner.

Additionally, the profile and voice of the labour-based contractor are beginning to be heard. Recently, the contractors who have been trained at MELTC formed an Association called Labour-based Contractors' Association of Uganda (LaBCAU).

However, not everyone is happy. Respondents pointed out that there is a lot of disquiet among the big equipment-owning contractors. This is not unexpected in the light of loss of opportunities for jobs. MWHC also says that the speed of scaling up the approach is out-stepping their capacity for supervision.

8.29 Early roads investment formed part of the Rakai District Development Programme (RDDP), where the rehabilitation of rural roads is credited with a major role in the revival of the district's near-derelict economy. Subsequently, Danida provided support to secondary and feeder roads under the Northern Uganda Reconstruction Programme (NURP), and in two phases of Road Sector Programme Support, beginning in 1998. These were linked to the government's emerging Road Sector Development Programme, and Danida pioneered the development of labour-based approaches to road maintenance (see Box 8.7), as well as supporting roads management institutions at district level. Danida has also provided institutional support at national level through the RSDP Coordination Unit in MFPED.

8.30 The extent of Danida's further involvement in the roads sector is uncertain (in the context of pressure for all donors to focus more narrowly). This is not because of doubt about the value of Danida's past investments, but because the Danish contribution is not seen as distinctive (apart from the contribution to labour-based techniques). There is a Danida sentiment that other donors could support the roads sector equally well, and that Denmark is not a sufficiently big infrastructure investor to carry much weight in efforts to strengthen institutions for sector management and aid coordination.[36]

Water and Sanitation[37]

Context

8.31 Basic water and sanitation have been seen as essential services, both by GOU and by the international community. The 1980s were the International Drinking Water and Sanitation Decade, in the 1990s the slogan was Health for All, and improved access to safe water is now a Millennium Development Goal (MDG) target. The sector is attractive to donors and lends itself to investment projects. Partly for this reason, expenditure on water and sanitation by donors exceeds that directly financed by the government itself. About two thirds of sector expenditures since 2000[38] have been donor-funded.

8.32 Donors played a major role in the water and sanitation sector in Uganda during the period of the evaluation. In the emergency recovery period, Unicef was the major player especially in the rural sub-sector. In the 1990s, Danida made a substantial contribution in the rural sector. More recently, Sida has also become an important player in the sector. The World Bank, ADB, France and Germany have contributed significantly to the urban water and sanitation sub-sectors. Persistent issues in the sector are sustainability and the inadequate capacity of institutions responsible for delivery of water and sanitation services.

36) Responses to the draft of this report indicated that this Danida sentiment is not shared by all of those currently involved in the Danida roads programme.

37) For a more detailed treatment, see Thematic Paper 2 in Volume 4.

38) See Appendix 2 of Thematic Paper 2 in Volume 4.

Danish support

8.33 Danida has been both a major investor and a pioneer in water and sanitation. Initial standards of provision and extent of coverage were very low, and from early on this was a substantial component of the Danish aid programme. Danida accounted for 31% of ODA commitments between 1987-1996, but only 11.3% of commitments between 1997-2004 (see Table 7.4 above). In recent years Danida's water and sanitation expenditures have declined both absolutely and as a share of the country programme (13% in 2004 vs. an average of around 20% in the late 1990s – see Tables 8.1 and 8.2 above).

8.34 Denmark's support to this sector occurred in four phases (see Table 8.6 for financial commitments):

- 1987-1989: emergency support to the water sector through Unicef;
- 1989-1998: support through discrete projects;
- 1998-2001: Water Sector Programme Support 1 (WSPS1) under bilateral arrangement;
- 2002 to date: WSPS2 under a SWAp in collaboration with other donors.

8.35 Danish support made a substantial contribution to increased access to clean water and sanitation by the community. After the initial emergency support via Unicef, key projects were RUWASA and the Eastern Centres Water and Sanitation Project (ECWSP). These pioneered the decentralised implementation of water projects as well as the privatisation of construction. Respondents submit that the RUWASA project model has had a huge influence on the current design and implementation arrangements of the rural water and sanitation sector. Key elements were involvement of communities in planning and management, links between water and sanitation, and attention to maintenance arrangements. Danida also played a major role in capacity building for the sector. Many of the technical staff now in the DWD and the private sector received their training through Danida projects.

Table 8.6: Danida Support for Water & Sanitation (Approvals 1989–2003)

Project Name	Period	DKK million
Pilot and Planning Phase of RUWASA	1989–1990	11.6
RUWASA 1	1991–1995	209.0
Support for Development of the Water Action Plan (WAP)	1993–1994	11.6
RUWASA 2	1997–2002	250.0
Strengthening of the Water Resources Monitoring and Assessment Services	1997–2002	38.6
Eastern Centres Water and Sanitation Project	1997–2002	366.0
Water Sector Programme Support 1*	1997– 2002	32.0
Water Sector Programme Support 2	2003 – 2007	300.0
Total for the Period		**1,218.8**

Source: Except for RUWASA 1 (which is an expenditure figure obtained from the project completion report), the table shows budget figures extracted from project/component documents.
*Note: * This amount covers only Policy and Management Support (PMS) and the unallocated reserve for WSPS 1. It excludes RUWASA 2, ECWSP and Strengthening Water Resource Monitoring and Assessment services which were part of WSPS 1 but had separate grant agreements. The WSPS 1 agreement was actually signed in February 1998.*

8.36 As well as this distinctive contribution to capacity development, Danida's position in the sector enabled it to support a transition to more programmatic support, first with its bilateral WSPS, then with the development of a fully-fledged SWAp for the sector (see Box 8.8).

Box 8.8: Danish Support to Development of a SWAp for Water and Sanitation

Towards the end of the 1990s, GOU embarked on comprehensive reforms of the water sector. The reforms, funded by Danida under the Policy and Management Support (PMS) component of the Water Sector Programme Support 1 (WSPS 1), covered all the four sub-sectors, namely rural water and sanitation, urban water, water for production and water resources management. The reforms were triggered by a number of factors including the need to realign investments, service delivery, responsibilities, management etc. with the new legal, policy, institutional and strategic frameworks. In addition, there was a dire need to rethink some strategies that were not working, e.g. relating to the challenges of operating and sustaining water facilities. The reforms culminated in the formulation of the Strategic Investment Plan (SIP) for a 15-year period (2000-2015). The reform document also contained a number of recommendations including the need to adopt a sector wide approach (SWAp) as a framework for bringing together the stakeholders in the sector for a more coordinated and concerted action to realise the goals of the sector. The SWAp framework was adopted in 2002. Within this arrangement a five-year investment framework 2003-2007 was also agreed.

The SWAp process gave birth to the Water and Sanitation Sector (WSS) which comprises the four sub-sectors listed above, namely: rural water and sanitation, urban water, water for production, and water resources management. Some of the initial results of this move include: joint financing of some activities, policy dialogue with all key stakeholders under the aegis of the Water and Sanitation Sector Working Group (WSSWG), and common reporting and monitoring arrangements. With regard to reporting and monitoring, the stakeholders have adopted ten indicators – the so called "golden" indicators – which monitor aspects such as access, functionality, investment, hygiene and sanitation, water quality, water for production, equity, community participation and gender.

Finally, the preparation of a follow-on five-year (2008–2012) phase of the strategic investment plan is under way. The next phase known as "Joint Water and Sanitation Sector Programme Support" is being formulated with financial support from Danida, Sida and Austria under the new donor cooperation framework. This joint assistance strategy is expected to be funded through budget support.

Source: Volume 4, Thematic Paper 2.

Health and HIV/AIDS[39]

Context

8.37 By 1986 the health system in Uganda was in disarray. Public sector services were near collapse, with dilapidated facilities, few staff in post and inadequate funding and supplies to operate with. The private not-for-profit (PNFP) services, mainly church-run health services, were in a slightly better state and were the only functioning service providers in many areas of the country. They continue to be a substantial source of health care in Uganda.

8.38 In the late 1980s and early 1990s the focus was on rehabilitating facilities and restoring public services while starting to develop health policy and the capacity of the Ministry of Health (MOH) to plan for the sector and coordinate donors and NGOs. A Three Year Health Plan Frame for the period 1993/94 to 1995/96 had two main strategies: to restore health services by increasing their quality through recurrent funding (avoiding building too many new facilities while existing ones were not operational), and to expand coverage of cost-effective services for major diseases such as malaria and AIDS, through a primary health care approach.

8.39 This approach was designed to fit with the increasing decentralisation to districts of more responsibility for service delivery, which was phased in from 1993/94-1995/96. Districts were given responsibility for hospitals and employment of medical staff, in addition to their previous roles in primary health services. This required more finance and greater management capacity at district level. MOH needed to become more supportive, and to deal with quality assurance, rather than direct service delivery.

8.40 By the late 1990s, there was growing recognition of the role of the private sector, especially PNFP services, as part of the health system and of their financial interdependence with GOU services. After various ad hoc arrangements, the Government agreed to provide subsidies, in the form of conditional Poverty Action Fund (PAF) grants to PNFP health services in districts.

8.41 From 1997 the MOH initiated work on developing a health policy and strategy. This was developed with inputs from development partners over a three-year period and culminated in the 2000/01-2004/05 Health Sector Strategic Plan (HSSP), which was introduced as part of a SWAp. The strategic plan prioritised the delivery of a National Minimum Health Care Package. In the first few years to 2003/04, this showed good results in terms of outputs, supported by increased health budgets especially to district level. There were increasing allocations for PAF health budgets. However, the estimated cost of implementing the minimum health package in Health Sector Strategic Plan I (HSSP I) was USD 28 per capita per year, but the funding achieved was less than half of this.

8.42 A second HSSP (HSSP II) started implementation from 1 July 2005. Its policy directions were consistent with those in the first HSSP. However, from 2005-2006 sector progress has slowed. There has been loss of confidence by donors in the top management of the sector, and there have been difficulties in reconciling the SWAp approach with the

39) For a more extensive treatment, see Volume 4, Thematic Paper 3.

growing importance of vertical programmes. The government health budget has stagnated. This has negative impacts on service delivery and relationships with partners (see Chapter 9 for more discussion of aid modalities in the sector).

8.43 Development partners have provided substantial support for health and for HIV/AIDS in Uganda over the period. Per capita spending was estimated for 2000/01 as USD 18.3 per capita; of this, USD 3.3 was from government, USD 5.0 from donors and USD 10.0 from private sources (80% of this from households, the rest from NGOs) (MOH Uganda, 2004b).

8.44 According to OECD DAC commitment data (Table 7.4 above), Danida was the biggest donor, with a 20% share, between 1987-1996. Between 1997-2004 it slipped to fourth, but still accounted for 11% of ODA commitments for health.

Danish support

8.45 Danida made an early strategic decision that health, rather than education, would be the main focus of its social sector support. Health has absorbed just over 15% of Danish aid to Uganda since 1991 (Table 8.2 above), for a total of DKK 750m in that period.

8.46 Support to drug supply and to drug management systems has been the centrepiece of Danish support for health. Table 8.7 shows the resources allocated to Danida's major programmes in this sector. As in other sectors, there has been a trend first towards a more programmatic organisation of Danida's own assistance, and then greater harmonisation and alignment through participation in a SWAp (see Box 8.9).

Table 8.7: Danida's Major Health Programme Commitments

Project/Programme	Period	DKK million
Essential Drugs Support Programme	1985–2001	564
Rehabilitation of National Medical Stores	1995–1997	15
Health Sector Programme Support (HSPS 1)	1996–2002	171
Health Sector Programme Support (HSPS 2)	2003–2005	255 (budget)
Health Sector Programme Support (HSPS 3)	2005–2010	416 (budget)
The AIDS Support Organisation (TASO)	1993–2002	40
	2003–2007	30 (budget)

Source: See detailed programme summaries in Thematic Paper 3, Annex 1.
Note: Also see Volume 4, Thematic Paper 3 for description of smaller interventions and support to NGOs.

Box 8.9:	Danish Support Linked to the Evolution of the Health Sector	
Year	Ugandan health policy	Danish support
1987/88 1988/89 1989/90 1990/91 1991/92 1992/93	Recovery, restore basic services, rehabilitate facilities	Essential drugs programme providing drug kits, managed by Danish Red Cross; repair of Medical Stores; support health information
1993/94 1994/95 1995/96	Decentralisation to districts, Three Year Plan to improve service functioning, expand coverage of primary care for major diseases	Essential drugs supply; institutional support for National Medical Stores and National Drug Authority; Mukono district project; further construction at NMS; training in environmental health; support to TASO
1996/97 1997/98 1998/99 1999/00	Develop Health Strategy, health sub-district approach, negotiate SWAp, introduce subsidies for PNFP providers	HSPS1 Support to selected districts and central functions including NMS
2000/01 2001/02 2002/03 2003/04 2004/05	HSSP1 Removal of user fees Shift of donor funding into budget support to districts SWAp mechanisms introduced such as HPAC and joint annual reviews Meanwhile, global initiatives come in (Global Fund, PEPFAR)	Continue support for TASO and Straight Talk HSPS2 Some funds via PAF to districts, medicines credit line; extra funds for 17 northern districts; fund central activities Continued support for TASO et al
2005/06	Start HSSP II – 1 July 2005	Start HSPS3 – 1 July 2005

8.47 Danida support to the health sector can be seen in three main phases:

- Early support (1987-1992) was focused on essential drug supplies and their management. Drug kits were provided to Uganda and delivered to government and faith-based health facilities. Smaller projects started to rehabilitate services in Mukono district and provide training in environmental health linked to water and sanitation programmes.
- Through the 1990s, drug supplies continued and were accompanied by efforts to strengthen the institutional capacity of the National Medical Stores (NMS) and establish a National Drug Authority (NDA). In addition there was further support to projects in Mukono district, in training and in environmental health, as well as support to central Ministry of Health (MOH) departments to develop management information systems (HMIS) and planning capacity. These were brought together in Danida's Health Sector Programme Support (HSPS1) which ran from 1996-2002, and included also support for three remote northern districts.

- From 2003 the second Danish Health Sector Programme Support (HSPS2) was more closely linked to the sector wide processes and Government's Health Sector Strategic Plan (HSSP). It included funding for district health services through the PAF; contributing to medicines funding through the medicines credit lines (also PAF); support to central functions of MOH and 17 northern districts; and enhancing nurse training schools in Northern districts. HSPS3 started in July 2005 and covers similar areas, in support of the Government's second HSSP.

8.48 It is widely acknowledged by Ugandans and development partners that the Danish contribution to the Ugandan health sector over the evaluation period has been substantial. The contribution to the drug sub-sector is most often noted and respected – both the supply of drugs that helped to restore basic health services across the country since the late 1980s, and the long-term commitment to developing institutional capacity of NMS, the MOH policy department and the NDA. People recognise the challenges of the drug sector and appreciate the sustained efforts from Danida, and willingness to try again when there were setbacks. The provision of safe and effective drug supplies, and mechanisms to re-establish capacity to manage, distribute and procure drugs, were a valuable contribution to the recovery of Uganda's social services in the post-conflict setting of the late 1980s. The continued financial support for medicines and supplies, alongside the move to a more developmental approach with development of the policy and regulatory framework and national institutions, helped to sustain the system and enable its improved performance.

8.49 Danida has also been supportive of the SWAp for health. Although the share of funding that is managed through budget support or pooled funding mechanisms is limited, there has been support in terms of engaging in sector processes, using shared planning and reporting mechanisms and supporting SWAp structures.

8.50 Overall the focus on building the health system, including the capacity for planning, supporting and managing district services, has been appropriate. In recent years there has been a tendency among the aid community working in health to focus on specific programmes or diseases (especially HIV/AIDS) with less focus on health systems strengthening. It is now recognised that there needs to be a better balance in support with more attention to ensuring that the basic health system works, with qualified health workers, logistics and supplies in place etc. In Uganda, Danida deserves credit for maintaining its systems support in the face of these shifts in fashion.

8.51 As a corollary, this has meant limited direct support to AIDS. Danish support for HIV/AIDS has involved funding for NGOs – the largest recipient was The AIDS Support Organisation (TASO) which has been funded by Danida jointly with other donors since 1993. The educational Straight Talk Foundation has been another recipient. However, Danida has not financed vertical AIDS control programmes or national institutions. Given the number of other agencies and the amounts of funding dedicated to AIDS, this was a reasonable decision on the allocation of Danish resources.

Decentralisation[40]

Context

8.52 Decentralisation was a key ingredient of the NRM's political strategy (see Chapter 2, 2.6), and the provision of basic services through district institutions was a major part of the poverty reduction strategy embodied in successive PEAPs. A number of donors sponsored multi-sectoral district-level programmes, but these have tended to give way to coordinated support that is aligned with the GOU decentralisation strategy and institutions (institutional support via the Local Government Development Programme, and financial support to local service delivery via Poverty Action Fund grants for which all districts are eligible).

Danish support

8.53 Denmark made two distinctive contributions to the process of decentralisation: through the Rakai District Development Programme, and as the government's main donor partner in the development of the institutions for decentralisation during the 1990s. The expenditures shown in Table 8.8, at about DKK 300m, amount to less than 6% of all Danida expenditures over the period;[41] nevertheless, decentralisation is one of the activities with which Danish aid is most strongly identified.

Table 8.8: Main Danida Funding for Decentralisation

Project/Programme	Period	DKK million
Rakai District Development Programme (RDDP)		
Phase I	1992–1995	86.9
Phase II (extended from 1999 to 2002)	1995–2002	62.0
Phase III	2002–2006	18.1
Total		**167.0**
Support to Decentralisation in Uganda		
Phase I	1993–1997	4.9
Phase II	1998–2003	71.1
Phase III	2003–2007	54.7
Total		**130.7**
TOTAL		**297.7**

Source: Danida files (see Volume 4, Thematic Paper 5 for more detail).

40) See Volume 4, Thematic Paper 5 for a more extended discussion.

41) Decentralisation does not appear as a separate category in Tables 8.1 and 8.2 above; RDDP expenditures are distributed among the various sectors shown, and support to decentralisation institutions appears mainly under HRD.

8.54 The Rakai programme began in the early 1990s and Danish support continued until June 2006. In many ways Rakai served as a test-bed for models of decentralisation which were later rolled out across the country. However, the initial priority was to restore the economy and institutions of a district which had been ravaged by war and HIV/AIDS. Subsequent phases focused more on the development of sustainable district-level institutions. A major evaluation in 2000[42] gave a generally positive verdict on the early phases of RDDP, and recommended a further phase to focus on capacity building for sustainability. Subsequent progress has been equivocal, partly because national level changes have undermined the revenue base of all districts.

8.55 Denmark's initial involvement in supporting the process of decentralisation was fortuitous[43] but the initial relationship with Danida became an enduring one. In the early 1990s, Danida is perceived to have been at the forefront of assisting government in crystallising decentralisation policy and rolling it out through regulations and training. Government informants attribute this relationship very definitely to the style of working that was adopted by Danish experts and Danida-funded consultants (see Annex 2B of the Perception Study in Volume 2 for a detailed review of perceptions on decentralisation). The background of Denmark's own experience with decentralisation was helpful, but it was also important that the Danish-funded personnel were not dogmatic but prepared to listen to GOU and respond to their requirements. The Danida-funded Decentralisation Secretariat in the Ministry of Local Government played a key role in developing and rolling out the decentralisation reforms which were a real advance in devolving services and responsibilities to elected local governments. Denmark also supported the Local Government Finance Commission and the local government associations, with the aim of empowering not only the central government but also the other actors in the sector.

8.56 From the mid-1990s a number of other donors also sponsored district level programmes. After the Local Government Act of 1997 and the introduction of the Poverty Action Fund in 1998 there was an upsurge in the provision of basic services through local governments. The Local Government Development Programme (LGDP) led by the World Bank set a common pattern and a harmonised donor approach to district support.[44] Denmark became one of a number of co-financiers of LGDP, but also retained a leading role within the donor group concerned with decentralisation.

8.57 Recent events, including the abolition of the districts' main revenue base and the re-centralisation of the appointment of district CAOs, are seen as threats to the essence of decentralisation. The continued fragmentation and proliferation of districts as a vehicle for political patronage also tends to undermine districts' viability (compare the two maps at the end of this volume). Although the future of decentralisation is thus subject to some uncertainty, the Danish contribution to the decentralisation process can be seen as very positive.

42) (School of Public Policy University of Birmingham, 2000.)

43) For detailed explanation by participants, see Annex 2B in Volume 2 – the PerceptionStudy.

44) The LGDP evolved from an approach that was piloted by UNCDF.

Gender[45]

8.58 Gender policy was another area where Danida was able to make a distinctive contribution by virtue of being on the ground early and by working closely, and over a substantial period, with the main central government agency involved. It supported an individual project (Masese Women's Project) in the early years (DKK 1.73m)[46] and then the development of government policies and programmes (total funding of the Gender and Development Programme from 1996-2000 was DKK 17.4m). The timing and nature of Danida's involvement meant that it was able to play a significant role in supporting the development of a national gender policy, and in the drafting of a gender-sensitive Constitution. Cessation of direct support to the gender ministry (and hence the absence of a separate gender component within the Danish Uganda programme) did not indicate less attention to gender issues: it reflected the shift to a mainstreaming approach, relevant across all programmes (see the discussion of cross-cutting issues in Chapter 9).

Other Aspects of Governance, Human Rights and Democracy[47]

Context

8.59 Early Danish strategy for Uganda gave prominence to "institutional development" as an element (see Chapter 6 above and Appendix E). More recently "governance" has become the umbrella term for work related to the quality of government itself and, more broadly, the institutions of a democratic society.

8.60 In the first years of the NRM government, donor support was directed almost exclusively to state institutions rather than non-state actors such as NGOs. This was largely because the national context was seen to favour donor engagement in institutional reform. President Museveni demonstrated a high personal commitment to reform and donors were impressed by the fact that this commitment was backed up with government resources in the form of finance and the deployment of relevant competent expertise for reform initiatives. Uganda's high dependence on external assistance for restoring the economy also made the government more receptive to donor involvement in reform processes. However, between 1987 and 2005, donor attitudes towards governance in Uganda changed from an initial tolerance of the Movement style of politics to a more recent impatience with the evidence that it is essentially a patrimonial system.

8.61 Donor funding for reforms in human rights and democratisation in Uganda fell broadly into three categories: support to democratisation processes; support to programmes and "watchdog" agencies concerned with preventing corruption and promoting human rights and the rule of law; and support to reform programmes and agencies within the justice sector. In the first category, funding was provided for the development and implementation of the Constitution, for Parliament and for the Electoral Commission. Early activities in the second category included funding for the costs of retrenchment from the civil service and demobilisation from the Ugandan army.

45) See Volume 4, Thematic Paper 8 for extended treatment.

46) The Masese Women's Project was very prominent, but there were also small grants to a number of other gender-focused projects, in Rakai and elsewhere.

47) See Volume 4, Thematic Paper 7 for extended treatment.

And since the early 1990s, donors have also funded a group of semi-autonomous public agencies concerned with ensuring integrity in public life that were either created or reformed by the new government. These included the Inspector General of Government (IGG), the Uganda Human Rights Commission (UHRC), the Office of the Auditor General, and somewhat later the Directorate of Ethics and Integrity.

Danish support

8.62 Danida was one of the first agencies to become involved in human rights and democratisation work, and it has gained a reputation for being passionate, and outspoken, about rights (see the Perception Study in Volume 2). This concern has been allied to very practical support to various bodies. Danida has remained remarkably faithful to its first commitments and partners in the fields of human rights and democratisation: the IGG, the judiciary and public agencies concerned with human rights. (Its long engagements with decentralisation and gender policy have already been described.)

Table 8.9: Danida's Support to Human Rights, Democratisation, Justice and Civil Society

Project/programme	Period	DKK million
Inspector General of Government (IGG)	1988-2003	57.74
Demobilisation	1992-1996	49.00
Uganda Human Rights Education and Documentation Centre (UHEDOC)	1995-1999	4.32
Strengthening the Judiciary / Access to Justice (SJP/ATJ)	1995-2005	125.58
African Centre for Treatment and Rehabilitation of Torture Victims (ACTV)	1997-2000	10.07
Uganda Human Rights Commission (UHRC)	1999-2000	3.19
Human Rights and Democratisation Programme (HRDP)	2000-2005	72.78

Source: Volume 4, Thematic Paper 7, Annex 1.
Note: The projects/programmes listed here total DKK 323 million. Table 8.1 above gives a total of HRD expenditures from 1991 of over DKK 500m. The difference is largely explained by decentralisation expenditures (see Table 8.8 above); by DKK 17.1m for civil service reform in 1994 (financing retrenchment), and by large numbers of small grants under the Local Grant Authority.

8.63 Danida's support can roughly be divided into three periods: the years 1988–1995, characterised by individual projects and short-term funding; the years 1995–2000 when Danida developed programmatic support to a few key institutions alongside continued project funding for NGOs and for conflict initiatives (see 8.66 below); and the period since 2000 when Danida began the process of consolidating all human rights, justice and conflict-related interventions in a single over-arching programme, a process that continues beyond the period under review.

8.64 Danida's support has been instrumental in making the IGG, the UHRC and the Auditor General more effective agencies than they would have been without such support. Consistent support to the Judiciary has also been valuable. At the same time as working to strengthen accountability agencies of government, Danida has worked with NGOs and civil society to try to strengthen the constituencies within Uganda that hold

government to account. This has included a distinctive effort to reach out to district level NGOs. It is, of course, a moot point whether stronger NGOs lead to more empowered citizens, but Danida's strategies towards NGOs do appear to have strengthened the sector and not just individual organisations.

8.65 Though Danida's governance programme has been aligned to formal national priorities, government's own commitment to these priorities has increasingly been seen to falter. The uncertain political transition, unresolved conflict in the north and Uganda's regional military involvements have eroded donor confidence in government's intentions. Over the same period, donors have seen the public agencies set up by government to address corruption and abuses of human rights progressively under-resourced and politically constrained. In common with other bilateral donors, Danida has begun to balance funding for these public agencies with funding for NGOs. Danida has reinforced its support to individual NGO activities by working in ways that strengthen the sector as a whole and by supporting NGOs' efforts to promote a more enabling legal and regulatory NGO framework. In the process it has developed a management arrangement, the Human Rights and Good Governance Liaison Office (HUGGO), which has given it a distinctive capacity to manage and coordinate support in this field (see Box 9.4 in Chapter 9).

Conflict resolution and peace-building

8.66 Danida's programme of work in conflict resolution has made a tangible contribution to peace-building. This work has included support for the cease-fire in West Nile, for the Civil Military Operations Centres in Karamoja, for the Amnesty Commission, and for many small-scale community peace initiatives. Danida's engagement in West Nile is considered by a like-minded donor to have been "pivotal" in bringing the government and the insurgent UNRF II together. The institutional separation between diplomatic representation (in the RDE) and technical expertise (in HUGGO) is considered greatly to have facilitated this. However, knowledge and experience from the work on conflict has not yet been effectively mainstreamed into the programme. Conflict has not been taken into account in sector programming and, as with other donors, the net effect of conflict has been to divert resources to non-conflict areas. There has been limited coordination among donors on conflict resolution. National perspectives have limited donor influence on the course of the conflicts in the north and on capacity to develop common understandings or shared approaches.

Danish Support to Private Sector Development

Background

8.67 From the beginning, Danish strategy for Uganda stressed the importance of the productive pillar of development. This was reflected in the orientation of financial support and in the emphasis given to roads and other infrastructure. The modes of Danish support have been influenced by the attitude to the "Danish resource base" and the desire to give Danish business a stake in the development programme. The tying of aid became less explicit early on in the evaluation period, and subsequently dwindled even further. Nevertheless it was a significant influence on the choice of interventions in agriculture (grain mills, dairy) and for financial support. The perceived importance of supporting Danish business through the aid programme was reflected in the 1996 strategy statement

(see Box 8.10). However, trade between Uganda and Denmark is of very minor importance to either country (see Appendix D, Table D6 and Figure D4), and the fact that Denmark does *not* have special interests in Uganda is cited as a positive factor in its aid and diplomatic relationships with Uganda (see e.g. 3.15 of the Perception Study in Volume 2).[48]

Box 8.10: Involving Danish Business and Industry

The 1996 *Strategy for Danish Bilateral Development Cooperation with Uganda* (MFA Danida, 1996i) included the following rationale:

6.5 The involvement of Danish business and industry

Danish business and industry became heavily involved in the development assistance programme following the resumption of Danish bilateral cooperation with Uganda in 1987. Efforts included the construction of a large silo complex and a fodder mill. Among subsequent projects undertaken with participation of Danish industry was the construction of a harbour complex at Port Bell near Kampala.

In recent years Danish companies have been engaged in the development of the dairy sector and on various infrastructural projects including, for example, the support to the national railway company. Import support has resulted in a considerable rise in Danish imports. Danish consultancy firms have been involved in the preparatory phases and in the implementation of various projects, including the major water supply project.

Prospects for Danish industry will become more favourable with the implementation of major infrastructural projects including the modernisation of Entebbe Airport and the erection of high-voltage electricity supply line. Training and the conveyance of know-how and skills from Danish firms to local organisations and institutions will be an important element of these projects.

8.68 The sector analysis (in Tables 8.1 and 8.2 above) shows that "business" [49] accounted for less than 3% of Denmark's bilateral aid to Uganda from 1991-2004. The expenditure figures prior to 1999 comprise DKK 18.4m from the "personnel" funding category, and DKK 38.8m from within the country frame. Expenditure from 1999 onwards almost all relates to the Private Sector Development Programme,[50] discussed next.

48) However, Danish agriculture benefits from EU agricultural policies which seriously disadvantage the agriculture sectors of developing countries, including Uganda.

49) "Business" is an aggregate of the DAC categories of Industry, Business & Other Services, and Trade Policy & Regulation.

50) There is a discrepancy between the "business" total of DKK 74,366,561 and the PSD total of DKK 78,868,727 for these years. This arises mainly because the sector classification allocates some PSD expenditures to agriculture, education and energy sectors.

The Private Sector Development Programme [51]

8.69 The Private Sector Development (PSD) Programme was the main explicit intervention to promote business development. A programme piloted in India, Ghana and Zimbabwe was extended to Uganda from late 1996.[52] This has been funded separately from Copenhagen, and involves financing links for investment and technology transfer between Ugandan and Danish private companies. The focus is not on financing investments as such, but on facilitating a partnership between a Ugandan and a Danish enterprise.

8.70 A Private Sector Secretariat in the Embassy manages the programme. The programme finances study visits and feasibility studies, which have led to about 40 long-term business cooperation agreements between Danish and Ugandan enterprises, in a range of sectors including agriculture, agro-processing, manufacture, and ICT. There have been some notable successes. The Thematic Paper on agriculture notes that the successful emergence of private-sector dairies has also been greatly facilitated by Danida's support to private business development.[53] A twinning arrangement between the Uganda Manufacturers' Association and the Confederation of Danish Industries has also been supported.

8.71 The PSD programme enjoys a special place in Denmark's overall aid strategy because it is seen as an important factor in maintaining Danish business support for the programme. One of the results of the strategic review after the 2001 Danish elections was:

> Emphasis on greater involvement of the Danish business sector in development cooperation, including the inclusion of private sector programmes in every programme country and the expansion of Mixed Credit schemes. (OECD Development Assistance Committee, 2003a)

8.72 The perceived importance of this strand of Danish development cooperation strategy seems to have made Danida rather impervious to the criticisms from external evaluators (such as those summarised in Box 8.11), which find that such programmes are of limited relevance to the wider issues of private sector development and economic growth in the countries concerned.

51) See Volume 4, Thematic Paper 9 for more detail.

52) Although it first appears separately in the consolidated expenditure records in 1999. The PSD Secretariat's records show disbursements of DKK 1.1m in 1997 and DKK 5.9m in 1998.

53) For example, Danish expertise was brought in by Jesa Farm Dairy. Farm production of 7,000 l/day is supplemented by 3000 l/day from outlying contract farmers. The operation has succeeded because it addressed the issue of dairy management.

Box 8.11: External Evaluation Findings on the PSD Programmes (2001)

Extracts from an evaluation of Danish PSD programmes in a number of countries, including Uganda:

The evaluation's assessments

Of the five evaluation criteria, the evaluation focuses to a large extent only on the impact of the PS Programme. In this respect, the development impact of the PS Programme is assessed at three levels: The immediate objective of improved local partner businesses, which is assumed to contribute to the intermediate objective: Private sector development. This in turn is assumed to contribute to the development objective of promoting sustainable and socially balanced economic growth.

In terms of the immediate objective, the PS Programme is found to have been reasonably successful. The co-operations established, in general, resulted in relevant technologies being transferred from the Danish to the local partner. Technology transfer is defined to include not only specific technical aspects, but also organisational, marketing and management expertise. This is assessed as having contributed to important improvements for the local businesses, though many local beneficiaries also face other constraints limiting the effects and longer-term sustainability of the technology transfer. From the point of view of the local partner, the PS Programme, however, appears rather successful.

In contributing to the overall development of the private sectors of the respective countries, the PS Programme is considered less successful. There are clear, direct positive effects on employment and foreign exchange earnings in a number of the individual local companies, and important instances of improvement in environmental and gender aspects in partner companies. However, this was offset by the thin spread, lack of synergy and lack of demonstration effects of the portfolio, as referred to above.

The evaluation assessed the PS Programme's contribution to growth and social development mainly in terms of its performance in respect of job creation and improved international competitiveness. Lack of priority setting implies, however, that the project portfolios do not consistently reflect these concerns. It is also argued that the segments of the private sectors being supported are not necessarily those which have the highest growth potential, or which would contribute most to socially balanced growth processes. The PS Programme does not, for example, consistently prioritise support to small and medium sized enterprises, which might be expected to generate broad-based growth.

In sum, the evaluation assesses that the PS Programme has been reasonably successful with respect to attaining its immediate objective, but that it has been much less successful in contributing to the overall development of the private sectors of the respective countries. Further, the PS Programme is seen as, generally, paying very little attention to the issue of economic growth and social development, seriously affecting its impact at this level.

Source: Development Associates, 2001.

Other Major Interventions

Energy

8.73 A one-off investment in power lines between Kampala and the Owen Falls hydro electric plant had a similar rationale to the renovation of the international airport – i.e. though not a "characteristic" Danida intervention, it was seen as justified investment in itself and a useful complement to other elements of the portfolio, not least in building good will with the government. It accounts for all but a fraction of the energy sector expenditures (DKK 120.8m) shown in Table 8.1 above.

Special Education

8.74 Apart from some ad hoc support to education infrastructure in the Rakai programme and through NGOs in some other parts of Uganda, Danida deliberately left the education sector to other donors. There was one exception: over several years Danida provided support to the development of special education (to a total value of around DKK 50m). As described in Volume 4, Thematic Paper 13, this was a useful intervention which began with direct support to special education services and then helped to develop national capacity in this field, especially through the Uganda National Institute of Special Education (UNISE).

Chapter 9. Cross-Cutting Issues and Modalities of Support

Introduction

9.1 This chapter discusses issues that cut across the different sectors and components of the Danish aid programme that were reviewed in Chapter 8. It deals in turn with:

- the poverty focus of Danish assistance to Uganda;
- the cross-cutting issues of gender, HIV/AIDS, and the environment;
- approaches to accountability and corruption;
- the aid modalities adopted and developed;
- capacity development and technical assistance; and
- the overall organisation and management of the programme.

Poverty focus

Context: poverty focus in Danish aid strategy

9.2 Poverty reduction/alleviation was always implicit in Danish aid, but became a more explicit concern in the mid 1990s. Similarly the PEAP articulated GOU's poverty reduction objectives much more clearly than ever before. Over time, the MDGs and successive PEAPs have provided more systematic approaches to setting targets and recording progress. We noted the evolution and application of Uganda's poverty strategy in Chapters 3 and 4 of Part II above. Here we address poverty focus within the Danida programme: we note the evolution of Danida's general approach to poverty reduction as an aid objective, then comment on how this has been reflected in the Uganda programme.

9.3 In common with other aid agencies, Danida paid increasing attention during the 1990s to poverty alleviation as an explicit objective of aid.[54] Udsholt 1997 analysed Danida policies in the field of poverty reduction and found:

> A basic premise of Danish aid has been its focus on alleviating poverty. The paper argues that the lack of a more explicit and operational poverty focus throughout the last two decades has placed important constraints on the effectiveness of past poverty reduction efforts. Thus, Danish aid displays both specific results at the level of individual interventions and 'missed opportunities' in terms of failing to address a number of institutional and structural constraints on poverty reduction.

9.4 Danida itself had come to the same realisation, and this was reflected in the 1994 statement of Danish aid strategy *(A Developing World)* and in the accompanying guidelines for the formulation of sector programmes (Udsholt noted that the sector programme support (SPS) preparation guidelines were much more specific about the poverty focus of interventions). Danida commissioned a major study of the poverty focus of its aid (COWI, 1996) which included Uganda as one of the case studies, and this has been an important source for the review of poverty focus within the Uganda programme to which we now turn.

Poverty focus in the Uganda programme

9.5 The first concern of the Museveni government was, naturally, with rehabilitating public infrastructure and institutions. Even so, there was an implicit poverty focus in Denmark's Uganda strategy from the outset. This was reflected in its support for basic services and a concern to focus aid on the poorer regions and districts of Uganda. There was an implicit balance, too, between different dimensions of poverty reduction, with the three pillars of Danish strategy respectively addressing income poverty (through agriculture, infrastructure), service delivery (health, water and sanitation, special education etc) and empowerment (human rights, democratisation, decentralisation).

9.6 However, the 1996 review (COWI, 1996) found that attention to poverty reduction needed to be more explicit, and more systematically built into the design of interventions:

> The conclusion drawn from the above analysis is that generally there has been no systematic nor comprehensive consideration given to the poverty concept in the formulation of the interventions. The poverty concept may have been addressed but in a haphazard way. This obviously then has implications for the individual intervention's ensuing implementation and monitoring processes.
> If the achievement of the poverty reduction objective is to become more realisable in the future, it is paramount that it is systematically taken into account at the initial stages of the intervention design. (ibid. Volume I, p71)

9.7 The present evaluation's review of the main Danish interventions in Uganda indicates that they did pay more careful attention to poverty reduction after the sector approach was adopted. The GOU's propagation of the Poverty Eradication Action Plan was a major boost to this process. As well as the general orientation of the Danish interventions in most sectors, there have poverty-relevant innovations within Danida pro

54) See Schulpen, 1998.

grammes, such as the labour-based road maintenance initiative and support to private not-for-profit (PNFP) health providers serving poor districts.

9.8 Poverty focus has mainly been sought by supporting basic services that reach the poor, and by focusing aid on poorer regions and districts of Uganda. Thus:

(a) The Rakai District Development Programme deliberately chose what was then believed to be one of the most deprived districts of Uganda.
(b) In health, Danish support has been poverty focused in terms of providing medicines and supplies for basic services, which are most likely to be used by the poor; ensuring medicines get out to rural areas and remote facilities where the poor live; providing support also to the PNFP sector which are the main health service providers in some areas; and targeted support to Northern districts.
(c) For water and sanitation, apart from the focus on basic services, geographical targeting was based on poverty, as well as avoiding overlap with other donors; thus Thematic Paper 2 notes, in the case of water and sanitation (RUWASA), the Appraisal Team justified their choice of Eastern Uganda in these words:
Based on a regional comparison of water supply and sanitation coverage, water resources, prevalence of water related diseases, socio-economic condition and population density, the districts of Jinja, Iganga, Kumi, Tororo, Mbale, and Kapchorwa present areas in strong need for improvement of water and sanitation facilities (Danida, 1987a).
(d) For roads, the poverty focus was reflected in the general bias towards feeder roads, the focus on Northern Uganda, and also in the work on labour-based approaches.
(e) For agriculture, the interaction between poverty goals and programme design is traced in Box 9.1.

9.9 As regards geographical focus more generally, the 1996 analysis found that:

> The current portfolio is geographically skewed, with over-concentration in the Kampala-Jinja area, where poverty is relatively less prevalent. (COWI, 1996: Uganda Volume I, p78).

However, this largely reflected a number of substantial infrastructure projects then under way. A more enduring problem has been that efforts by Danida (and other donors) to target aid to conflict-affected districts have often been frustrated by insecurity.

Box 9.1: Poverty Focus in Danida's Agriculture Assistance to Uganda

Not until the publication of the PEAP in 1997 did Danida's support to the agricultural sector receive a strong and explicit poverty reduction focus. However, the alleviation of rural poverty was high on Danida's agenda in the first phase of assistance in the period 1987–90. Examples of projects which were conceived and planned with poverty alleviation in mind were the Support to the Dairy Sector and milk collection schemes, the Farm Forestry Project and Credit for Small Farmers.

In the period 1991–98, there was less explicit attention to poverty alleviation. The project documents for the Dairy Master Plan (DMP) and the Dairy Development Project made only brief reference to the importance of the dairy industry for 'agricultural growth and poverty alleviation'. Likewise, the initial 1993 Uganda National Farmers' Association (UNFA) project document and appraisal report make no specific references to the project's contribution to poverty alleviation. In 1997, a second project document was drafted to motivate funds for a ten-month bridging period, until ASPS-I came on stream. At that juncture, with the imminent publication of the PEAP, the UNFA assumed a modest poverty-alleviation objective, namely 'the improved livelihood of Uganda's farmers', but the scope of the programme was not significantly changed.

However, the ASPS-I was designed in 1998 fully taking into account poverty issues raised in the PEAP and with the specific objective of poverty alleviation. All of its components were conceived, planned and implemented accordingly. The Household Agricultural Support Project (HASP) directed a major effort towards assisting resource poor households, including female-headed households (most vulnerable to food insecurity), women's groups and youth groups, to achieve increased food security and/or increased incomes from sales of produce. The District Poverty Profiles (see Box 9.2) aimed to monitor links between programme activities and poverty trends.

Under ASPS-II, with the assistance being provided to the recovery of the war-torn northern districts, the poverty reduction element is still strong, but the emphasis on poverty reduction is not so prominent. The scope of the components has narrowed and there is less opportunity for direct involvement with poor farmers now that support to extension is via basket-funding of NAADS. By its nature, the agri-business component is likely to pay less attention to poor households than HASP.

Source: Adapted from Volume 4, Thematic Paper 1.

9.10 While the intent is clear, there is less evidence than would be desirable on the effects of public policy (not just Danish aid) on poverty. Danida has made direct efforts to strengthen poverty monitoring, through support to the Bureau of Statistics, and by initiating innovative gendered poverty profiles in selected districts (see Box 9.2).[55]

55) See Volume 4, Thematic Paper 11 for more on poverty monitoring in Uganda.

Box 9.2: Gendered District Poverty Profiles

Background[56]
This evaluation's ToR (see Appendix A) anticipated that the 'district poverty profiles' would be an important part of the evaluation. A report based on the second-round survey was scheduled to become available before the evaluation began, but the analysis of the results was not completed in time. Available reports cover only the first round. Provisional impact indicators are available for only the first phase of the Agricultural Sector Programme Support (ASPS1). However, the approach to **External District Gendered Poverty Monitoring** (EDGPM) by ASPS, which was out-sourced to Ugandan and Danish research institutions, could provide process and impact indicators for the M&E of the Plan for the Modernisation of Agriculture under UJAS. This could bridge the gap between the Uganda Participatory Poverty Assessment (UPPAP) and the traditional income and expenditure measurements by the Uganda Bureau of Statistics (UBOS).

The relevance of EDGPM
During the period 2000-2003, gendered poverty profiles were obtained for 5 pilot districts in which the Household Agricultural Support Project (HASP), an ASPS1 component, was operational, namely Kabarole, Rakai, Masaka, Pallisa and Tororo. HASP was a community-based activity which aimed to reduce rural poverty by improving income from household agriculture. It was coordinated with other ASPS initiatives involving formal and non-formal agricultural education and support to farmers' organisations. HASP also sought to develop local governments' capacity to respond to farmers' needs. It tested policies which are now being more widely applied by the PMA, part of the government's broader poverty reduction strategy.

Under ASPS, the EDGPM depicted and compared the situation of the 'better off', the 'less poor' and the 'poorest' households in the five districts according to a number of dimensions that local people themselves identified as important when describing poverty and well-being in their communities. In addition, the report analysed aspects of equality and inequality in gender relations within the household. Based on women's own perceptions of their well-being, three levels of equality in gender relations were distinguished and related to household poverty .[57]

The methodology provides a basis for analysing outcomes, including both the households reached and the resulting behavioural changes achieved through various development interventions. It can be related both to poverty levels, gender relations and differences between districts. The methodology is based on a widely tested approach developed by Danish and other international researchers in sub-Saharan Africa and Latin America, several of whom are based at the Department of Development Research (formerly Centre for Development Research), Danish Institute for International Studies (DIIS) Copenhagen.

What issues would need to be resolved?
If the EDGPM is to be aligned and integrated with the PMA, the scope of the survey instruments will have to be expanded to cover more districts and embrace the seven 'priority pillars' (extension, research, agricultural education, farm credit and marketing, natural resource management and rural infrastructure) of the PMA. While implementation of the M&E system would be coordinated by the PMA, technical coordination would be the responsibility of the Poverty Monitoring Analysis Unit (PMAU) under MFPED.

56) For a more detailed review, see Volume 4, Thematic Paper 11.
57) Ravnborg et al., 2004.

Further, the resolution of problems encountered by M&E of the ASPS and the PMA requires higher priority from programme management than it has received hitherto. It is evident that matters relating to M&E of outcomes have been typically pushed aside and postponed. EDGPM was poorly coordinated under ASPS1 and is lagging behind under ASPS2. Ugandan ownership of the process is vital. M&E must complement and link with national poverty monitoring systems. At the same time technical cooperation, which draws on relevant international experience, will be essential for the oversight of planning and data analysis. DIIS researchers are well qualified to provide the support required and should be more closely involved.

Cross-Cutting Issues and Themes in Danish Aid

Background

9.11 Danish aid policies include focus on a number of cross-cutting issue and themes. The ToR (see Box 1.1) include a requirement that:

> ... the evaluation will answer if – and to what degree– Danish assistance to Uganda:
> • Adhere to cross-cutting issues (gender, environment, popular participation) and themes (children and HIV/AIDS), as stipulated in the partners' policies.

9.12 Three of these issues/themes – gender, HIV/AIDS, environment – have been prominent virtually throughout the evaluation period. They remain highly visible in Danida policy and programme documents (as well as GOU's), and are reviewed below. The other two issues/themes have less visibility, but their substance has not been neglected:

- The theme of *children* does not appear to have the prominence now that it was given in the early years of the programme. However, given that Uganda has a very young population, and that the focus of much of the Danida programme has been on social and economic services that benefit poor families, children have been prominent among the beneficiaries from Danish aid.
- *Popular participation* has become a design principle in Danida programmes. It has also been directly promoted through Danida's support to the Constitutional Commission and to decentralisation and by its human rights and democratisation programme.

Gender

9.13 Support to GOU gender policy has been noted in the previous chapter (8.58). Gender mainstreaming in sector programmes has been a constant thread in Danida support during the evaluation period. Although not specifically referenced in the 1996 Country Strategy, it was being implemented in practice both in the work of the Directorate of Gender and in the RUWASA programme. Danida was described as having pushed mainstreaming hard and as having been very demanding in expecting gender-relevant information to be included in plans and progress reports.[58] This is reported to have

58) The Perception Study in Volume 2 includes a compilation of observations about gender in the Danida programme – see its Annex 2C.

been successful, both in terms of how gender was reflected in programme documentation and, more substantively, in the way that gender issues are operationalised in sector programmes at district level. Sector-specific achievements include the development of a gender strategy for the water sector, and guidelines for the road sector especially the district and community roads. Danida has supported the mainstreaming of gender within the health SWAp, and a gender focus was built into the programme design and programme objectives for the ASPS, supported more recently by the gendered district poverty profiles (see Box 9.2). Evidently, challenges in all these areas remain, but, overall, Danish aid has played a significant role in strengthening the gender-awareness of Uganda's development effort.

HIV/AIDS

9.14 Direct support to HIV/AIDS responses was noted in the previous chapter, and Danida has also contributed indirectly via the strengthening of basic health systems. This balance of direct and indirect support is judged appropriate. It is less clear that there has been much impact in terms of mainstreaming. It is difficult to assess impact in mainstreaming as it is typically intended to be integrated into programme approaches rather than separate activities and strategies. This evaluation has not identified significant influence in other sectors during most of the period,[59] but it would require a more focused study to make a full assessment of this. The contribution to policy dialogue around HIV and AIDS was seen as constructive and supportive of harmonisation but seems also to have been limited, perhaps reflecting the focus of support on NGO services.

Environment

9.15 There are two possible dimensions: direct interventions with an environmental focus, and environmental safeguards linked to the general interventions supported by Danida. The topic is reviewed in Thematic Paper 12 (see Volume 4 of this report), which notes that support for explicitly environment-focused interventions was left to other donors, although some of the activities supported by Danida (e.g. water resources planning) have a clear environmental dimension. The review of environmental safeguards linked to Danida-supported interventions shows that such safeguards (e.g. Environmental Impact Assessments) were generally carried out. However, project-by-project safeguard observance may miss more important issues that require a wider strategic assessment. For example, the planning and implementation of the Danida-funded power lines was environmentally sound, but the World Bank-funded Owens Falls Project extension, which supplied the power, was not properly assessed and makes unsustainable demands on Lake Victoria (Thematic Paper 12, 23). The recent PMA evaluation notes the lack of strategic environmental assessments in the agricultural sector, and such an assessment of ASPS-II would have been appropriate (Thematic Paper 12, 16).

59) Although there have been HIV/AIDS efforts within various Danida-funded programmes (e.g. the distribution of condoms via Farmers' Associations, and support for the development in 2004 of an HIV/AIDS mainstreaming strategy for the water sector).

Accountability and Corruption[60]

Context

9.16 Corruption has been a serious problem for Uganda throughout the period under review. It takes a number of forms, ranging from "petty corruption" – which may be the form most often directly encountered by the poor – to "grand corruption" involving the looting of public resources by the politically powerful. Although there is no doubt about the pervasiveness of corruption in Uganda, it is inherently more difficult to be certain of trends, since reporting reflects freedom to report as well as the underlying situation, and most statistics on corruption are based on perceptions. The influence of competitive democracy on corruption is ambiguous. In principle, elected bodies hold the executive to account. In practice, the need to finance political activity may itself act as a spur to corruption (and the extent of corruption at local government level is a special concern in view of Uganda's radical decentralisation strategy). Transparency International's perception surveys indicate some recent improvement, but around very unsatisfactory scores and only to regain the levels of 1998:

> While Uganda's score in Transparency International's global corruption perception index improved from 1.9 in 2001 to 2.6 in 2004, it stood at 2.6 in 1998. Uganda remains in the category of 60 countries with a score of less than 3 out of 10, regarded as countries afflicted by "rampant corruption." (World Bank 2005: 23)

9.17 The incoming government in 1986 had an anti-corruption agenda, and donors were keen to work with GOU to address the issue. Over time, there has been a loss of confidence in the Government's commitment. As noted in Background Paper 2 (in Volume 3 of this study):

> Corruption was one of the NRM's 10 priorities when it took power and in its statements the government has given a high priority to anti-corruption measures. These initially involved strengthening the existing oversight institutions, such as the Auditor General's Office, and creating new ones, like the Inspectorate General of Government and Directorate of Ethics and Integrity. Successive PEAPs have also included anti-corruption measures within the governance pillar. The original momentum of reform has not been maintained, however. Government anti-corruption initiatives have been under-resourced and a loss of political commitment is apparent in a low rate of prosecution and the failure to follow up on high profile corruption scandals. There is a general perception that the current incentives for corruption are too high and law enforcement too weak for substantial improvement to occur. (Tangri and Mwenda, 2001, 2003; Robinson, 2004)

9.18 The Uganda Joint Assistance Strategy notes:

> The government is taking action to combat corruption. It has established the institutions required to fight corruption and prepared a credible anti-corruption strategy. But these measures have yet to yield tangible results. The government has failed to successfully prosecute a single high-profile case of corruption following various commissions of inquiry. This raises questions about the government's

60) See also Volume 4, Thematic Paper 6.

> commitment to genuinely fight the problem. Strong political will and adequate financing of anti-corruption agencies are both required to combat corruption. (World Bank 2005, 23)

9.19 Increased use of government systems, including the trends towards sector and general budget support, have led donors to focus more directly on fiduciary risk and on strengthening those systems. UJAS points to areas of improvement:

> Progress has been made in strengthening the systems of public financial management to reduce opportunities for corruption. The 2004 Country Integrated Fiduciary Assessment shows that between 2001 and 2004 performance improved in seven of the 18 areas assessed, although overall fiduciary risk remained high. Compared with other HIPC countries, Uganda's system of public financial management is relatively strong. The IMF/World Bank 2005 comparative assessment of public financial management in 26 HIPC countries ranked Uganda fifth overall with "some upgrading required." Its ranking was ahead of 19 countries where "substantial upgrading is required." Nonetheless, Uganda's performance slipped slightly, as it met only eight of 16 benchmarks in 2004 compared with nine in 2001. (World Bank 2005, 24)

9.20 As noted in Chapter 6 above, Danish aid policy takes a strong line on accountability and corruption. The latest OECD DAC peer review describes Danida's policy as follows:

> As Danida moves further from project support to closer collaboration with national authorities, the issue of local corruption is seen in the context of overall Danish efforts at sustainable development. Corrupt practices are of specific relevance to the provision of Danish sector and budget support funds. Drawing inspiration from the Partnership 2000 pledge to promote "… administrative practices free of corruption as an essential element in the creation of pro-poor growth", Danida recently generated a five-year draft Action Plan to Fight Corruption (2003-2008), the country response to which will figure prominently in each Country Strategy. The Action Plan seeks to balance Danida's concern about fiduciary risk with its focus on the developmental aspects of combating corruption and promoting good governance. To control corruption relating to Danish aid, Danida has a "zero tolerance" policy in relation to all persons, companies or partner institutions that manage Danish development funds. In a more developmental direction, Danida is expected to maintain a regular dialogue with all partners. It actively works to identify issues of institutional corruption and to help build capacity within the partner systems and to reform the national policies needed for effective corruption prevention and control. (OECD Development Assistance Committee, 2003a)

Implications for Danish aid to Uganda

9.21 Concerns to tackle corruption and to ensure accountability for Danish funds have had a strong influence on Denmark's aid relationship with Uganda. Thus:

(a) As described in Chapter 8, Danida has, over long periods, provided support to accountability agencies of government, including the IGG and the Office of the Auditor General, and to NGO anti-corruption advocates.

(b) Denmark has applied diplomatic pressure and advocacy via annual consultations and other forums. This is a topic that regularly recurs in the minutes of annual consultations, which, among other things, record the energetic follow-up of any discovered misappropriations of Danish aid. The cut in country framework aid levels after 2001 was linked to Denmark's concerns about Uganda's intervention in the DRC, in which military corruption was a salient feature.
(c) There have been "crisis" episodes in various projects (e.g. Rakai, the NMS, the Constitutional Commission) when corruption is discovered. Sometimes the vigour of Danida's reaction has caused significant "collateral damage" through the disruption of the services provided by projects.
(d) In the process, Danida has established a strong reputation for in its intolerance of corruption. This was very evident from the perception study, from which relevant extracts are reproduced in Box 9.3.
(e) Danida's concern for accountability of Danish funds has led to some conservatism in its choice and design of aid modalities, so as to retain strong oversight of disbursements. This has been reflected, for example, in Advisers' dual role as watchdogs for Danish funds.

9.22 There is much admiration for what is seen as a principled stand by Danida. However, there is also criticism at two levels. First, the resources used to pursue redress may be disproportionate and some reactions have excessively disrupted programmes. Second, and more seriously, Danida is committed in principle to using, monitoring, and strengthening national systems; in practice, its accountability concerns, allied to a model of ex ante controls on expenditure, tend to result in persistence of parallel disbursement and accounting arrangements, with consequent transaction costs, arguably less direct effort at strengthening the core national systems, and a constraint on Danish participation in joint donor arrangements (where these involve disbursement via government systems).

9.23 The nature of the dilemma that Danida faces was well expressed by a 1999 evaluation of Danida's bilateral health programmes:

> Danida has had difficulties in achieving the careful balance between trust and control that SPS demands. Trust, expressed in a shared vision, and transparency of operations, is the most important pre-requisite for long-term partnership. Conditionalities and ear-marking of funds reflect differences between donor and national priorities and management capacities. Tight programme frames of objectives and activities often leave the issue of conditionalities unresolved, or irresolvable. Danida's strict application of conditionalities, even when initially patience has been practised, led to a freeze in Danish disbursements, resulting in the on/off implementation of HSPSs or their components (Kenya, Uganda and Zambia). The effects this has had on service delivery in countries highly dependent on donor aid were aggravated by the fact that no alternative strategies existed. This strict application has had a significant impact on trust and mutual understanding, making future dialogue even more difficult. (from Evaluation Summary of Royal Tropical Institute (KIT) and Cowi, 2000)

9.24 From the discussion, next, of Danida's aid modalities, it is clear that these issues are still relevant.

Box 9.3: Perceptions on Accountability and Corruption

From the Perception Study in Volume 2 of this report:

Danida informants hold the perception that an important characteristic of Danida, which enables it to hold a strong line on ethics and integrity, is its ***"zero tolerance"* approach to corruption** and an emphasis on strict accountability.

- *"While the Danes are relaxed on [some] things, they are very tough on certain things for example, corruption. … People say that the Danes listen; also [that they are] very strong on ethics and integrity. People say 'You have to be very careful when you're working with the Danes.' If someone steals, it's not enough for the Danes for him to pay it back; they expect him to be taken to court. The Danes are less interested in getting the money back than in seeing due process." (D)*
- *"Denmark is very strict on accountability – complete zero tolerance about anything to do with mismanagement of funds." (ND – local government)*

There are non-Danida informants who regard Danida's approach to corruption and accountability as being good, with the main reason cited that it is helpful in building up the culture and processes of accountability.

- The Danida attitude *"is a very big help".* "[In cases where we are weak] *it's a help to be able to say 'there's a donor agreement, so we can't compromise."* (ND – central government)
- Because of emphasis on accountability, the oldest vehicle in [district] is one provided under a Danida funded education project. *"If this becomes a culture it will be very useful."* (ND – local government)
- *"Generally speaking I think Danida have helped the country – and* [we] *really value Danida's support. Maybe they also have a point. African countries have never been very accountable – why should we get money from their taxpayers to mismanage or steal it. The country will eventually become corruption-free."* (ND – local government)

However, other non-Danida informants believe that Danida's zero tolerance stance is not the most productive strategy. A very senior government official perceived that *"Danida's weak spot is that they have been too concerned with corruption"* (ND – central government) and unrealistic in their expectations. It is perceived that because of this preoccupation with corruption, Danida overprotects its funds and, as a result, is often less efficient than it perceives itself to be, as well as being overly-cautious of using government systems:

- One perception is that as a requirement from HQ and the Danish parliament, Danida's accountability to Danish tax-payers has been stronger than Danida's accountability to partner governments, and the result has been that Danida has used Government planning but not Government accounting.
- *"[Danida] invest so much to stop their shilling getting lost."* (ND – central government)
- As lead agency of a basket fund, a perception is that Danida had more stringent rules than the other donors. Discussions *"of the rules and regulations always seemed to dog the relationship, always seemed to be the most important issue".* (ND – central government)

Source: Perception Study, Chapter 2, 3.18, 3.19 and 3.21.
Note: D = Danida informant; ND = non-Danida informant.

Aid modalities / harmonisation and alignment

Background: aid effectiveness debates

9.25 Throughout the period there have been general concerns among the donor community to raise the quality and effectiveness of aid. Elements have included:

- pressures to reduce the tying of aid;
- moves away from a narrow focus on projects, recognising the importance of the policy and administrative environment for projects to be effective;
- further recognition of the costs of congestion and the undermining of government capacity that result from uncoordinated donor activity, especially in aid dependent countries;
- recognition of the importance of country ownership if policies and programmes are to be relevant and sustainable;
- hence, the evolving OECD DAC harmonisation and alignment agenda culminating in the Rome and Paris Declarations.

9.26 As noted in Chapter 3, Uganda has been at the forefront of many of these trends, aided by the exceptional capacity of GOU (and MFPED in particular) to take the lead in coordinating donors, and to provide a coherent strategy and a transparent prioritised budget/MTEF with which donors could more easily align.

Danida approaches on aid modalities

9.27 Danida is no different from other donors in having, within its ranks, a mix of attitudes to aid modalities, and differing degrees of comfort with "letting go" standard practices of project earmarking and controls. However, it has been at the forefront of donors thinking in "like-minded" ways and seeking to adapt aid modalities so as to increase aid effectiveness. This is evidenced in its early adoption of a sector approach to its own aid. Strategies (written and unwritten) throughout the period show a concern to avoid duplication and fit around what other donors were doing (see the detailed review of country strategy in Appendix E). As the 1996 Uganda country strategy indicates, the SPS approach was partly driven by this concern for coordination, partly by concern for policy influence:

> *Sector programme support*
> Based on existing Danish initiatives within priority sectors, development assistance will be gradually reorganised into sector programme support. In the first instance the objective will be to attain greater influence at the policy formulation stage of macroeconomic planning. This will ensure that Danish initiatives, often concentrated at subsector level, can and will be implemented in coordination with other activities within the sector. The need for complementarity in Danish initiatives in relation to initiatives as a whole will thus come into sharper focus. (MFA Danida, 1996i)

9.28 An important contextual factor is that sectors are characteristically different, and this affects the ease, and the practical configuration of a sector approach, in different sectors. (Figure 3.3. in Chapter 3 above indicates some of the differences in aid modalities applied to different sectors). Uganda has been a pioneer in seeking government-led aid coordination linked to sector-wide approaches and budget support. The same general

pattern has played out rather differently in the different sectors in which Danida is principally involved.[61] Thus:

(a) In water and sanitation: Danida was a prime mover in sector planning and development of SWAp arrangements in which Denmark has fully participated (up to the level of sector budget support) – see Box 8.8 in the previous chapter.
(b) Agriculture is a sector hampered in most countries by a lack of consensus over agricultural strategy and government's appropriate role in it; this applies even more so in Uganda, where the Ministry of Agriculture has been regarded as particularly weak and its sector plans as unconvincing. Hence both donors and MFPED played leading roles in the emergence of an overarching Plan for the Modernisation of Agriculture (PMA) – see Box 8.4. Danida's first ASPS was a Denmark-specific programme; the second ASPS is still separate, but explicitly linked to PMA strategies, and involves some shared funding of NAADS. It is reported that other donors may be interested in co-funding elements of ASPS-II.
(c) Health: here again there have been two rounds of Danida Sector Programme Support; in which the second is more systematically linked to the health SWAp (HSSP). While Denmark has been supportive of efforts to coordinate and rationalise sector planning, it has been diffident about reliance on government disbursement systems. Added complications in health are caused by different donor approaches, the effects of vertical programmes (notably for HIV/AIDS) and recently a loss of confidence in the Ministry/Minister of Health as a SWAp partner.
(d) Roads: Danida has organised its own support in programmatic fashion (which, inter alia, makes this more of a partnership with GOU than simply the implementation of pre-set projects). But Danida feels it has little leverage to influence the overall Road Sector Development Programme (RSDP): it is a small player in a sector dominated by large investments and contracts (a "billionaires club").
(e) "Governance" is not in itself an obvious "sector" but there have been significant sector developments within this field, notably the Justice, Law and Order (JLOS) SWAp; there has been some contention over whether Danida should incorporate its justice programme within JLOS. Also, Danida efforts to rationalise its human rights and democracy activities into a coherent programme (HRDP) have led to the emergence of HUGGO – see Box 9.4 below. This has given Danida distinctive management capacity, and it is the purse-holder for a number of pooled funds in the sector.

9.29 However, the Danida portfolio in Uganda has not, since the cessation of its debt relief funding, included a general budget support instrument. As discussed in Chapter 8 (8.14 and Boxes 8.2 and 8.3), both the 1994 evaluation of balance of payments support and the 1996 evaluation of poverty focus recommended that Danida should make deliberate use of such an instrument, but this recommendation was not taken up.

61) Such variations were not limited to Danida's Uganda programmes. As noted by the 2003 OECD DAC peer review of Danish aid: sector approaches still vary widely, from simple assemblages of individual projects under a sector umbrella to more strategically framed sector programmes and budget support. (OECD Development Assistance Committee, 2003a.)

9.30 Efforts to improve aid effectiveness are manifested not only in "set-piece" SWAps and sector programmes but also in the style of individual interventions within such programmes. The next issue to be discussed – capacity development – has also been high on the aid effectiveness agenda,

Box 9.4: HUGGO

Danida's support to human rights and democratisation is managed by the **Human Rights and Good Governance Liaison Office** (HUGGO), a Programme Support Unit separate from but reporting to the embassy, under the leadership of a Chief Technical Adviser. HUGGO is responsible for support to the judiciary and to anti-corruption agencies and for funding to Ugandan NGOs. HUGGO is one of the pillars of the Good Governance Liaison Office (GGLO) which also provides an administrative framework for Danida's support to decentralisation and public administration reform.

Danida's objectives for HUGGO were to contribute to greater coherence and synergy in support to governance interventions and to increase Danida's capacity for administering funds and monitoring partners' performance. Through HUGGO, Denmark has made a much greater investment in managing governance interventions than has been made by other donors. More than half the funds administered by HUGGO are now channelled through multi-donor Basket Funds where Danida acts as Lead Agency. This has enabled Danida to take the lead in pushing for better coordination and alignment of donor support.

Through HUGGO, Danida has had a much more 'hands-on' relationship with its partners than is the case for most other donors. This has mostly been welcomed by partners. NGOs have appreciated Danida's engagement with their strategic concerns, though they have also been uncomfortable with HUGGO's close involvement in their day-to-day operations. HUGGO is now seeking to become more engaged at the strategic level and less involved in operational matters. Danida has pushed for a common donor approach to support for NGO District Networks and has led the process for developing a multi-donor foundation for funding NGOs' work in human rights.

HUGGO has been criticised for being anomalous at a time when Danida's policy was to reduce the number of its Technical Advisers and Project Implementation or Management Units. However, HUGGO is not a parallel structure to government, rather its role is to support the supply, demand and regulatory sides of human rights and democratisation. Moreover, the physical and institutional separation of HUGGO from the embassy is seen as giving Danida an almost unique capacity to operate in sensitive political situations, for example in relation to the ceasefire in West Nile. Problems have arisen when the technical and political perspectives diverged, and when the respective mandates of each were blurred. Danida's ability to capitalise on the comparative advantages of HUGGO and the Embassy depends on good communication between the Adviser and the relevant embassy official.

Capacity Development and Technical Assistance

9.31 Capacity development has been a consistent theme of the Danida programme in Uganda. In several interventions (decentralisation, the judiciary and other accountability institutions, the gender ministry) capacity development was the prime objective, and there have been strong capacity building elements in other interventions (water, health, roads). This section is a summary of the findings discussed at more length in Thematic Paper 4 (in Volume 4 of this report).

9.32 Danish aid has shown a consistent commitment to the strengthening of Ugandan systems, and often a very practical recognition that short term capacitation may require vehicles, stationery, offices and office equipment, rather than elaborate foreign expertise. From the beginning, there was recognition that, as a legacy of the colonial education system, the quality of personnel is often higher than in neighbouring countries (though their numbers may not be adequate). The Uganda country strategy aimed to use relatively small numbers of expatriate TA. Although data are sparse, there is some evidence that the ratio of TA inputs to total Danish aid expenditure has been less than in most other Danida programme countries. Figures from a study of Danish TA during the 1990s (which are reproduced as Appendix D, Table D18) showed that between 1994-99, Uganda had a lower ratio of person-months TA per DKK million spent than virtually every other Danida programme country.

9.33 Nonetheless, some informants had the impression that Danida is more prone than some other donors to rely on expatriate TA. There certainly have been areas where expatriate TA have visibly concentrated,[62] and they may have been more noticeable because of their role in managing and monitoring the use of Danish funds. Thematic Paper 2 (Infrastructure, see Volume 4) notes that Danida was felt to have been over-reliant on expatriate TA in the first round of Water Action Plan preparation and adopted a lighter approach in later rounds. Support to decentralisation made extensive use of Ugandan expertise for the decentralisation secretariat, with additional international experts on call.

9.34 It is recognised, by Danida and other donors, that donors' capacity development efforts have often been too fragmented, project-oriented and supply-led, and that this is an important challenge to future collaboration between donors and government. Although Danida's overall record is good, Danish accountability concerns have in some respects militated against capacity building. As already noted, they have served as a deterrent to greater use (and strengthening) of government systems. They have tended to perpetuate a conflict of interest in Advisers' dual role as controllers of Danish resources. And they have had a secondary role in inhibiting Danida from deeper involvement in SWAPs and sector budget support.

9.35 Thematic Paper 4 concludes that there are a number of areas where Danida may be able to improve its approach to capacity development. It may need to:

- Develop a more strategic approach to capacity development with other partners, providing the context within which it continues to identify and pursue opportunities for capacity development.

62) *Often in the form of personnel employed through company contracts rather than directly engaged by Danida (e.g. in infrastructure and water and sanitation).*

- Consider how to develop alternatives to international TA, including maximising the contribution by Ugandan people and institutions in capacity development.
- Consider how to balance control and risk, in order to avoid inconsistency in implementation, and to prevent Danida becoming too risk-averse to sustain its record of innovation.
- Learn to make a more realistic assessment of the impact of its own footprint on local economies, funding relationships and organisations.
- Learn to address problems of dependency and exit processes, especially in long-term programmes.
- Develop the application of "open system" perspectives in all programmes, to prevent too tight a focus on single organisations.

Organisation and Management of Danish Aid

9.36 Thematic Paper 10 (in Volume 4 of this report) reviews the organisation and management of Danish aid to Uganda. Apart from the initial establishment and subsequent growth of the programme, its management has had to adapt to a number of trends. These included the shift from project-focused towards programmatic approaches; a reduction in the tying and the earmarking of Danish aid, the quest for greater harmonisation among donors and better alignment with government strategies and institutions. Effective decentralisation of programme management has fluctuated: there was a high degree of *de facto* discretion at country level in the early days of the programme; more recently there has been a formal decentralisation of much greater programme responsibilities from Copenhagen to Embassy level, this time accompanied by more explicit results-based management accountability.

9.37 In general, programme management has adapted well to the demands on it, but there are challenges to maintain the right mix of general and sector skills, to make the most of available Ugandan expertise, and to ensure that results-based accountability does not lead to undue emphasis on "results" that are more easily measured, at the expense of a continuing contribution to long-term, locally-owned processes of development, in collaboration with other development partners.

Chapter 10. Assessment and Lessons Learned

Introduction

10.1 This final chapter:

(a) Gives our overall assessment against each of the evaluation criteria stipulated in the Terms of Reference.
(b) Identifies a number of lessons learned.
(c) Reviews implications for possible adjustments to the 2004 strategy.
(d) Provides a summary of recommendations.

10.2 Offering a verdict on nearly two decades of one donor's programme again raises the challenges of methodology mentioned in the first chapter. There is no straightforward way to add up assessments for different sectors/components of the programme. Contexts

vary enormously (including in the degree of difficulty of what is attempted, and the ease of measuring what is achieved). Moreover, there is no simple counterfactual, and we have not had the scope to compare this country programme in detail with Danida's programmes in other countries or with other donors' programmes in Uganda.[63]

10.3 The standard OECD DAC criteria cited in the ToR are the main reference points for our overall assessment. However, we also need to form a judgement on the consistency and coherence of the programme elements. Does the Danish programme add up to more than the sum of its parts? Does it enhance, or conceivably detract from, the other things that the government and donors are doing?

Assessment

Assessment Criteria / Impact

From ToR:

Danish assistance will be evaluated in light of Ugandan national policies, and in the context of activities of other donors. Achievements will, to the extent necessary, be assessed against contemporary goals and standards. Assessment of *impact* will generally be restricted to the overall level of achievements of the combined support from donors to Uganda and the country's own efforts.

cf. DAC definition:

Impact: Positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended.

10.4 Our assessment of Uganda's general performance and the overall contribution of aid was given in Part II above. We concluded that the overall contribution of aid to Uganda's performance was positive. Aid played a substantial role in financing the rehabilitation of Uganda's economy, and then, from the early 1990s, the implementation of reforms and of a poverty oriented development strategy. Without the aid that it received, Uganda's economic growth would certainly have been slower, its political stability might also have been threatened, and more people would have been left in poverty.

10.5 We focus here on the Danish contribution. Given our positive verdict on combined donor assistance to Uganda, a negative verdict would imply that Danish aid was, on balance, significantly less effective than aid as a whole. Danish aid did include a number of

63) *However, the Perception Study is helpful, in that many of the judgments offered involve an implicit comparison of Danida's performance against other donors'.*

64) Source (for all the DAC definitions): *OECD DAC 2002, Glossary of Key Terms in Evaluation and Results Based Management.*

unsuccessful interventions, and, as we discuss below, there are ways (with hindsight) in which it could have been made more efficient and effective. But we have formed a strong impression that Danish aid has generally been of high quality, and that Denmark's contribution to the progress that Uganda has made is rightly valued.

10.6 Against each of the evaluation criteria that follow, we explain our overall judgement, and then draw attention to Danish programme elements that seem to be problematic or to have some special merit. This identification and analysis of exceptional elements contributes directly to the identification, in the next main section, of lessons learned.

10.7 Only a very unambitious programme could be without blemish; the criticisms we offer should be seen in that light. It is notable that the Danish aid programme has not sought easy options: it has chosen some difficult sectors and components (e.g. agriculture, governance); it has sought to work in the more deprived and difficult environments of Uganda; and it has sought to innovate. It should also be noted that some of the things we criticise were standard practice in their day, and that much of the evidence for our critique comes from Danida's own evaluations and reviews.

Relevance

From ToR:

- Was *relevant* in relation to country poverty needs as expressed in national poverty reduction strategies and sector policies and strategies?
  - Adhere to overall Danish and Ugandan policy goals concerning poverty
  - Adhere to cross-cutting issues (gender, environment, popular participation) and themes (children and HIV/AIDS), as stipulated in the partners' policies

cf. DAC definition:

Relevance: The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, global priorities and partners' and donors' policies.

10.8 The ToR frame relevance in terms of poverty reduction objectives; the DAC definition relates more generally to "requirements, needs and policies". We have seen that the focus of national objectives changed over time. As put in one of the Thematic Papers:

> From the inception of Danish Bilateral Cooperation with Uganda in 1987 to date, GOU has pursued two overarching development policy frameworks. Between 1987 and 1996 the major thrust was reconstruction of infrastructure and achieving minimum economic recovery. Then from 1997 onwards the national development objective and strategy has been poverty eradication. Denmark's support has also been premised along these lines. (TP2, 6.2)

10.9 For Denmark as well as for Uganda, poverty-orientation was not at first such an explicit objective as it later became. Nevertheless, from the outset the Danish aid programme was clearly relevant both to national recovery objectives and more specifically to poverty reduction (see the discussion in 9.2–9.10 above). However, poverty strategies

were not then well-defined. After the mid-1990s, as both Denmark's and Uganda's poverty objectives and poverty strategies became more refined, Danish aid adapted to become more relevant and more aligned with Uganda's poverty reduction strategy.

10.10 On relevance to the main cross-cutting issues (gender, environment, HIV/AIDS), our discussion in 9.13-9.15 indicates a qualified endorsement. There was conscious attention to all these issues; on none of them is there room for complacency. The ToR criteria of "participation" and "children" have not been such explicit themes in the programme. However, it has included elements (e.g. special education, primary health care) in which children are direct beneficiaries, and the emphasis on economic and social services that benefit poor families means that children are prominent among the beneficiaries of the programme as a whole. Participation has a been a design principle of Danida interventions (e.g. the involvement of communities in roads and water programmes), and there has been support to democratic participation throughout the period, including noteworthy support to the Constitutional Commission and to decentralisation, as well as the human rights and democratisation programme.

10.11 The Danish programme was also consistently relevant in the nature of the aid offered. Uganda's poverty and its debt status made Denmark's reliance on grants rather than credits appropriate. Danida's practical readiness to finance recurrent costs and not only capital investments also added to the relevance of its assistance. Denmark's readiness to work with a range of partners – from NGOs and civil society, as well as government – was also relevant. It was natural to focus first on a reforming government that deserved support, but Denmark also recognised the role of civil society in holding government to account, and of non-government service providers (e.g. the PNFP sector in health). Over time, too, more explicit collaboration with other donors has also been both appropriate and responsive to national strategy.

10.12 Despite this generally positive assessment, not every element of the programme passes the test of relevance. Two early major projects – the grain silos and the Kampala dairy rehabilitation – were not relevant to Ugandan needs. It is a matter of judgement whether the acclaim they brought as "flagships" of Danish aid could justify their cost. At least one programme that was relevant in principle, but a failure in practice – the support to national farmers' associations – was continued for longer than justified. The Private Sector Development programme is not particularly relevant beyond the immediate level of individual firm constraints (see Box 8.11).

10.13 The financial programme aid provided during the 1990s (especially in its balance of payments support and debt relief forms) was highly relevant. Unfortunately its relevance to policies and public expenditures impacting on poverty was not well recognised and it was not given the strategic consideration that it deserved. In discontinuing financial programme aid when the MDF assistance terminated, the programme missed a relevant opportunity.

10.14 We have also noted that Danida deserves special credit for the relevance of its support to the health sector. The focus on building basic health systems, including the capacity for planning, supporting and managing district services, was appropriate, as was Danida's persistence in focusing on basic health systems in the face of changing donor fashions.

Effectiveness

From ToR:

- Was *effective* in making contributions to the overall political, economical and human development of Uganda – both at the national and local level – and in specific sectors.

cf. DAC definition:

Effectiveness: The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.

10.15 Overall we judge that the programme was effective. Areas where Danish aid was conspicuously effective included:

- debt relief;
- rural roads programmes (arguably rural roads have been the programme's most successful contribution to agricultural development);
- support to the rehabilitation and expansion of basic health services, especially through the essential drugs systems;
- rural water and sanitation programmes;
- support to economic and institutional recovery in Rakai District; [65]
- support to special education;
- in HRD, support to the justice and accountability systems of government.

10.16 Danish aid has made distinctive contributions (over and above provision of infrastructure and services) in at least the following areas:

- water and sanitation (system development, innovation – including decentralised implementation of water projects and privatisation of construction, capacity building as well as service delivery);
- gender (formative influence on gender analysis and advocacy during the 1990s);
- decentralisation (effective partnership with GOU in designing and implementing decentralisation strategy; the demonstration effect of Rakai DDP);
- labour-based roads;
- special education;
- in HRD, its advocacy and support for human rights.

65) *Though here in particular there are some question-marks about sustainability and about the cost-effectiveness and replicability of the level of support that was provided.*

Efficiency

From ToR:

- Was *efficient,* i.e. compared to different ways of delivering assistance, and efficiently aligned with national policies and harmonised with assistance of other donors.

cf. DAC definition:

Efficiency: A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted to results.

10.17 We judge the Danish aid programme in general to have been efficient. There are a number of bases for this overall judgement: we have found few conspicuously inefficient programme components; the correspondence between commitments and disbursements is impressive; and the management arrangements for the programme (Volume 4, Thematic Paper 10) have generally been well adapted to requirements. There have been conscious efforts to make the programme more efficient by aligning it, where appropriate, with GOU systems, and by coordinating with other donors. And observer perceptions of Danida's efficiency are generally favourable. There is a particularly positive perception from the water sector:

> At institutional level, the respondents at DWD overwhelmingly submitted that Danida's support has delivered more efficiently compared to other donors. The reason for this assessment is that Danida has completely integrated its support into the Government structures and that disbursement of its funding is more predictable and timely. (TP2, 6.5)

10.18 There are some contrasts in efficiency between different components. For example, commodity import support, as operated, was highly inefficient while debt relief was extremely efficient; the grain silos and the Kampala dairy were not an efficient use of resources; the ratio of benefits to costs of the PSD programme is unfavourable unless a high value is placed on intangible political benefits; by contrast, labour-based road works (and the focus on feeder and secondary roads) and the water and sanitation programme rate highly for efficiency.

10.19 A number of factors had a positive influence on efficiency over time:

- The relaxation of (explicit and implicit) tying of Danish aid, which has made it more efficient in implementation, as well as reducing the risk of inappropriate project/design choices because of conflicting interests.
- The decentralisation of aid management by MFA, which has helped the programme to be responsive at local level.
- The integration of development and diplomatic aspects of MFA work.
- Increased harmonisation and alignment with other donors and government in various sectors.

10.20 Thematic Paper 7 notes that: *much donor funding for NGOs has been ad hoc, short-term and 'projectised', an approach to programme management that combines high transaction costs with uncertain impact. This has prompted donors to look for alternative funding modalities.* Danida's pragmatic response, the Human Rights and Good Governance Liaison Office (HUGGO – see Box 9.4) has made for greater efficiency in the management of governance interventions, both by its concentration of capacity and by its link to programmatic approaches for managing NGO support.

Sustainability

From ToR:

- Was *sustainable* in relation to its choice of modalities, i.e. whether it was developed and undertaken in co-operation with relevant national and local authorities and in different sectors?
- And was sustainable in the sense that it strengthened the organisational capacity of relevant national and local authorities or organisations.

cf. the DAC definition:

Sustainability: The continuation of benefits from a development intervention after major development assistance has been completed. The probability of continued long-term benefits. The resilience to risk of the net benefit flows over time.

10.21 We note that there is potential ambiguity in the sustainability criteria offered. The DAC definition has a number of distinct components, while the ToR criteria leave open the possibility that an intervention could strengthen national capacity without necessarily attracting the national resources to assure continuity. It is clear that the programme increasingly tended to use more sustainable modalities (reflecting the moves beyond Danida-specific projects and sector programmes to fuller engagement with government-led SWAps). At the same time it is also clear (a) that Uganda's PRS will require significant donor support, including support for recurrent costs, for many years ahead; and (b) that Danida (and like-minded donors) accord higher priority to certain institutions than the Government does; their adequate funding is therefore likely to continue to require continued donor support (either through dedicated funding, or as a result of donor influence through budget dialogue and agreed conditions). This applies particularly to institutions for accountability and justice. Taken together, these, factors suggest that Danida (and other donors) should pay more explicit attention to the DAC criterion of "resilience to risk" in future plans. In particular, will GOU be willing as well as able to maintain benefit flows over time? What are the risks to continuation of donor support where continued support is appropriate?

10.22 Danish procedures for taking account of sustainability in project design are strong, but they cannot easily overcome institutional weaknesses, which determine, for example, whether the necessary resources for operation and maintenance are actually mobilised and effectively used. This point is illustrated, for infrastructure, in Box 10.1.

Box 10.1: Sustainability in Infrastructure Sectors

This evaluation's Thematic Paper on infrastructure draws attention to persistent issues in sustainability, despite Danida's careful attention to the issue:

Danida-funded investments are known for being elaborate in addressing the issue of sustainability. This is obvious not only from the comprehensive planning that appears in the project documents but also in terms of concrete action taken to ensure sustainability. In the water sector, this has been pursued through charging water-user fees as well as putting in place appropriate institutions to assure sustainability such as water users' committees and the training and equipping of pump mechanics to carry out preventive maintenance and small repairs. On the project for renovation of Entebbe International Airport, Danida funded a two-year contract for ICAO maintenance experts to train Civil Aviation Authority staff to maintain the airport facilities.

Despite these efforts, sustainability remains a major problem in infrastructure projects. In the Water and Sanitation Sector, the problems of operation and maintenance have been a consistent challenge. This has been true not only at the facility level but also in areas where local governments and central government have responsibility. It has also been the case with facilities like urban water where management of facilities has been contracted to private operators. The perpetual problem of sustainability is partly the reason why reforms were launched, in order to ensure that users take greater responsibility for financing of the services provided. The urban water sector reform strategy was more forthright – "the sector cannot sustain itself, service its debts, raise capital for new infrastructure, and fund renewal or growth, despite adequate tariffs". The problem was also acknowledged during the first joint GOU–donor review and as a result the mission emphasised the need to focus on operation and maintenance in subsequent interventions.

The challenge of sustainability is also an issue in the Road Sector. GOU had made a commitment in 1996 to provide additional resources amounting to at least USD 4 million every year for maintenance; this figure was reduced to USD 2 million in 2002, but even this has not been fulfilled.

Source: Volume 4, Thematic Paper 2.

Coherence

Under this heading we consider:

- the consistency of Danida programme elements with each other (do they complement each other in a positive way?);
- coherence between interventions supported by Danida and the wider activities of the government and other aid partners.

We note that coherence is not just a matter of a static "balance" between elements of the programme: it concerns also the dynamics of building relationships and applying influence.

10.23 Overall, the Danish aid programme to Uganda has shown strong coherence.[66] It has maintained a balance between the different "legs" (social, productive, institutional) that were established at the outset. The breadth of the programme has been used to build support from both Danish and Ugandan stakeholders. The airport and the grain silos are the most spectacular examples of constituency-building,[67] but it is clear that Denmark's track record of social and infrastructure support has also given it credit to be used in pursuing its institutional and governance objectives.

10.24 Clear elements of complementarity in the programme include the balance between work with government agencies and with NGOs and civil society on governance issues; between experience gained in Rakai and support to the decentralisation programme of central government. Given Danida's exceptional involvement and expertise in the development of Uganda's mechanisms for decentralisation, it is disappointing that some of its other activities (e.g. inputs to health planning) were not more attuned to the institutional requirements of decentralisation. However, reconciling decentralised and sectoral approaches is always a difficult challenge.

10.25 Denmark has also sought coherence and complementarity by staying out of sectors and programmes considered adequately supported, and by participating in joint government–donor coordination mechanisms. In this vein, it stayed out of basic education, it focused on basic health systems rather than add to the imbalance of HIV/AIDS-specific funding, it chose geographical locations for water and roads programmes that dovetailed with what other donors were doing, and for the most part, it kept clear of large-scale infrastructure. It played an influential role in enhancing donor coordination in water and sanitation, in agriculture and in various aspects of governance.

10.26 Increasing attention to harmonisation and alignment under government leadership changes the way in which the internal coherence of an individual donor's aid programme should be viewed. The more that donor interventions are consciously fitted into an overall national strategy and national priorities, the less relevant it is to expect an individual programme to be internally "balanced", e.g. between sectors or geographically: what matters is whether there is an appropriate balance in the aggregate efforts of donors and government. It also means that, for individual components of the Danida programme, coordination with what other actors are doing in the same field is likely to be more important than coordination with what Danida is doing in other fields. Danida's long-established practice of trying to focus on a limited number of sectors and sub-sectors should make it well attuned to the requirements of achieving an effective division of labour with other partners (a requirement that is reinforced by its intention to join the Uganda Joint Assistance Strategy, discussed later in this chapter).

10.27 At the same time, all agencies have to take account of their financiers (in Danida's case, ultimately, Danish taxpayers) as well as their Ugandan beneficiaries. From this point of view, the balance of the programme continues to be a relevant concern (e.g. in continuing to contribute to economic growth, to social services and to institutional

66) *Although there are issues in the coherence between Denmark's aid policies and some of the other policies it supports. The EU agricultural subsidies from which Danish farmers benefit are at cross-purposes with Danida's efforts to support agricultural development.*

67) *It is ironic, given the negative reactions of some Danish NGOs, that the airport was the more relevant and effective intervention in itself.*

development, in demonstrating Danish contributions towards reducing fiduciary risks faced by its aid, and so forth). There is also a legitimate concern to avoid a focus so narrow that it might undermine Danida's country-level understanding of Uganda's situation and requirements.

Lessons Learned

Introduction

10.28 The context for Danish aid to Uganda has changed dramatically in the period under review. Uganda itself presents a very different picture in 2006 than it did in 1986. And the concepts that inform an aid programme have themselves evolved significantly. This is manifested in assumptions about appropriate economic policies for different contexts, about the need for explicit poverty reduction strategies, about the direct and indirect roles of the state in development, about good governance, about the importance of country ownership for capacity development and sustainability, and about many other aspects of what constitutes effective aid and good practice in aid delivery. Ugandan experience has itself made an exceptional contribution to these developments in thinking. Against this background, the present section identifies a number of lessons that may be drawn more specifically from the experiences of Danish aid to Uganda.

The value of concentration and focus

10.29 Denmark has almost certainly achieved more by operating as one of the larger bilaterals in Uganda, than if the same resources had been spread more thinly over more countries. As well as enabling it to operate at a significant scale in its chosen sectors, this approach has increased its access and legitimacy in voicing concerns to government, as well as vis-à-vis other donors. It has been able to build up experience and comparative advantage in a number of sectors (and sub-sectors within them) including health, HRD and decentralisation.

The value of consistency and staying engaged

10.30 In spite of difficult periods, the Danish programme has shown great stamina in a number of important areas, including support to the development of institutions for essential drugs management; support to justice and accountability institutions; and support to decentralisation. It has been less fickle than some agencies (e.g. in resolute support for basic health systems when more headlines were available for support to vertical HIV/AIDS programmes). Agriculture is another sector where Danida has shown great persistence (but its staying power may not yet be fully tested – see later comments on future directions for this sector).

The value of consistent strategy, flexible implementation

10.31 The Danish programme has shown strategic consistency without an over-rigid advance programming of expenditures. In some sectors, there was not always as much flexibility in implementation as might have been desirable (especially in the context of support for a broad government strategy). There may be quibbles over the pace and pattern of moves towards more reflective and collaborative aid modalities in different sectors, but it makes sense to be pragmatic when there is such a variety of sector contexts.

On capacity development

10.32 The programme's experience shows the value of working with government systems and drawing on local human resources, as well as the value of basic capacitation (providing the facilities to enable organisations to function). Danish-funded consultants were less successful when they attempted to export a Danish model (farmers' associations), and more successful when they worked with government in listening mode (decentralisation).

The dilemmas of visibility and the "resource base"

10.33 Most of Danida's concerns for visibility are quite understandable but they raise problems. In the early years the direct tying of aid led to inefficiencies (CIS) and probably had an unhelpful influence on some of the less successful major investments. It is good that Denmark has generally retreated from the tying of its aid; hopefully this is an improvement that will not be reversed.[68] On the other hand, there is a quite legitimate concern to maintain the support of the Danish public for aid. This has two direct aspects. One challenge, in the light of the increasing, and justified, trend towards collaboration in aid delivery, is how to maintain domestic support for aid if it is less obviously visible as Danish aid. This can be addressed by considering the balance of the Danish portfolio between merged and separate interventions, by seeking better reporting on all forms of aid, and by seeking to raise public appreciation of what constitutes effective aid (see discussion below of the UJAS framework). A second challenge is to allay fears about corruption and the diversion of Danish aid funds. Here Danida's approach has been admirably strict, but also rather one-dimensional, and has hampered other objectives, including the building up of domestic institutions and participation in more collaborative aid modalities. This links to our next observation.

Need to avoid rigid paradigms on aid modalities

10.34 Partly because of its concerns about accountability, Danida appears to have adopted a rather restricted paradigm concerning aid modalities. It has been very reluctant to move into disbursement via government systems where it perceives significant fiduciary risk. A number of other donors have been more ready to accept a degree of risk, and seek to mitigate it, because of the weight they attach to the strengthening of initially weak government systems. It would have been helpful for Danida to seek more of a balance between different modalities rather than setting such a high entry threshold for new modalities. This would provide more opportunities to gain experience with modest levels of risk. In this connection, budget support should be viewed more as a complement and less as an alternative to other modalities. That Danida did not continue with any form of general budget support after its support to debt relief was a missed opportunity to learn from experience.

68) *The short-term allocation of development funds essentially motivated by Danish domestic interests should be avoided wherever possible. This type of activity is often not sustainable, does not fit with Danish principles of partnership, and can be disruptive to carefully laid out country strategy.* (OECD Development Assistance Committee, 2003a).

On ownership and influence

10.35 The entire Ugandan experience with aid, not just Denmark's Uganda programme, has important lessons about ownership and about the extent, and the limits, of donor influence. Ultimately, donors' ability to influence political governance issues is limited. So is their ability to dictate policies. But where there is government ownership of strategies and an overlap of government and donor interests, there is great scope for collaboration in the design, implementation and monitoring of effective programmes and policies.

10.36 At the level of individual interventions, in the interests of ownership and capacity development, Danida needs to resist the temptation to interfere in the day-to-day decision-making of the activities it supports. (The concern for strict accountability easily leads to an involvement in the details of resource allocation and management. This point was particularly commented on by a number of the NGOs that Danida supports.)

Lesson learning

10.37 It is encouraging that the Danida programmes in Uganda generally appear to have a good record of seeking to learn and apply the lessons of experience. For example, the 2004 country strategy includes an extensive discussion of lessons learned (see Appendix E, 22 for extracts). It concludes:

> In terms of challenges presented, insufficient focus has been targeted at fostering sustainability of the development interventions, at integrating cross-cutting issues (gender equality, environment, human rights and democratisation) and at fostering greater interplay between the various sector programme initiatives. (MFA Danida, 2004h)

Future Directions

Context

10.38 Uganda faces major challenges: in economics, to achieve sustained growth that does not perpetuate aid dependence; in politics, to advance democratic governance and national coherence. These two come together inasmuch as the biggest opportunity for poverty reduction and a boost to economic growth would be peace and a peace dividend in the north.

10.39 Donors need to recognise that the high quality of their relationship with the Ugandan government over the past decade may have been exceptional. There is no longer such a strong degree of common interest between donor objectives and the basic interests of the government. It remains important to stay engaged, to work with government and with civil society, and to apply the lessons of experience on aid effectiveness.

Danida strategy in the context of UJAS

From ToR:

Finally, the evaluation should review the progress against the specific indicators of the Danish 2004 country strategy – and make recommendations to possible adjustments of the strategy.

10.40 The specific indicators of the 2004 country strategy relate to modes of aid delivery (they are reproduced at 25 of Appendix E). All of them imply moving in directions that the lessons of this evaluation would support. In many cases, their achievement requires combined efforts by Denmark, other donors and the Ugandan government. At Appendix G, we reproduce RDE's 2006 status report on progress against these indicators. The report demonstrates encouraging progress by GOU and donors together towards greater alignment of aid with the national poverty reduction strategy, and the development of more integrated monitoring systems. A first Annual PEAP Implementation Review (APIR) is being held in 2006, and is linked to an exercise to achieve a better division of labour among Uganda's donors (this is spearheaded by the participants in the Uganda Joint Assistance Strategy (UJAS) – see below).

10.41 At the same time, progress towards channelling more of Denmark's aid to Uganda through sector and (especially) general budget support, has been slower than the 2004 targets implied. Against a target that 80% of Sector Programme Support should be in the form of sector budget support by 2006, RDE reports an actual figure of 15%. Commencement of general budget support has been deferred (citing governance concerns) and the target for 2008 has been reduced from 25% of the country frame to 7%.

10.42 Since the evaluation commenced, Denmark has decided to join the other partners in the Uganda Joint Assistance Strategy without delay. This makes sense. The UJAS framework (see Box 10.2) provides common indicators but allows separate decisions. The variety of approaches amongst the existing UJAS partners is indicated by their very different commitments to budget support, also illustrated in Box 10.2. Thus joining UJAS does not require Denmark to submerge its identity or lose its autonomy as an aid partner; but this way of working will create challenges about how to present and to justify Danish assistance to the Danish public.

10.43 UJAS also provides a framework in which Danida can strengthen progress towards the 2004 country strategy targets, including those that have been lagging. In the light of the evaluation's findings, we comment below on:

- continuing areas of focus (comparative advantage) for Danida;
- issues for Danida to pursue within the partnership;
- implications for reporting, monitoring and accountability.

10.44 The "division of labour" exercise summarised in Box 10.2 implies an even further narrowing of Danish focus within Uganda. Based on our evaluation findings, we would recommend:

- Denmark's involvement in the health sector should continue, based on the depth of experience and comparative advantage built up over many years.
- Denmark should take a continuing interest in decentralisation, and seek through UJAS to encourage moves towards greater coordination and a "decentralisation SWAp".
- HUGGO represents valuable planning and management capacity for the HRD sector, with potential for shared benefits among UJAS partners.
- Denmark should maintain its role in the agriculture sector (see specific suggestions below).

10.45 Danida clearly recognises that, if poverty reduction is to be achieved, the share of support to agriculture and efforts to improve its effectiveness must reflect its importance to rural livelihoods. Increasing the effectiveness of aid to agriculture will be crucial. Recent shifts in modes of aid delivery present both opportunities and risks; in the case of the latter, a reduction of learning and innovation that has been a characteristic of past Danida support to agriculture. Policies and interventions supporting sustainable pro-poor agricultural growth must become more central to poverty reduction. The concerns which were raised in Thematic Paper 1 about the design and delivery of support services to farmers suggest that the agricultural extension system for the poorer areas of the country with little ability to pay should be re-examined. While budget support has a number of advantages, the particular characteristics of agriculture, which is essentially a 'private' sector, suggest that it will be important for Danida to continue to balance different aid instruments for Ugandan agriculture. In this regard, a revival of the approach adopted by Danida under the Household Agricultural Support Programme should be examined. In a widely praised ASPS1 initiative, Danida successfully devised and tested ways and means of reaching poorer households and districts. HASP pioneered extension approaches which were later successfully scaled up under the PMA by NAADS. It is to be expected that the PMA will continue to need strategic inputs of this nature to blaze the trail in hitherto deprived areas of the country.

Box 10.2: The UJAS Approach

42. UJAS partners will continue to support policy analysis and engage in dialogue to help the government prioritize expenditures and reform policies to more rapidly achieve PEAP targets and the MDGs. Such initiatives may be particularly relevant for conflict resolution and for strengthening of political governance. But in all instances the UJAS partners will avoid parallel interventions and will work within appropriate Ugandan frameworks.

43. A flexible approach to assistance is required. UJAS partners therefore will adapt their level and nature of support in response to emerging national developments and needs. Adjustments will be made in consultation with the government and with other partners. The annual UJAS review process (based on the annual PEAP implementation review process discussed in chapter 6) will provide the opportunity for identifying and agreeing any changes.

44. The UJAS partners understand **"working better together"** to mean increasingly using common arrangements to deliver aid and to achieve a more effective division of labor among themselves in supporting specific sectors or programs. To this end, partners will strive to increasingly harmonize programming and policy dialogue, and to rationalize engagement in sectors, choice of aid instruments, and advisory capacity.

46. The UJAS partners will build on progress made in **harmonization.** They will seek to increase their selectivity in the use of aid modalities, and development partners who are able to provide general and sector budget support will make this their priority.

47. All development partners are increasingly aware that there is still substantial scope for harmonizing approaches to the provision of budget support. Aligning budget support timetables and the framework for decisions is an important objective for the early stages of the implementation of the UJAS.

48. UJAS partners are also committed to achieve greater harmonization at the sector level. Currently, progress is most advanced in the health and water sectors, and a clear model has emerged for best practice on the basis of this experience. This involves aligning development partner support (including through projects) with sector priorities agreed with the government, providing assistance predictably, complementing support provided by others (including through the choice of aid modality), and harmonizing development partner assessments with a government-led review. UJAS partners' aim is to apply this model as relevant in all sectors. A key area where further coordination is needed is support for capacity building.

49 UJAS partners will increasingly rationalize the program and policy areas in which they are engaged. It is hoped that the government will take the lead in this process of increasing selectivity, although it will also require development partners to critically self assess their comparative advantages. An assessment of comparative advantages will take place in the period leading up to the first UJAS annual review in 2006. Efforts will be made to involve non-UJAS partners in this process. At the time of the review it is intended that UJAS partners will agree on the areas in which each will remain engaged and those in which they will delegate responsibility to others.

Budget support portfolios within UJAS

The table (right) is based on UJAS Table 6, and indicates the variety of approaches to aid modalities among UJAS partners.

The figures shown (in USD million) are in addition to support through non-government partners.

Source: World Bank, 2005a.

Base Case

	Average annual financing to MTEF	of which is budget support	budget support %
Netherlands	38	32	84%
Sweden	28	23	82%
DFID	113	90	80%
Norway	20	12	60%
World Bank	294	150	51%
AfDB	70	20	29%
Germany	32	5	16%
Subtotal	**595**	**332**	**56%**
Other partners	305	80	26%
Total	**900**	**412**	**46%**

10.46 Danida's support of the PMA framework is justified, but government's waning confidence in the PMA must be a source of concern. Further, PMA structures have yet fully to address issues raised by the recent evaluation (Oxford Policy Management, 2005). This recommended 29 actions to address weaknesses in PMA implementation. Of these 9 were identified as priority recommendations of which 5 could benefit from attention from Danida under ASPS2 as cross-cutting issues (Box 10.3). Actions taken by the ASPS may already be tackling some of these (e.g. tailoring its approach to areas that are highly diverse in terms of resources, livelihoods and people; addressing marketing and environmental issues more generally). However, there are other areas in which the PMA may need more help (e.g. with the resolution of apparent design flaws of NAADS, and with pervasive, but neglected, land problems). The PMA evaluation noted that as part of its M&E, there is need for more systematic impact assessment. As explained in Box 9.2, Danida could be well placed to assist with resolving the issues relating to PMA impact assessment by building on its pioneering External District Gendered Poverty Monitoring.

Box 10.3: PMA Evaluation Recommendations Relevant to ASPS2

PMA pillars

2. Differentiated strategies for farmer categories should be developed for each pillar and the NSCG. This should make sure that the particular concerns of women farmers are addressed. As part of this process, NAADS should be encouraged to pay more attention to staple food crops for poorer farmers.
3. There is a need to address marketing and land issues more generally, not just within the marketing and natural resource pillars, but across all relevant pillars, and NAADS in particular.
8. Environment issues are not being effectively addressed as a cross-cutting issue, particularly by NAADS. This should be addressed as part of a broader review of enterprise provision under NAADS.

Policy, regulatory and institutional reform

13. There is a need to inject a sense of urgency into the whole of the land reform agenda, particularly to address women's poor access to land.

Monitoring and evaluation

28. As part of its M&E, there is a need for more systematic impact assessment. This should be linked to the implementation of the PMA M&E system, which should include key impact indicators and periodic case studies, to address more qualitative aspects of PMA implementation and impact.

Source: Oxford Policy Management, 2005.

10.47 It would be unfortunate if the "division of labour" exercise became a superficial one. It needs to go beyond a simplistic "pruning" of the number of donors in each sector, and consider explicitly the balance between aid modalities that is appropriate for each sector (Lister et al., 2006). Danida also has an opportunity to influence the analytical work programme of the UJAS partners and should take a special interest in issues of decentralisation, accountability, and capacity building as well as issues relating specifi-

cally to the sectors in which it remains directly involved. It also needs to ensure that RDE has adequate staff with economics skills to enable Denmark to participate credibly in discussions of budget support. Working through non-UJAS (or sub-UJAS) groupings of donors will continue to be relevant in pursuing governance concerns that the International Finance Institutions consider to be beyond their remit. And UJAS should be encouraged to develop further its approaches to risk analysis and risk mitigation.[69]

10.48 Progress on harmonisation and alignment also has implications for future evaluations. Joint assistance strategies imply joint monitoring and evaluation, and it makes little sense to evaluate aid separately from the national strategy that it supports. We understand that the Office of the Prime Minister (OPM) envisages a joint evaluation of the PEAP and UJAS in 2008/09. Danida should support this. To ensure quality and maximise the credibility of the evaluation with both Ugandan and donor country stakeholders, it should be conducted by external independent consultants in line with DAC quality standards.

Summary of Recommendations

10.49 The main recommendations of this report are summarised below. All are relevant to Danida. Where they also require action by GOU and/or other donors, this is highlighted.

On Danida's overall strategy and approach

10.50 Experience in Uganda confirms the value of several principles of Danida's overall strategy and approach, which should be continued. These include:

- Concentration and focus (see 10.29).
- Consistency and staying engaged (10.30).
- Flexibility within the country programme – avoiding rigid advance programming of expenditure (10.31).
- Capacity development by working with and through local systems (10.32) and recognising the importance of national ownership (10.35). See also 9.35 which highlights a number of factors to be taken into account in Danida's future capacity development efforts.
- Avoiding the tying of aid (10.33).

10.51 In line with these principles, Danida should take care not to micro-manage the agencies and the programmes that it supports (10.36).

On aid modalities, accountability and collaboration with GOU and other donors

10.52 Danida (at least in Uganda) has operated with a rather narrow paradigm concerning aid modalities. It has allowed its concern for strict accountability of aid funds to frustrate other important principles, including the use of national systems and more collaboration with other donors. It should adopt a less rigid approach in which:

69) See World Bank, 2005a Table 4 on p29.

- More weight is attached to the value of using, and strengthening, national systems of implementation, disbursement and accounting.
- A lower "entry threshold" for budget support is applied, while budget support and other modalities are seen as complementary.
- There is more emphasis on learning from experience with new modalities. (10.34)

10.53 At the same time, Danida should use its participation with other donors and government to push for strengthening of national accountability systems, and also (see next recommendation) to help raise general standards of monitoring and reporting. (10.34)

On maintaining domestic support for aid

10.54 Danida is right to emphasise the importance of maintaining domestic support for the provision of generous levels of aid. The best way to maintain support is to ensure and demonstrate the effectiveness of aid. However, making Danish aid separately visible is less appropriate as more collaborative (and effective) aid modalities are adopted. A more nuanced strategy to maximise the effectiveness of a country programme and to maintain support for it will include:

- Considering the balance between joint and separate interventions.
- Seeking to improve monitoring and reporting on the effectiveness of aid (integrated with monitoring of the national programmes that it supports).
- Seeking to enhance (Danish) public understanding of what constitutes effective aid.
- Seeking to strengthen broad accountability for resources, not just specific accountability for Danish aid funds. (10.33)

On "division of labour" and future priorities for the Danida programme in Uganda

10.55 The "division of labour" exercise should go beyond a go beyond a simplistic "pruning" of the number of donors in each sector, and consider explicitly the balance between aid modalities that is appropriate for each sector. (See 10.47 – this and the other recommendations under this heading require the joint action of GOU and donors.)

10.56 As regards the focus of Danish aid (10.44-10.47, and Box 10.3):

- Denmark's involvement in the health sector should continue, based on the depth of experience and comparative advantage built up over many years.
- Denmark should take a continuing interest in decentralisation, and seek through UJAS to encourage moves towards greater coordination and a "decentralisation SWAp".
- HUGGO represents valuable planning and management capacity for the HRD sector, with potential for shared benefits among UJAS partners.
- Denmark should maintain its role in the agriculture sector. There is particular scope for Danish aid to reinforce the PMA in some of the specific areas that the PMA evaluation highlighted as needing attention. These areas include the promotion of extension approaches that are appropriate for reaching poorer households and districts; attention to marketing and land reform issues, with special attention to women's access to land; more attention to environment as a cross-cutting issue; and more systematic impact assessment (in which there is scope to build on the gendered district poverty profiles supported under the ASPS – see Box 9.2).

- Danida should seek to influence the work programme of the UJAS partners, and should take a special interest in issues of decentralisation, accountability and capacity building (as well as those sectors in which it remains directly involved).
- Danida needs to ensure that the RDE has adequate staff with economics skills to enable Denmark to participate credibly in general budget support discussions.
- Working through non-UJAS (and sub-UJAS) groupings will continue to be relevant in pursuing governance concerns that the IFIs consider to be beyond their remit.

10.57 Both through UJAS and in its internal strategy, Danida should seek to develop more systematic analysis of risks and a more explicit risk mitigation strategy. (10.47, 10.21)

On future evaluation

10.58 Danida should support an external independent evaluation of the PEAP and UJAS in 2008/09. (10.58).

Terms of Reference

Evaluation of Danish Uganda Country Programme, 1987-2005

1. Introduction

A Uganda Joint Assistance Strategy (UJAS) between key donors and the Ugandan Government is currently being developed. Denmark is considering these efforts in view to participate at a later stage. A joint evaluation of such a strategy will thus become relevant in the longer-term. However, the current evaluation of the Danish Uganda Country Programme is to be undertaken now, keeping the UJAS in perspective.

Danish bilateral development assistance to Uganda resumed in 1987 after the National Resistance Movement took over power. Uganda was among the first Danish 12 programme cooperation countries identified in 1989, and in 1990 a Danish Embassy was established in Kampala. The Danish assistance (including NGO-support and technical assistance) has grown substantially from a modest contribution of DKK 34 million during the first year reaching a peak in 2001 of DKK 472 million. Since then it has come down to approx. DKK 350 million in 2002 and 2003, and a little higher for 2004. By the beginning of the 1990s Uganda was the second largest receiver of Danish bilateral assistance. The total Danish funded assistance during 1987-2003 has been nearly DKK 5 billion (DKK 4,909 million or USD 700 million).

The Ugandan policies on poverty eradication has been seen by donors as a good example of country-led development – and has been a very good basis for the joint donor/ Ugandan principles of alignment. Many donors have contributed to Uganda's own development efforts. The Danish development assistance has been a relatively stable part of the international development assistance to Uganda. From an initial level of 4-5 percent of all multilateral and bilateral aid, it reached nearly 10 percent in 2001. It is now again at the level of 5-6 percent of all aid. The total aid Uganda during 1987-2003 is estimated at the level of USD 1 billion equivalent to about DKK 70 billion. The Danish aid contribution thus is at the level of 7 percent of all aid to Uganda during the last 15 years.

The achievements of Uganda's national political, social and economic development since 1986 have been remarkable, and are well documented:

- Adoption of a new democratic Constitution after a constitutional referendum in 1995.
- Presidential and Parliamentary elections in 1996 and in 2001; national elections (both presidential and for parliament) to be held in 2006.
- A national referendum concerning the introduction of a multi-party system took place in 2005.
- Decentralisation reform initiated in 1993; Local Government Act in 1997 devolving functions and resources to local authorities; local council elections held regularly.
- Poverty Eradication Action Plan (PEAP) adopted in 1997 to become Uganda's Poverty Reduction Strategy Paper, releasing HIPIC-funds to Uganda as the first country, revised poverty reduction strategy in PEAP 2004.
- Economic growth rates of 6-7 percent over the period.

- Reduction of HIV prevalence rate from 20 percent in 1991 to 6 percent in 2003.
- Abolishment of primary school fees for up to four children in 1996 to encourage universal primary education, doubling the primary school enrolment.

Many challenges still need to be addressed:

- As a result of the newly held national referendum (28 July 2005), the Constitution needs to be amended to allow for a multi-party system; other issues like a third term for the President, introduction of regions, etc. are also pending.
- Although the absolute poverty rate fell from 56 percent in 1992 to approx. 35 percent in 2001 it has again increased to 38% in 2004. At the same time disparity in income distribution has increased.
- The country has not yet implemented a land reform.
- A civil service reform is pending
- Widespread corruption must be addressed more systematically.
- The 19-year-long armed conflict in the northern part of the country has in particular enhanced poverty and resulted in internal displacement of 1½ million people.
- Uganda is still one of the poorest countries in the world, with an average per capita income of USD 240 in 2003. At the same time, the country has very considerable defence expenditures. Moreover, the 2002 Population Census revealed that the population growth of 3,3% p.a. puts pressure on the millennium goals of poverty reduction and environmental improvement. Soon 60% of all Ugandans will be under the age of 18.

The Ugandan-Danish co-operation has followed the international changes in aid approaches. The evaluation will assess achievements in the context of these changing approaches. Three phases can be distinguished:

1) 1986-95: the rehabilitation and reconstruction phase lasting until the constitutional process was completed;
2) 1996-2003: introduction of sector support programmes, linked to the first PRSP-process and the first Danish-Uganda country strategy; and
3) 2004 – onwards: the second Danish-Uganda country strategy, also linked to introduction of the mid-term expenditure framework (including revised PEAP and emerging budget support).

Initially, the Danish support was composed of a multitude of separate projects within many sectors (support to the construction of Entebbe airport, construction and rehabilitation of grain silos, district development, and core support to the establishment of the Ministry of Gender demonstrate some of the diversity). But from 1996 the Danish-Uganda co-operation was based on a five-year strategy focussing on support to four sectors: agriculture, health, water and sanitation, and roads. In addition, private sector development, good governance, decentralisation and human rights were supported. A new strategy for 2004-08 was approved in 2003 by the Board of Danida, sustaining the chosen sector programme support, but linking the Danish assistance much closer to Uganda's poverty reduction strategy, and introducing budget support (from 2006 and onwards).

The sector support programmes have been regularly reviewed, and Danida's Quality Assurance Unit undertook a Performance Review of the Uganda programme for the first

time in May 2003. The Performance Review recommended that an evaluation of the country programme was to be undertaken within a 2-3 year framework. A recent Performance Review was undertaken in June 2005. Although some sector and thematic evaluations of the long-term Danish development cooperation with Uganda has been undertaken, an evaluation of the substantial country programme in its totality has so far not been carried out.[70]

The Terms of Reference includes the following chapters: Ch. 2 includes the evaluation purpose. Ch. 3 outlines the main users of the evaluation. Ch 4 presents the evaluation approach, and Ch. 5 the evaluation questions. Ch. 6 includes the timetable and Chapter 7 the composition of the evaluation team. Ch. 8 has a description of how the evaluation will be managed, and finally Ch. 9 lists the expected evaluation outputs. There are two annexes to the Terms of Reference: Annex I is the Evaluation Matrix and Annex II the List of references.

2. Purpose of the Evaluation

2.1 Main evaluation objective[71]

The main purpose is to evaluate achievements against the overall development objective of poverty reduction in Uganda (as formulated in the Uganda PEAP of 1997 and 2004, and in the Danish Strategy 'Partnership 2000'). Still, the efforts and achievements will also be assessed against the contemporary context and standards prevailing at the time, when decisions were made. The evaluation will provide answers to the two overall evaluation questions concerning accountability and learning (see Danida Evaluation Guidelines).

2.2 Specific evaluation objectives

Specifically, the evaluation will answer if – and to which degree – Danish assistance to Uganda

- Adhere to overall Danish and Ugandan policy goals concerning poverty
- Adhere to cross-cutting issues (gender, environment, popular participation) and themes (children and HIV/AIDS), as stipulated in the partners' policies

70) Support from the Industrialization Fund for the Developing Countries was evaluated in 2004, Danish assistance to health in 2000, poverty reduction in 1996, etc. The extensive evaluation in 2000 of the Rakai District Development Programme provided valuable insights concerning the support at the decentralised levels. Joint evaluations of sectors, where Denmark has not targeted support, e.g. basic education, are also available for possible comparison and assessment of relevance.

71) The current Strategy for the Danish Development Co-operation with Uganda for 2004-2008 states that impact evaluation of the development assistance to Uganda will be based on the total results of activities supported by the Ugandan government and by developmental partners, and an overall evaluation of the Danish development programme in 2005 or 2006 is foreseen. Meanwhile, it should be stressed, also in line with articles 32 & 45 of the recent Paris Declaration on Aid Effectiveness of April 2005, that all efforts to ensure that common arrangements and harmonisation with the partner country to the maximum possible will be taken for this evaluation, in particular through a close collaboration with Uganda's Office of the Prime Minister, the designated focal point for monitoring and evaluation.

- Was *relevant* in relation to country poverty needs as expressed in national poverty reduction strategies and sector policies and strategies?
- Was *effective* in making contributions to the overall political, economical and human development of Uganda – both at the national and local level – and in specific sectors
- Was *efficient*, i.e. compared to different ways of delivering assistance, and efficiently aligned with national policies and harmonised with assistance of other donors
- Was *sustainable* in relation to its choice of modalities, i.e. whether it was developed and undertaken in co-operation with relevant national and local authorities and in different sectors?
- And was *sustainable* in the sense that it strengthened the organisational capacity of relevant national and local authorities or organisations.

Danish assistance[72] will be evaluated in light of Ugandan national policies, and in the context of activities of other donors. Achievements will, to the extent necessary, be assessed against contemporary goals and standards. Assessment of *impact* will generally be restricted to the overall level of achievements of the combined support from donors to Uganda and the country's own efforts.

Finally, the evaluation should review the progress against the specific indicators of the Danish 2004 country strategy – and make recommendations to possible adjustments of the strategy.

3. Intended Users of the Evaluation

The main users as concerns the accountability aspects of the evaluation are: the Prime Ministers Office, the Board of Danida and Danish and Ugandan parliamentarians. Concerning the learning aspects, users are primarily: relevant Ugandan authorities, Royal Danish Embassy, Kampala, and the country desk in Copenhagen. Overall, the public and civil society in Denmark and Uganda will be target groups of the evaluation.

4. Approach and Methodology

The evaluation must be carried out in accordance with the Danida "Evaluation Guidelines" (February 1999). There are three main components of the evaluation:

1. Danida has initiated a *pre-study* of all available documentation at Danida Copenhagen headquarters as well as at the Danish Embassy in Kampala, and the Uganda offices. The pre-study will identify key issues for the evaluation; establish a documentary-based overview of sectors, programmes and projects; identify significant changes over the period covered by the evaluation; establish an overview of the financial resources involved, the key resource persons involved; and of the agreements and policy dialogue between Denmark and Ugandan authorities. The pre-study will be conducted during October-November, 2005 and a final report will be submitted in January 2006. The pre-study

72) The evaluation will comprise Danish bilateral assistance to Uganda, including NGO assistance and Private Sector Programme. Danish contributions to multilateral organisations and multilateral programmes supporting Uganda (e.g. EU and UNDP) are not included.

result will provide an input to the main evaluation team. The pre-study consultants will be commissioned by a separate contract, and the consultants are to be available for briefing the evaluation consultant during the inception phase.

2. District poverty profiles will form an integral part of the evaluation. The Department of Agricultural Economics & Agribusiness, Makerere University is currently conducting such studies in co-operation with the Agriculture Sector Programme Support. The profiles will be ready in time for the actual evaluation exercise, and will be made available to the consultant. It will also be possible for the Consultant to define specific data requirements that they wish to extract from the database at Makerere.

3. The *main evaluation* will be carried out by external independent consultants cotracted through international tendering. The evaluation team will commence working in March 2006, and comprise desk and field studies, including a *perception* study based on interviews of Ugandan and other partners. Based on the input from the desk-study major key issues of debate, implementation modalities and observed results of the Danish assistance will be empirically founded and analysed through the perception study, which is to be carried out in the field by local consultants. The evaluator will propose a tentative methodology (including outline of questionnaire) of the perception study in the tender. The detailed methodology will be included in the Inception Report for final approval. Other elements of the main evaluation will be focus-group discussions, analysis of international trends, etc. The draft findings of the evaluation will be commented upon at workshops before being finalised.

The approach to the Uganda Country Programme Evaluation is inspired by the current debate among partners in the DAC Network on Development Evaluation. As noted by the DAC[73], country programme evaluations are mainly concerned with the activities of individual donor agencies at project, sector and programme levels. Evaluations that are limited to the perspective of a single donor agency leave out important aspects of the interaction or incoherence of the contributions of different actors to the same process.

In general, programme objectives of donor agencies increasingly become identical with the goals that the governments of developing countries set for themselves. Furthermore, since the effectiveness of ODA depends on the efforts of a wide variety of actors, it is impossible, and often even irrelevant, to attribute specific outcomes to individual

73) *DAC Room Document 2, 9 November, Paris 2004. The Network suggests a hierarchy of evaluation of aid effectiveness:*
i. Evaluation of the impact of the combined support from donors to a particular country and the country's own efforts – an assessment of development outcomes; based on the policies and priorities of the Government, using the quantitative and qualitative data available as indicators, etc., increased capacity of national institutions, changes in international context.
ii. Evaluation of the effectiveness of the development co-operation itself (total ODA contribution) focussing on questions concerning partnership, alignment of support, harmonisation (e.g. comparison without the ODA-inputs), government revenues, remittances, possible negative effect of ODA.
iii. Evaluation of the contribution of an individual donor to the effectiveness of the larger development co-operation effort: whether the agency and to what extent it operates in a supportive manner, and which contribution to the development results?
iv. Evaluation of the internal effectiveness of a particular donor agency, questions concerning the institutional effectiveness, and of the efficiency of delivery of support.

agencies. In order to establish to what extent ODA has contributed to the achievement of national development goals it is necessary to review the performance of all development actors – donors and partner country agencies – collectively.

5. Evaluation Questions

Inspired by the DAC, the evaluation questions are structured under four headings:

1. Context and framework conditions. Questions concern changes in the context and the framework conditions for the Danish financed efforts. And the developments achieved as a result of the combined Government and donor efforts. In particular the national poverty reduction plan, good governance, general reforms of public institutions, including decentralisation of the administration, the legal system and control bodies and reform of legislation will constitute a significant point of focus in the evaluation.

2. Combined donor efforts. Questions concern the effects of the combined donor effort. The focus will be on questions concerning partnership, alignment of support, harmonisation (e.g. comparison without the ODA-inputs), government revenues, remittances, and possible negative effect of ODA.

3. The contribution[74] of Danish financed activities to Uganda's development. Questions concern relevance and effectiveness of the assistance. The evaluation will document the processes and concrete results achieved through Danish efforts and assess the long-term effects of Danish support, not least as regards cross-cutting issues.

4. Implementation modalities and follow-up of Danish development assistance, Questions include exit strategies, and the efficiency and sustainability of the assistance. This includes the utilisation of parallel systems, adviser assistance, NGO assistance, accounting procedures, cost-efficiency and monitoring systems.

The focus – and hence the major part of resources – will be allocated to heading three and four, i.e. on the *contribution of Danish financed activities* to the effectiveness of the larger development co-operation effort and implementation modalities. Headings one and two will also be covered in the evaluation, but it will be limited and based almost exclusively on existing data and knowledge, and performed mainly as a desk study. A separate perception study of effects, issues and modalities of the Danish assistance will provide a major input to the headings three and four. The evaluation approach is outlined in the appended Evaluation Matrix for guidance. In the following, questions are further detailed under each of the four headings:

5.1. Context and framework conditions

The evaluation will (primarily as a desk study) at a macro provide an overview of the general development of Uganda since 1986 in broad terms as concerns economic, political, social and human as well as institutional aspects of development. The combined

74) In this part of the evaluation, distinction is made between contribution (results of Danish assistance that was achieved because of a combined effort by Danida, Government and/or other donors), and attribution (results achieved primarily as a direct result of Danish financed activities).

government and donor efforts have contributed to development under each of these aspects.

5.1.1. Overall economic and political development and context

Evaluation questions concerning economic aspects: What level of development has Uganda achieved? In absolute terms and relative to that of comparable countries? And compared to the post-war starting point in 1986?

To understand the conditions for providing development assistance, it will be important to describe the overall macro-economic development of the country – and compare it to similar countries that have received similar levels of development assistance. Also, we can assume a relationship between sound economic policies of governments/donors and positive economic results, and vice versa. Although, obviously combined government and donor efforts can be overtaken by international events (marginalisation of the African continent, international oil crisis, international financial crisis, etc.).

The section should be based on general indicators of economic development available from known sources (PEAP's review, World Bank, African Development Bank, UNDP, Bureau of Statistics, Makerere University). And the figures could, if possible, be compared to 2-3 similar African and Asian countries. The figures should include i.a.:

- Government revenue
- GDP, GNI, etc
- Multiplicator effect, and hence expected effect of development investment
- Investment climate, Participation in "globalisation", FDI
- Trade – import/export, including variations of international coffee prices
- Debt and debt ratios over the period
- Credit ratings from IBRD, IMF and international credit institutions
- Trade quotas under the Cotonou and Lomé conventions
- Overall aid levels compared to Government expenditure and per capita.

Evaluation questions concerning political aspects: How does the foreign policy condition of the country affect political choices made and the development climate in general? Which economic policy has been followed by the Ugandan Government, 1986-2005? And which general significant reforms/policies have been implemented? In which way has the dialogue with donors developed during the period, and has the dialogue influenced overall political choices made?

Danish assistance to Uganda resumed in a post-conflict situation. Internal (especially in regions bordering the Sudan where LRA has been active throughout the period) as well as external (Uganda has throughout the period been a significant foreign policy actor in regional conflicts, e.g. in the Congo) peace and stability have been major issues throughout the period of Danish assistance. Hence, compared to other Danish Programme countries, political stability and security has played and continues to play a very important role on the agenda of the Ugandan nation.

It is important to go back to policy statements and plans that were launched and discussed at the beginning of the period and to recall what were the risks and opportunities that could be seen at that time. Reconstructions done without sufficient sensitivity to the political process and to the historical contexts in which goals and strategies were formulated may misjudge the original hopes and intentions of important political actors and hence distort the picture of what was really achieved. The evaluation should:

- Consider the government/donor policy dialogue and efforts concerning state building, including poverty reduction strategy process, public sector reform, civil service, etc.
- Consider the democratisation process, multiparty system, role of Parliament, etc.
- Consider progress and outcomes of the decentralisation reform
- Consider the progress in people's security in light of the post-war situation and the country as a key regional player
- Military expenditure compared to overall public expenditure
- Corruption levels

At the same time the political economy of Uganda plays a significant role for development potentials. The evaluation should describe national policies followed – and consider the Government/donor policy dialogue concerning these policies. Comparisons could be made, if possible, with 2-3 similar African and Asian countries. The evaluation should consider i.a.:

- Policies of establishing/reducing trade barriers
- Policies of establishing/reducing investment barriers
- Policies characterised as either "open-or-closed economy" policy
- Privatisation policies and practices (e.g. related to grain marketing board)
- "Liberal" or state-controlled enterprise and investment policy
- Progress in land reform, and access to other factors of production,
- Taxation policies, in particular seen from an equity perspective

5.1.2. Overall human and social context and development

Evaluation question: Is overall economic development reflected in actual poverty reduction, human and social development in absolute and relative terms?

Human and social development – poverty reduction – is the ultimate goal of government efforts and international development assistance. Many countries experience impressive growth rates, increased investment, and greater participation in globalisation without this necessarily having any effect on the majority of the population. This is often the case for middle income countries, and not the case for countries like Uganda but should nevertheless be assessed.

The evaluation should provide answers to the general development concerning key Uganda indicators like:

- Human Development Index
- Poverty reduction
- Indicators on health, social status, education
- Equity of income, property and access to land and capital
- District poverty profiles (updating by Makerere University of 2000-profiles in co-operation with Danish-funded Agriculture Sector Programme Support)
- Cross-cutting issues, incl. gender and environment
- HIV/AIDS

5.1.3. Overall organisational capacity context and development

Evaluation question: How has the capacity of organisations and authorities developed during the period of investigation, how has service delivery developed and is the institutional context in general facilitative for development?

The organisational capacity context in Uganda provides an important framework for the provision of international development assistance. Hence, it is important to describe the context – and assess organisational development during the period under investigation, including both public (national and local authorities) and private organisations. Changes in the organisations' outputs, i.e. their service delivery and products, should be indicators of development in capacity of the organisations.

Specific data sources of this aspect would be service delivery tracking studies, reports from the local governments, reviews of individual organisations and institutions, client's surveys, etc. If possible, studies of the development of employment conditions and salaries of public and private employees should be included.

5.2. Contribution of the combined donor efforts

Evaluation questions: How did the international donor community as a whole contribute to Uganda's development, to which degree was the support aligned with the national strategies and delivered in partnership with the Government and other partners, to which degree were the donors harmonising their support, and how can the dialogue between the international community and the Government be described?

The evaluation will at a general level assess how the combined donor efforts have contributed to the development of Uganda since 1986 as concerns economic, political, social and human as well as organisational development aspects. Under the four aspects, the combined donor efforts will be described. At this level, the evaluation will for instance describe donors' share of the combined development and recurrent budget on a sector basis. At this level, the evaluation should also consider

- Contribution to the PEAP-process, and results of the HIPC process
- The Public Expenditure Reviews (PER)
- The IMF assessments
- The content of SWAps
- The use of budget support
- Cooperation with lending institutions and use of loans, mixed credits, etc.[75]

The evaluation should consider the Government – donor policy dialogue, and the strategic choices taken by donors in selecting and supporting the various sectors, as well as how the organisational and capacity development of specific organisations has been supported. Key areas like e.g. the judiciary, land reform, decentralisation, Parliament, specific line ministries, and NGO could be assessed as examples at this level. Describing these aid forms, the proportion of external support in comparison with total budgets, their quantity and quality will provide a framework for comparison with Danish assistance.

75) Note that Dnida has oly provided grants and un-tied aid.

5.3. Concrete results of Danish financed assistance[76]

Danish financed activities have been undertaken within the framework of the overall context and conditions. And Danish financed activities have constituted smaller or larger shares of the overall government and donor financed activities in the respective areas and sectors. Results of Danish financed activities cannot be assessed in isolation from overall efforts made and overall results achieved. The key question is: what has been the value-added to Uganda's development by Danish assistance?[77]

As part of the evaluation, a *perception study* will be undertaken in which the "voice" of stakeholders (Ugandan and other donor representatives) will be heard. After identification of a number of important issues experienced during the delivery of the Danish assistance key stakeholders from political and administrative positions will be included as well as civil society representatives, academia, other donors and the general public will be questioned of their perception (which by definition is subjective, but none the less important) of the relevance, modalities and performance of the Danish financed assistance.

5.3.1. Contribution of Danish financed activities to overall macro-economic and political achievements

Evaluation questions concerning economic aspects: To which degree has Danish assistance contributed towards the overall macro-economic development of Uganda, 1986-2005? What was the content of the policy dialogue on economic policy – and which impact did it have on the policies followed by the Ugandan Government?

The evaluation will collect information on the following indicators:

- The Danish financed share of total ODA.
- The Danish financed assistance compared to national budgets and other donors.
- Involvement in productive sectors (industry, agriculture, infrastructure, research & development, transfer of knowledge).
- Export/import between Denmark and Uganda.
- FDI from Denmark.
- Private Sector cooperation in general, etc.
- Content of policy dialogue on economic policy, compared to e.g. IBRDs, IMFs. and major bilateral donors.
- Consider relevance, effectiveness, efficiency, and sustainability.

Evaluation questions concerning political aspects: To which degree has Danish assistance and the policy dialogue with Ugandan authorities contributed towards the country's political development?

The evaluation should:

- Consider achievements against specific indicators of the current country strategy.
- Consider the contribution to the PEAP-process.

76) Note the distinction between contribution and attribution mentioned in note 74.

77) As concerns assessment of impact this will normally be restricted to the first level, and to a lesser degree to the second level. Analysis of contra-factual outcomes (non-intended or non-planned, negative or positive) should, if possible, be most relevant at level three of the contribution of the individual donor.

- Consider the role of security for the people and the country as a key regional player.
- Consider the government/Danish policy dialogue concerning democratisation, land reform, multi-party system, decentralisation, etc. in light of the post-war and security situation.
- Consider relevance, effectiveness, efficiency, and sustainability.

5.3.2. Contribution of Danish financed activities to human and social development achievements

Evaluation questions: Did Danish assistance have any impact on key social and human development indicators? Did Danish assistance pay due consideration to cross-cutting issues? In which way does Danish assistance distinguish itself from that of other donors in terms of poverty orientation? In which way was Danish policy dialogue able to influence policies of the Government in the field of social development and poverty orientation?

The specific Danish contribution towards the overall development in key human, social and poverty indicators should be assessed. Hence, Danish involvement should be described and assessed, its significance (in volume, space – district distribution – and quality) compared to that of other donors should be assessed, and the policy dialogue with the Government described:

- Consider achievements against specific indicators of the current Danish country strategy
- Poverty reduction and gender (including district poverty profiles, updated by Makerere University in co-operation with Agriculture Sector Programme Support)
- The general indicators: health status, social status, education status
- Cross-cutting issues (gender, environment, popular participation) and themes (children and HIV/AIDS, etc.)
- Performance as assessed in the Annual Performance Report of Danida.
- Relevance, effectiveness, efficiency, sustainability of Danish priorities and activities

5.3.3. Contribution of Danish financed activities to organisational capacity achievements

Evaluation question: To which degree has Danish assistance contributed to organisational and institutional development in Uganda? And how has the policy dialogue between Danish and Ugandan authorities affected Government priorities and policies? What are the major similarities/differences between Danish assistance and the international assistance in general?

Provision of assistance towards organisational and institutional capacity development may be more difficult than physical. Building roads have significant impact on development potentials – and may be relatively easy compared to supporting the judiciary. Support to the judiciary may, however, be very difficult, but may – although only showing effect in the longer run – prove to be a highly effective way of supporting the overall development of a country. The key indicator of capacity development will be progress in outputs of the organisations (service delivery, policies or plans, production, etc.).

- Consider achievements against specific indicators of the current Danish country strategy.
- Consider the Government – Danish policy dialogue, and the strategic choices made by Danida in supporting key organisations (e.g. within the judiciary, land reform, decentralisation, parliament, etc), in making choices on support to different Ugandan regions (the insurgency in the North), districts, etc.

- Consider changes in outputs of selected Danish-supported organisations, both at central and local government level and within 2-3 sectors
- Consider relevance, effectiveness, efficiency, and sustainability

5.4. Implementation modalities

Evaluation question: What specific aid modalities characterise the Danish assistance that has affected the economic, political, social & human and institutional development? What effects can be observed from different modalities in terms of organisational capacity development and the sustainability of this development? Which perception of the implementation modalities of the Danish assistance is prevailing among Uganda Government, civil society and development partners?

- Consider to which degree Danish assistance policies and strategies and Ugandan Government's strategies have been aligned
- Consider the policy dialogue on aid modalities.
- Consider to which degree Danish assistance is harmonised with the assistance provided by other development partners.
- Consider choices made between general budget support, sector programme support (central government), support at local government level and support to civil society/ NGOs.
- Consider choices made concerning modalities: bilateral, multilateral, EU and NGO support.
- Consider whether exit strategies have been formulated, how they have been implemented, and which are the sustainable effects?
- Consider the post-conflict starting point after the civil war that ended in 1986. What lessons can be learned in moving from providing support to demobilisation, over the provision of "transitional" assistance – and to actual development assistance.
- Consider whether TA (technical assistance) has been implemented in accordance with contemporary requirements of Denmark and Uganda

The perception study will be a major source of data for the assessment of the implementation modalities of the Danish assistance. Prior to the fielding of the evaluation team, a pre-study will be conducted of the archives of Danish-funded projects and programmes should i.a. provide data and documentation on preparation, implementation, reviews and evaluation of completed (and current) projects and support programmes, and involved desk officers, advisers and counterparts. Time lines of major events and decisions (by Danish or Ugandan offices) should established, and key documents like appropriation, minutes of annual consultations, programme document, appraisal, review and evaluation should be availed in electronic format. Based on the pre-study identification of key issues, the perception study will assess how Danish assistance has been perceived among the Uganda and other development partners.

As Danish assistance has had particular focus on for instance capacity development of the judiciary, the Parliament and decentralisation and strengthening of local government organisational capacity within these sectors are of particular interest. However, capacity development within other key areas, not receiving substantial support from Denmark like the education sector, could be included for purpose of comparison.

6. Timetable

It is anticipated that the evaluation will be completed by November 2006, as indicated below. The tentative time schedule of the evaluation is as follows:

Pre-study of archives		Sept 05-Jan 06
District Poverty profiles – main results (Makerere)		Nov 05-Jan 06
Tendering and contracting of evaluation		September 05-February 06
Mobilisation of Consultant		March 06
Phase 1:	*Briefing, desk-studies, drafting Inception Report incl. work plan for field-work*	April 06
Workshop in Kampala on Inception Report		8 May 06
Phase 2:	*Field-studies, perception study*	May-June 06
Phase 3	*Analysis, drafting of Draft Report*	July-August 06
Phase 4:	*Discussion of draft report,*	September-October 06
	Workshop in Kampala on Draft Report	20 September 06
Phase 5:	*Final report,*	10 October 06
Workshop in Copenhagen on Final Report		15 November 06

7. Composition of evaluation team

An evaluation consultant team, selected through global tendering, will carry out the evaluation. The organisation of the team's work is the responsibility of the consultant and should be specified and explained clearly in the proposal. The evaluation team should possess the following qualifications:

General qualifications:

- Higher relevant academic degree.
- At least 10 years of experience (15 years for the Team Leader).
- At least 3 references as team leader for multi disciplinary teams (for the Team Leader).
- At least 3 references as team member in multi disciplinary teams.
- Permanent employee of the Tenderer (for the Team Leader).
- Fluent in English.

Specific qualifications for all team members:

- Experience in evaluation of development assistance
- Knowledge of development assistance policies, strategies and aid management

Specific qualifications to be covered by at least one of the team members:

- Experience with harmonisation, alignment and different aid modalities.
- Experience related to public sector management.
- Knowledge of organisational capacity development, including experience with technical assistance at country, programme and sector levels.

- Experience with cross-cutting issues such as gender, human rights, democratisation, environment, and issues of HIV/AIDS, land reform, and legal aspects.
- Ability to read Danish.

Experience from the Country/Region:

- Experience from Uganda.
- Experience from other countries in Eastern and Southern Africa.

The evaluation team should be composed of international as well as local Ugandan (or regional) consultants. International consultants are defined as persons with an international background, e.g. a degree from an internationally recognised university and with a major part of professional experience from assignments within several developing countries as well as developed countries and working for recognised international consultants.

The individual team members should not have been involved in preparation, implementation or review of Danish funded programmes in Uganda, apart from minor assignments of a total duration of less than six person-months over the evaluation period.

8. Input

While the evaluators will have significant latitude in the design and organisation of their work, it is estimated that phase one will require four person-months' work, phase two eight person months' work, phase three six person-months' work, and phases four and five two person months' work. In addition, funds will be allocated to cover the reimbursable costs of logistics. A total input of 12 PM of international consultants and 8 PM of local Ugandan/regional is foreseen.

The consultant will propose the detailed methodology of the evaluation, including the specific methodology of the perception study, taking as point of departure the stipulated approach (as outlined in section four), and the Evaluation Matrix (Annex 1).

9. Evaluation principles, management and support

The basic DAC-evaluation principles of independence of those responsible for the design and implementation of the development intervention, and of utilisation of evaluators external to the donor and implementing organisations will be applied.

Responsibility for the content and presentation of the findings and recommendations of the evaluation rests with the evaluation team. The views and opinions expressed in the report will not necessarily correspond to the views of the Danish Government, the Uganda Government, or the implementing organisations. The report of the evaluation will be available to all relevant stakeholders and submitted to the Board of Danida, and to the Office of the Prime Minister.

Three sets of roles are contained in the evaluation process: the Evaluation Management, the Evaluation Team (Consultant), and the Evaluation Reference Groups:

Role of the Evaluation Management:

The Danish Uganda Programme Evaluation will be undertaken as a joint collaborative exercise of Danida's Evaluation Department (EVAL) and Uganda's Office of the Prime Minister (OPM), the latter being responsible for coordination and the strategy for monitoring and evaluation in Uganda. EVAL and OPM will each designate an officer and an alternate officer responsible for the evaluation. Together, the designated officers will form the Management of the evaluation.

Danida's Evaluation Department will take a lead role as regards funding, contracting and implementation management. At the same time, participation in the evaluation will enhance the evaluation capacity of OPM, and the experience could be useful for future country programme assessment, in particular for future evaluation of joint strategies (UJAS). The OPM-officer will participate in the tender committee's work.

The Evaluation Management will:

- Approve the ToR of the evaluation, and approve the tender process documents;
- Participate in the tender committee's selection of the evaluation team;
- Ensure quality throughout the evaluation process;
- Comment on and approve the draft version of Inception, Perception Study and Evaluation reports;

- Advise their own agencies and staff on the evaluation as well as coordinate internal agency contributions;
- Provide feed-back to the Evaluation Team and the Reference Groups;
- Ensure local offices are aware of the evaluation and fully involved and available to contribute to the evaluation;
- Chair meetings of the Reference Groups, and organise, facilitate and participate in evaluation workshops as per need;
- Organise the presentation of the evaluation results, and assist with necessary follow-up of the evaluation.

Role of the Evaluation Team (Consultant):

The evaluation is carried out through a contract with a consulting company/research institution by a team composed of external international and Ugandan consultants lead by an Evaluation Team leader. The team will:

- Carry out the evaluation as per ToR; and
- Be responsible for the findings, conclusions and recommendations of the evaluation;
- Report to the Evaluation Management, be in regular contact, coordinate mission timing and key events with the Management and seek its advice when needed;
- The Team Leader is responsible for the team's reports, and for the organisation of the work of the team;
- The Team Leader will participate in workshops and Reference Groups' meetings as required.

Role of the Evaluation Reference Groups:

Two Reference Groups, one in Uganda and one in Denmark, composed of individual resource persons, researchers, and representatives of relevant offices, will be established. Representatives of other development partners may join the reference groups as observers. OPM will chair the Uganda Reference Group, while EVAL will chair the Danish Reference Group. The Danish Embassy in Kampala, and the Ministry of Finance, Planning & Economic Development, representing the Danish and the Uganda Governments, respectively, is responsible for the implementation of the Danish assistance to Uganda. As such, they are key stakeholders to the evaluation process, and will be participating in the work of the reference groups, but will not be responsible for the evaluation process or the results.

The task of the members of the reference groups are:

- Advise on methodological issues, provide input to the draft evaluation approach and the evaluation ToR;
- Provide comments to the draft versions of reports, and participate in workshops and meetings as required; if brief written comments are specifically requested, the Evaluation Management will agree with the reference group member of the terms of the request;
- In general, support the implementation of the evaluation, and facilitate the work of the evaluation team, and the follow-up of the evaluation.

10. Evaluation output

The main outputs from the evaluation will be:

1. Pre-study of documentation (to be provided by another Danida-contracted consultant); (by end January 2006).
2. Draft Inception Report, max. 20 pages, excluding annexes, to be delivered in Word and pdf-files; a final Inception Report will be produced after receiving comments from the evaluation management; (by 28 April 2006).
3. Perception Study (as a separate report), max. 50 pages, excluding annexes, questionnaire, etc., to be delivered in Word, Excel and pdf-files; (by 31 August 2006).
4. Draft Evaluation Report, max. 80 pages, excluding annexes, to be delivered in Word and pdf-files, with cover photo proposals; the draft report will be adjusted by the evaluator after receiving comments from the evaluation management; (by 31 August 2006).
5. Final Evaluation Report, max. 80 pages, excluding annexes, with attached CD-ROM (of all major evaluation documents), to be delivered in Word and pdf-files. (by 10 October 2006)
6. Two workshops in Uganda and one in Copenhagen, respectively where key evaluation methodologies, conclusions and recommendations are presented and discussed among stakeholders. With focus on i.a. issues of alignment, policy dialogue and aid modalities.
7. Draft evaluation summary, 3-4 pages, for production of a pamphlet aimed at public audiences.

8. The evaluation team will also be required to deliver a 'post-mortem' brief report (max. 5 pages) of their evaluation process experiences.

11. Requirements for the Consultant's Home Office Intervention

The Consultants home office shall provide the following, to be covered by the Consultant's fees:

- General home office administration and professional back-up. The back-up activities shall be specified.
- Quality assurance (QA) of the consultancy services in accordance with the Consultant's quality management and quality assurance system, as described in the Consultant's application for qualification. Special emphasis will be given to quality assurance of draft reports prior to the submission of such reports.

The Tenderer should select a QA Team, envisaged to consist of minimum two persons, to be responsible for Head Office QA. The members of the QA should not be directly involved in the implementation of the Component and their CV should be included in the Tender. The QA team should have the same competence and professional experience as the Evaluation Team.

All QA activities should be properly documented.

The Tenders shall comprise a detailed description of the proposed QA, in order to document that the Tenderer has fully internalised how to implement the QA and in order to enable a subsequent verification that the QA has actually been carried out as agreed.

- Implementation of the business integrity management plan, as described in the Consultant's application for qualification, in relation to the present evaluation. This implementation shall be specified.

12. Information and Data provided by the Client

Reference is made to: i) Practical Guide to Tendering and Award of Larger Contracts by Danida, January 2004, ii) Users' Guide to Sample Standard Tender Document for Larger Consultancy Contracts, January 2004 (www.um.dk), and iii) Evaluation guidelines, Danida, February 1999, Revised 2001 (http://www.um.dk/danida/evalueringsrapporter/eval-gui/index.asp) .

13. Alternative Tenders

Alternative tenders will not be permitted.

14. Agreement of Exclusivity

The Consultant is not allowed to impose agreement of exclusivity on national sub-consultants.

Annex 1

Uganda Country Programme Evaluation. Evaluation Matrix. *(version 16 September 2005)*

The Approach
The Country Programme will be evaluated in its larger context, i.e. the contribution of Danida financed activities to the effectiveness of the larger development co-operation effort. Including whether – and to which degree – Danida operates in a supportive manner vis-à-vis the overall national (alignment) and international (harmonisation) development efforts? And with which resulting contribution to the development results, specifically concerning poverty reduction?

The Purpose
The purpose of the country programme evaluation is to answer if- and to which degree Danida's assistance to Uganda

- Was relevant in relation to country poverty needs
- Was relevant in relation to national policies and strategies, including the PEAP
- Adhere to overall Danida policy goals concerning poverty as well as cross-cutting issues
- Was effective in making contributions and/or attributions to the overall political, economical and human development of Uganda – both at the national and local level – and in specific sectors
- Was efficient, i.e. compared to different ways of delivering assistance. And efficiently alligned with national policies (e.g. PEAP) and harmonised with assistance of other donors
- Was sustainable in relation to its choice of modalities, i.e. whether it was developed and undertaken in cooperation with relevant national and local authorities and in different sectors?
- And was sustainable in the sense that it strengthened the organisational capacity of relevant national and regional and local authorities

Finally, the evaluation should review the progress against the specific indicators of the Danish 2004 country strategy – and make recommendations to possible adjustments to the strategy. Achievement of impact is only assessed in the context of the overall level of achievements of the combined support from donors to Uganda and the country's own efforts.

The four evaluation headings (focus/priority on headings three and four)		
Heading 1 **The context and framework conditions**		
Questions/issues	Indicators and data	Data collection process/ methods and sources
Aspect 1. **Overall economic and political context/achievements**		
Economic - Investment climate, Participation in "globalisation"	- Government revenue - GDP, GNI, etc - Multiplicator effect, and hence expected effect of development investment - FDI - Trade – import/export - Debt and debt ratios over the period - Credit ratings from IBRD, IMF and international credit institutions - Trade quotas under the Cotonou and Lomé conventions - International coffee prices - Overall aid levels compared to Government expenditure and per capita	Government, World Bank, African Development Bank, UNDP, Bureau of Statistics, Makerere University). The figures could be compared to 2-3 African/Asian countries

Political: - Consider government policy concerning state-building, poverty reduction strategy process, public sector reform, CSR, etc. - Consider the democratisation, role of Parliament, multiparty system, etc. - Consider progress and outcomes of the decentralisation reform. - Consider the role of security for the people and the country as a key regional player - Policies of establishing/reducing trade barriers - Policies of establishing/reducing investment barriers - Policies characterised as either "open-or-closed economy" policy - "Liberal" or state-controlled enterprise and investment policy - Progress in land reform, and access to other factors of production - Taxation policies and equity perspectives	- Corruption levels (use available indicators from e.g. Transparency International, etc. to describe developments compared to other countries) - Military expenditure compared to overall public expenditure	Scrutiny of key policy documents, laws. Interviews with policy makers, law makers, key players on the donor scene. Comparisons may be made with 2-3 similar African and Asian countries - Describe policies implemented, and results
Aspect 2.	**Overall human/social development context/achievement**	
Is overall economic development reflected in actual poverty reduction, human and social development in absolute and relative terms?	- poverty indicators - indicators on health, social status, education - Indicators on cross-cutting issues, i.e. gender, environment and popular participation	- HDI - District poverty profiles (done by Makerere in cooperation with Agriculture sector programme)
Aspect 3.	**Overall institutional context and achievements**	

Evaluation question: How has the capacity of organisations and authorities developed during the period of investigation, how has service delivery developed and is the institutional context in general facilitative for development?	Use tracking studies of service delivery of specific organisations Use reviews and reports of e.g. local governments' performance	Analyse the Government's and other responsible managers' strategic choices of organisational development, resource allocation, etc. e.g. within the judiciary, land reform, decentralisation, parliament, etc.
Heading 2. Combined donor efforts		
Questions/issues	Data and indicators	Data collection process, methods and sources
Aspect 1. Overall economic and political context/achievements		
Economic: The evaluation will at a general macro level assess the development of Uganda since 1986 as concerns economic, political, social and human as well as institutional development aspects. The combined donor efforts have contributed to development under each of these aspects. The evaluation will consider:	- Results of the HIPC process - Contributions to the PEAP-process - The Public Expenditure Reviews - The IMF assessments - The content of SWAps - The use of budget support - Cooperation with lending institutions and use of loans, mixed credits, etc.	Describing these aid forms, their quantity and quality will provide a framework for comparison with Danida assistance, since Danida has provided only grants and un-tied aid.

Political: - Consider government/donor policy dialogue concerning democratisation, land reform, multi-party system, decentralisation in light of the post-war and security situation. - Consider the role of security for the people and the country as a key regional player - Describe policies followed – and consider the Government/donor policy dialogue concerning these policies.	- Minutes of key meetings - Minutes from yearly policy dialogues/annual negotations/agreements	Dialogue, focus groups, interviews, seminars with key policy players nationally and internationally.
Aspect 2. Overall human/social development context/achievement		
- Consider the strategic choices made by the donor community within specific sectors, and their contributions or attributions to results achieved of actual poverty reduction, human and social development.	- key development indicators - sector studies - sector evaluations from key donors	Contributions of donors towards specific social sectors (health & education) and production sectors (agriculture, infrastructure). Poverty profiles. Perception study
Aspect 3. Overall institutional context and achievements		
Evaluation question: Has the organisational capacity context developed during the period of investigation, how did the international donor community contribute to its development, how can the dialogue between the international community and the government on institutional development be described, and is the institutional context in general facilitative for development?	- assessments of development of institutions	Identify the key organisations or institutions (public & private) which have been supported by donors Consider under which modalities the donor support has been delivered OECD/DAC, World Bank, UN studies on capacity development. Donor/government SWOT workshop

Heading 3.	**Concrete results of Danish financed activities – PRIMARY EVALUATION FOCUS**	
Questions/issues	Indicators and data	Data collection process/methods and sources
Aspect 1.	**Macro-economic and political development**	
Economic: *To which degree has Danish assistance contributed to the overall macro-economic development of Uganda, 1986-2005? What was the content of the policy dialogue on economic policy – and which impact did it have on the policies followed by the Ugandan Government?*	• The Danish financed share of total ODA • The Danish financed assistance compared to national budgets and other donors; • Danish involvement in productive sectors (industry, agriculture, research & development, transfer of knowledge). • export/import btw. DK-Uganda, • FDI from Denmark, • Private Sector cooperation in general, etc. • Content of /Danish/Ugandan policy dialogue on economic policy, compared to e.g. IBRDs, IMFs and major bilateral donors.	• Interviews • Focus group discussions • Perception study • Study of policy documents
Political: *To which degree has Danish assistance and the policy dialogue with Ugandan authorities contributed towards the country's political development?*	• Consider achievements against specific indicators of the current country strategy • Consider the role of security for the people and the country as a key regional player • Consider the government/donor policy dialogue concerning democratisation, land reform, multi-party system, decentralisation in light of the post-war and security situation	• Perception study • SPS and other reviews • Seminar/workshop for key players, including SWOT analysis • Study of Danish-Uganda consultations

Aspect 2.	Human/social development	
Did Danish assistance have any impact on key social and human development indicators? Did Danish assistance pay due consideration to cross-cutting issues? In which way does Danish assistance distinguish itself from that of other donors in terms of poverty orientation? In which way was Danish policy dialogue able to influence policies of the Government in the field of social development and poverty orientation?	• Consider achievements against specific indicators of the current country strategy • Poverty indicators, also district-wise • The general indicators: health status, social status, education status • Data on cross-cutting issues (gender, environment, popular participation) • Data on themes (children and HIV/AIDS)	• District poverty profiles (by Makerere and in cooperation with Agriculture sector programme • Perception study • Performance as assessed in the Annual Performance Report of Danida. • relevance, effectiveness, efficiency, sustainability of Danish priorities and activities
Aspect 3.	**Organisational capacity development**	
To which degree has Danish assistance contributed to capacity development in general, and to specific organisations in Uganda? And how has the policy dialogue between Danida and Ugandan authorities affected Government priorities and policies? What are the major similarities/differences between Danish assistance and the international assistance in general?	• Consider achievements against specific indicators of the current country strategy • Consider the Government – Danish policy dialogue, and the strategic choices taken by Danida in supporting, e.g. the judiciary, land reform, decentralisation, parliament, etc. • relevance, effectiveness, efficiency, sustainability	• Round table discussion (SWOT-like) btw. 8-10 key players former heads of the national bank, ministers of finance, permanent secretaries, key business men to discuss development, aid and Danish contributions. • Make use of OECDs Donor Assessments. Danida usually get good grades. That can be used to argue for relevance and effect and efficiency of Danish aid.

Heading 4. Implementation modalities and follow-up

Questions/issues	Indicators and Data	Data collection process, methods and sources
What specific aid modalities characterise international and Danish assistance, respectively as it concerns assistance that has affected the economic, political, social & human and institutional development? *What effects can be observed from different modalities in terms of organisational capacity development and the sustainability of this development?* *Which perception of the implementation modalities of the Danish assistance is prevailing among Uganda Government, civil society and development partners?*	Consider - to which degree Danish assistance is aligned with the Uganda Government's strategies and modalities. - to which degree Danish assistance is harmonised with the assistance provided by other development partners. - how capacity development of organisations is addressed by Danish assistance, including use of technical assistance (pooling?), programme implementation units, management of support programmes, etc. - choices made between general budget support, sector programme support (central government), support at regional/local level and support to civil society/NGOs - how anti-corruption strategies have been implemented? - choices made concerning modalities: biltateral, multilateral, EU and NGO support - whether exit strategies of programmes or sectors have been formulated, how they have been implemented, and which are the sustainable effects? - the post-conflict starting point in 1986. What lessons can be learned in moving from providing support to demobilisation, over the provision of "transitional" assistance – and to actual development assistance.	• Study of key policy documents • Interview with key players • Workshop with key players • Perception study • List of cases of corruption or misuse of Danish funding of Uganda assistance.

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EVALUATION OF DANISH AID TO UGANDA 1987–2005
VOLUME 1: SYNTHESIS REPORT

This is an evaluation of the entirety of Danish aid to Uganda from 1987 to 2005 amounting to more than DKK 5 billion. The evaluation took place in 2006 and is based on a thorough review of available documentation, supplemented by interviews with a range of those involved with the Danida programme. The evaluation was commissioned by Danida's Evaluation Department and Uganda's Office of the Prime Minister, and carried out by UK-based Mokoro Ltd., led by Stephen Lister.

The evaluation finds Uganda's political and economic development over the past two decades impressive. Without the aid that it received, Uganda's economic growth would certainly have been slower, its political stability might also have been threatened, and more people would have been left in poverty. There are legitimate concerns about Uganda's aid dependency, but aid has not been able to "buy" politics in Uganda.

Danish aid to Uganda has generally been of high quality, and Denmark's contribution to Uganda's progress is rightly valued. Only a very unambitious aid programme could be without blemish, and it is notable that the Danish aid programme has not sought easy options: it has chosen some difficult sectors and components like agriculture and governance. It has sought to work in the more deprived and difficult environments of Uganda, and it has sought to innovate. Denmark has also been remarkably consistent in staying engaged for the most part in the same sectors and with the same partners for very long periods. However, it is also found that Danish concerns about accountability and the need for distinct visibility of Danish aid have made Denmark overly cautious about disbursing through government systems and providing budget support.

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