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for the Decade 2001-2010**

Case Study on Uganda*

**Presented by
Mr. Joseph Enyimu
Economist
Research Department
Ministry of Finance, Planning and
Economic Development of Uganda,
Uganda, Kampala**

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Introduction

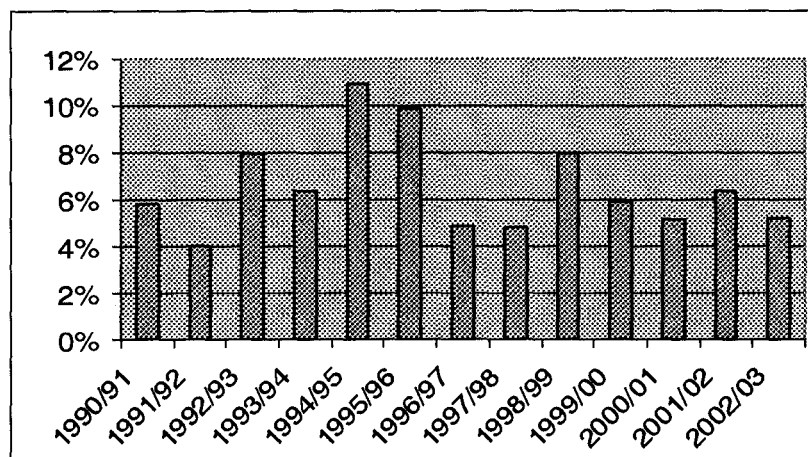
Uganda is a landlocked country in the East African region. The country covers a total surface area of 241,038 km². It is an agrarian economy with over 80 per cent of the population deriving their livelihood from the agricultural sector. The country's total population in 2005 was 26.8 million people,¹ with a relatively high growth rate of 3.31 per cent, compared to 2.6 per cent for sub-Saharan Africa and 1.7 percent for other low-income countries.

Socio-Economic Situation of Uganda and key constraints

Uganda's economy has more than doubled, growing at an average rate of 6 per cent per annum. Real GDP at market prices has averaged 6.5 per cent per annum since 1990/91. Recently, concerns have been raised that growth has slowed slightly over the past five years, as the average growth rate between 1998/99 and 2002/03 was 6.1 per cent per annum, compared to 6.8 per cent between 1990/91 and 1997/98. Table 1 shows trends in growth rates over the period.

Table 1

Real GDP Growth at Market Prices 1990/1991 – 2002/2003



Source: Macro Department (MoFPED, Nov 2005)

The determinants of growth in Uganda during the 1990s have been identified as; improved security, the restoration of macroeconomic stability, the removal of economic distortions and, an improvement in the terms of trade, as a result of the mid-nineties coffee price boom.

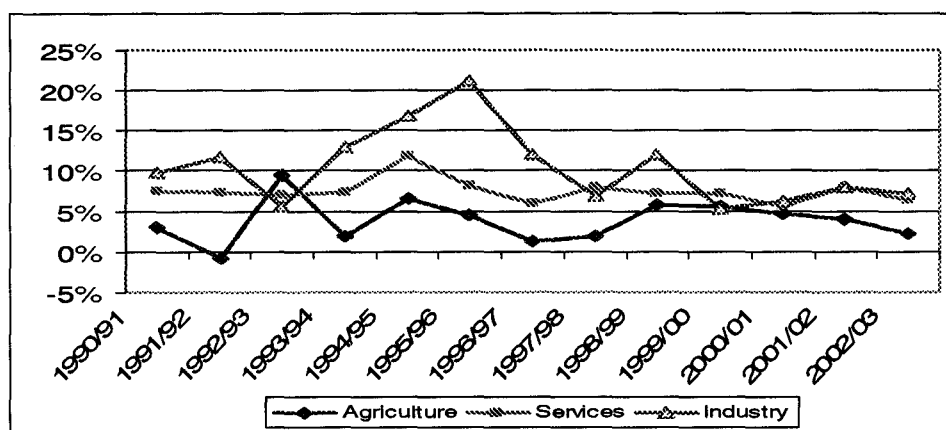
On a sectoral basis as shown in Table 2, industrial production saw the highest rate of growth, averaging 10.4 per cent per annum between 1990/91 and 2003/4 although, it slowed slightly to an average of 7.7 per cent per annum over the last five years. Services grew by an average of 7.5 per cent per annum between 1990/91 and 2003/04 and, by 6.9 per cent per annum over the past five years. Agriculture had the slowest rate among the

¹ Government of Uganda (2005) Uganda National Census Report, 2005, Uganda Bureau of Statistics, Entebbe

major sectors, averaging 3.8 per cent per annum between 1990/91 and 2003/04, although growth was slightly higher in the last five years, at 4.4 per cent per annum.

Table 2

Sectoral GDP growth rates 1990/91-2002/03



Source: Macro Department (MoFPED, Nov 2005)

However, despite these encouraging trends, poverty remains endemic in Uganda and, the level of per capita income is still very low. While strong economic growth is a major force in reducing poverty, it is not sufficient to ensure that all segments of society benefit fully. For instance, the decline in poverty has been more pronounced in urban than in rural areas, where the majority of the poor live and, poverty remains more severe in the northern and eastern regions as illustrated in Annex 2. Several factors account for the current disparities in the incidence of poverty, including insecurity, climatic variations, HIV/AIDS incidence, type of agricultural activity and, the degree of access to infrastructure and social services. Vulnerability to external shocks is another factor that continues to impact negatively on the economic and social gains.

Future challenges

In the forthcoming period, Uganda still faces many challenges. Although Uganda’s overall GDP growth averaged 6.5 per cent per annum between 1990/91 and 2002/03, the rate of per capita GDP growth was much slower on account of Uganda’s high rate of population growth. GDP per capital grew by 2.7 per cent per annum over the period, as the population grew by 3.4 per cent a year. Uganda has the third highest population growth rate in the world, with the average Ugandan woman giving birth to almost seven children in her lifetime. This is a serious challenge that affects growth levels in Uganda.

Furthermore, while important initial steps have been undertaken to implement a broad-based poverty reduction programme, within the context of the Poverty Eradication Action Plan 2004/5-2007/8 (PEAP), indications are that the recent actions and resultant gains achieved, have not consistently improved the well-being of the poorest 20 per cent of the population.

The role of the budget as a poverty reduction instrument, needs to be strengthened through closer alignment of the central and district budget systems, greater involvement of local communities in planning and implementation of development initiatives and, improved monitoring mechanisms.

There is also a need to deepen structural reforms, particularly in the financial sector and, to build an effective public service delivery system, particularly at the district level.

The challenges met in the course of implementing the various economic and structural reforms in the 1990s, provide many lessons that are extremely useful in making optimal decisions. The development path that Uganda has embarked on since 1997, with the formulation and implementation of the PEAP and, sector-wide approaches to planning and investment, is extremely challenging, requiring undivided focus by policy makers and implementers and, genuine participation by all stakeholders.

The Government of Uganda extends its gratitude to the United Nations for reaffirming the need to work in close partnership with the developing countries to end poverty and suffering among our people. This is an uphill task and, the international community and all LDCs should stay steadfast in the pursuit of better livelihoods for the human race. The Brussels Declaration and The Programme of Action for the Least Developed Countries for the Decade 2001-2010 represent significant steps in the right direction.

Structure of the Report

In this National Report for Uganda, we highlight the progress made by Uganda towards achieving the commitments of the Programme of Action for the LDCs for the Decade 2001-2010. At the outset, it is important to note that this is not a detailed progress report but, a few selected updates. The PEAP provides a much more detailed picture of Uganda's progress towards the Programme of Action commitments. The sections that follow analyze the progress made by Uganda in the achievement of the commitments of the Brussels Plan of Action

1. Commitment 1: Fostering a People-Centred Policy Framework

Through the Poverty Eradication Action Plan, we have continued to pursue the poverty agenda by empowering stakeholders to own the priority actions of the plan. Since 1997, the PEAP has been Uganda's national development framework and medium-term planning tool. It guides the formulation of Government policy and, the implementation of programmes through sector wide approaches and a decentralized system of governance. The main strength of the PEAP derives from powerful implementation mechanisms tied into the national budget process. The main technical tool is the Medium-Term Expenditure Framework (MTEF), which guarantees an increase in pro-poor allocations of public expenditure over three-year periods and, creates a mechanism to assess whether funds are being used for pro-poor purposes.

As part of the process of creating people-centered public expenditure, the national budget process has been opened up. The budget documents are made public, such as "Budget at a

Glance” budget summaries in newspapers, publication of financial releases to local governments in newspapers and, annual PAF monitoring reports are now institutionalized. The MTEF is also supported by sector strategies and spending plans, which indicate how resources will be used for poverty reduction and, sector working groups, which include government, civil society, and donors. These contribute to building “consensus” among key social and political actors.

These consultations for the revision of the PEAP are therefore *learning* and *sharing* processes, which are key ingredients in any country’s poverty eradication strategy. Uganda has therefore endorsed the process of consultation and, whatever plans the Government implements, reflect the aspirations of a wide-range of stakeholders.

2. Commitment 2: Good Governance at National and International Levels

Through several stakeholder consultations, most policy actors in Uganda agree that in concrete terms, good governance implies democracy: respect for human rights: non-sectarian government: a legal system that is accessible, just and not too slow or costly: transparent, efficient, accessible and affordable Government: a competent and adequately remunerated public service: a strong sense of partnership between Government and other agents: and, a positive contribution to international peace and security.

2.1 Constitutional Review Process

In a bid to respond to the challenges of Constitutionalism, the Government after wide consultations with the citizens of Uganda put in place a Constitutional Review Process. This process started in 2001 and ended in 2005. The resultant *Constitutional (Amendment) Act 2005* amends the Constitution in accordance with Article 261 of the Constitution of Uganda. Significant reforms emanating from this Act include; distinguishing Kampala as the capital city of Uganda, providing for Swahili as the second official language of Uganda, providing for the leader of the opposition in Parliament under the Multiparty Political System, removing the limits on the tenure of office of the President, creating the office of the Prime Minister and the Deputy Attorney General, providing for the creation and functions of the special courts to handle offences relating to corruption and, establishing as well as prescribing, the functions of a Leadership Code tribunal. These reforms have all been geared towards the creation of a democratic system that is built on Constitutionalism and the rule of law.

2.2 Adopting a Multi Party System of Governance

Uganda has also implemented several initiatives aimed at strengthening the governance system in the country. The democratization process is guided by the National Objectives and Directive Principles of State Policy outlined in the 1995 Uganda Constitution. Important strides have been taken to enhance the enjoyment of the freedom of association, which is fundamental to political freedom². The most significant one was the enactment of the *Political Parties and Organizations Act*. This Act opened the way for citizens with varying political opinions to be able to express themselves in a multi party system.

² The Political Parties and Organizations Act (2002)

The Afro Barometer survey released in June 2005³ indicated that the shift to a multi-party political system is favored by 51 per cent of Ugandans, compared to 45 per cent who expressed the desire to keep the Movement system. Compared with earlier surveys, this represents a trend toward greater support for multiparty rule.

In an effort to respond to these changes in the political climate, the Political Parties and Organizations Act was passed by Parliament in October 2005. It stipulates that all political and civic organizations aspiring to manage and direct public affairs conform to democratic principles in their internal organization and practice.⁴ As envisaged under PEAP, this will ensure that all political organizations must in their internal arrangements and practices, ensure that their membership interact, discuss the affairs and objects of their political organization, regularly elect their leaders, set goals for their organization and, have the opportunity to review these goals from time to time. There are a few challenges that remain and, these include:

- Promoting electoral competition and political dialogue among citizens under multi party politics.
- Introducing citizens to democratic values and behavior under a multi party system.
- Providing coherent, programmatically-based political leadership under a multi party system.

2.3 Electoral Politics

Since 1986, Uganda has been run on electoral politics. The Constitution of Uganda, 1995, provides a sound foundation for the organization of free and fair elections under the supervision and direction of the Electoral Commission. Bills were presented by the Executive to Parliament in 2005 and, Parliament scrutinized and passed these Bills on time. They include: the Constitutional Amendment Act, 2005, the Political Parties and Organizations Act, 2005, the Presidential Elections Act, 2005, the Parliamentary Elections Act, 2005 and, the Local Government Amendment Act, 2005.

The Electoral Commission has put in place regulations that ensure the freedom and fairness of the elections, which entails the implementation of an election that is free of intimidation, harassment and arrests. The Government has already put in place a programme to recruit police constables to manage the 2006 general elections. This will ensure peace and security during the whole election process.

The National Voters' Register, which spells out actually who is supposed to vote, has been updated. The Electoral Commission carried out a voters' update exercise from 29th September 2005 - 28th October 2005. The update returns are being processed and, a register for display at all polling stations was displayed from 22nd December 2005 until 11th January 2006. This display helps in dealing with any irregularities, anomalies or mistakes in the register.

³ Afro Barometer Survey June 2005

⁴ The Political parties and Organizations Bill (2005)

The voter education exercise has gained momentum, since it is an important exercise in creating awareness and knowledge about the electoral system and, one's role in the whole process. Other activities directly related to the electoral process include; campaigns, overall election management and security.

By the 2006 general elections, the multiparty system that was adopted on 28th July 2005, will still be weak to ensure the maintainance of checks and balances based on separation of powers, with independent judicial, executive and legislative branches. There is still competition and relative infighting within the various political parties over leadership. However, there is a vibrant civil society that ably monitors government and private business and, which provides alternative forms of political participation. Uganda's NGO sector continues to expand unhindered and, helps to involve the masses in scrutinizing government policies and programmes.

The media has continued to be free, strong and independent. Uganda has over 75 radio stations most of which are FM radio stations. There are also a number of TV stations and, many newspapers and magazines. The Government continues to do well in this field by facilitating the growth of a diverse independent media. The passing of the access to Information Act⁵ (2005) by Parliament will help in allowing all citizens access to public information and, encourage public broadcasting.

2.4 Human Rights in Uganda

The state of human rights in the country continues to improve as envisaged in the PEAP. The PEAP had identified illegal detentions and use of torture in some detention centres as major challenges to the enjoyment of human rights as reported by the Uganda Human Rights Commission (UHRC). The UHRC has been able to document a number of human rights violations in its Annual Reports, inspect and document conditions in prisons, monitor government compliance with international obligations under the ratified human rights instruments/treaties and, coordinate a national human rights education framework with other human rights organizations.

Human Rights Abuses

The Uganda Human Rights Commission received a total of 1,641 complaints in 2003. Of the complaints received, 1,038 of the complainants were advised while 601 complaints were registered. In 2004, the UHRC received a total of 2,294 complaints⁶. This showed an increase in the number of complaints received in both years. The UHRC noted a remarkable improvement in the treatment of inmates, especially regarding the right to freedom from torture, cruel, inhuman and degrading treatment. The reported cases of torture in detention centres continued to steadily decline. However, the situation in local government prisons is worse than in central government prisons. However, some challenges have become chronic in prisons. They include lack of uniforms for inmates; over 90 per cent of prisoners lack bedding (mattresses and blankets); there is an acute lack of transport; there is overcrowding, poor sanitation and insufficient food.

⁵ The Access to Information Act, 2005.

⁶ UHRC 7th Annual Report

Civic Education

The Uganda Human Rights Commission continues to spearhead civic education efforts aimed at empowering citizens with knowledge and information about their rights. Through its national framework for civic education, the Uganda Human Rights Commission has been able to successfully coordinate civic education programmes with the donors on one hand and, other civic education providers, especially Civil Society Organizations, on the other. It is imperative to note the fact that the role to provide civic education is a preserve of neither the UHRC nor the CSOs alone. In fact, FM radio stations have done tremendous work in providing civic education. Ugandans have greatly benefited through the diverse media that exists in the country. The majority of Ugandans can discuss social, political, economic and cultural developments from an informed point of view.

Ratification of Conventions

The Government of Uganda has been progressive in committing itself to the promotion and respect of internationally recognized human rights through the ratification of international human rights instruments. Uganda has up to date ratified the several major international and regional human rights instruments as shown in Annex 3. However, the biggest challenge has been making reports to the UN as required by the different treaties. Many reports are still overdue. This can be attributed to lack of enough manpower in key ministries to write these reports and, a lack of coordination between the key ministries where reports have been written. The challenge is to put in place a clear framework to follow-up on UN recommendations.

2.5 Justice Law and Order

Lack of access to justice is a defining attribute of poverty and an impediment to poverty eradication. Therefore, a well functioning justice system is a precondition to spur economic growth. Consequently, the focus of JLOS is not only to increase the capacity of the justice agencies to deal with criminal and commercial matters. Rather, the sector perceives access to justice not only as a mechanism to foster economic growth but, as a means to prevent and overcome poverty, by strengthening disadvantaged people's choices to seek and obtain a remedy for grievances. Within this context and, to address the policy commitment in the PEAP, the sector Strategic Investment Plan focuses on improving access to justice and, the effectiveness and quality of justice. Achievements in this sector are shown in Appendix 3.

2.6 The Fight Against Corruption

The international community has become increasingly concerned with the problem of corruption and its negative impact on economic growth and poverty alleviation. In recent years anti-corruption initiatives have been launched by the United Nations, the OECD, the Organization of American States and, the Global Coalition for Africa, among others. Organizations such as the NGO, Transparency International, have conducted surveys to assess the extent of corruption in different countries. Corruption can take many forms, including bribery, fraud, and embezzlement of public monies or other assets. The economic cost of the various forms of corruption includes, for the Government, stolen or wasted public resources, tax revenue lost through tax evasion, higher future maintenance costs for poorly constructed facilities and, a higher burden of public debt, when project

costs include bribes and kickbacks. For the economy, the cost can include lower efficiency due to excessive bureaucratic hurdles and delays, the loss of productive investments not made because of corruption and, the non-availability of public goods and services to the poor who cannot pay the bribes demanded.

Uganda has heeded this global and national concern by fully participating in the negotiations and preparations for the United Nations Convention Against Corruption and the African Union Convention Against Corruption. In December 2003, Uganda signed the UN Convention and, in September 2004 Uganda ratified it. Similarly Uganda signed the African Union Convention Against Corruption in December 2003. It was ratified by Uganda in August 2004. To date, Uganda is one of only ten African countries that have fully met their obligations under the convention. As a result of the lack of signatories the AU Convention has not yet come into force.

To build the anti-corruption infrastructure in the country, Uganda has started developing and updating anti – corruption related legislation. In the period under review, a number of important steps have been taken. As part of the Constitutional review process the position of the Inspectorate of Government was clarified. The revision of the Constitution made provision for the President, or any local authority, to report to Parliament at least once every year on reports submitted to them by the Inspectorate of Government. In line with the Constitutional Amendment Bill, the Leadership Code Act has been revised.

The Prevention of Corruption Act 1970 has been undergoing revision and this process involved extensive consultation. The provisions of the revised Bill will bring Ugandan legislation into line with the provisions of the UN Convention Against Corruption. The scope of the legislation and definitions of corruption have been widened and penalties increased. The Prevention of Corruption Act is a key piece of legislation in the fight against corruption. The preparation of the Bill and Implementation Plan were completed during 2005 and, approved by the Inter Agency Forum (a voluntary coordinating forum for anti-corruption agencies, chaired by the Minister of State for Ethics and Integrity).

2.7 Decentralization

Decentralization is one of the key reforms adopted by the Government to promote good governance, improve service delivery and reduce poverty. This policy is entrenched in the 1995 Constitution and, its basic structure is laid out in, and operationalized by the Local Governments Act. The policy has resulted in the realignment of the relationship between central and local governments, both in terms of fiscal and institutional arrangements. As a result, Local Governments play a key role in implementing the PEAP, including the basic tenets of the Long-Term Perspective – Vision 2025. With the advent and implementation of decentralization, local governments became, and still are, key service providers. Looking at the period of implementation of the decentralization reform so far, there is compelling evidence that commendable gains have been achieved as far as service delivery is concerned.

There has been a tremendous increase in the levels of services delivered by local government entities. Evidence of these service facilities across the country is available for

all to see. In addition, decentralization of the responsibility for service delivery has highlighted the need for increased civic responsibility of the recipient communities or citizenry. The implementation of the system of decentralized service delivery in Uganda has also attracted an unprecedented growth in the volumes of Government and donor resources to fund decentralization. The *Background to the Budget* reports indicate an increase from approximately 73 billion Uganda shillings in 1998 to 740 billion Uganda shillings in the financial years 2002/03.

The expanded mandate has been matched by a related rise in the share of public spending at district level to support decentralized service delivery. To date, fiscal transfers to local governments have significantly increased.⁷ The consequence of this increased resource transfer has been the expansion of quantities of service facilities in support of the Government's poverty eradication efforts. The devolution of responsibility for service delivery had led to indirect creation of employment opportunities through the procurement process (for example the labour based approach to feeder road maintenance), which directly translated into increases in household income.

3. Commitment 3: Building Human and Institutional Capacities

3.1 Education

A healthy and well-educated population is both a necessary condition for development and, one of the central objectives of development. In Uganda, households' economic status is linked with their health and educational status as well as their social capital. Uganda is therefore committed to achieving the MDGs on universal completion of secondary schooling by 2015 and, eliminating gender disparity in both primary and post-primary by 2005. Support to post primary education to increase access, quality and relevance is being intensified to sustain the gains from UPE.

Total enrolment increased from 3 million in 1997 to the current 6.5 million. Enrolment of children with special needs rose from 20,000 in 1997 to 218,286, of which 54 per cent were males. Recent survey evidence shows that the proportion of enrolled children from the lowest income quintile increased from 50 per cent in 1992 to 83.7 per cent currently. The total numbers of children accessing primary education in the country continued to rise although at a decreasing rate. In addition, other indicators for the sub-sector that include the number of teachers employed, the number of classrooms, the pupil teacher ratio and pupil classroom ratio, also continued to improve. These have gone a long way to improve the quality of education in the sub-sect Table 3 summarizes the cumulative progress of these aspects in the education sub-sector for the period under review.

⁷ See ROU (2004), *Background to the Budget Report 2003/04*, MFPED, Kampala

Table 3**Cumulative Progress for the Primary Sector 2000-2004**

Indicator	2000	2001	2002	2003	2004	2005
Pupils enrolment (Government aided primary schools)	5,351,099	5,917,216	6,575,827	6,835,525	6,687,574	6,491,260
Teachers on payroll (as of September 2005)	82,148	101,818	113,232	121,772	124,137	126,227
Number of classrooms	50,370	60,109	69,900	73,104	78,403	82,167
Pupil Teacher Ratio	65	58	56	56	54	51
Pupil Classroom Ratio	106	98	94	94	85	79
Enrolment Growth rate	-	11%	11%	4%	-2%	-5%

Source: EMIS, 2005

3.2 Health

Since the late 1990s, the Government has embarked on a series of health reforms designed to shift its spending towards areas of greatest effectiveness. These include: the abolition of user fees in public facilities in March 2001, expansion of rural lower health facilities, provision of subsidies to the Private Not For Profit (PNFP) sub-sector, the introduction of Health Sub-Districts structures, recruitment of qualified health workers and, increases in the volume of essential drugs purchased for the health centres. Out Patient Department (OPD) attendance has also increased dramatically in most health facilities across the country, from 9.3 million new cases in 2000 to 17.7 million in 2005.

3.3 Water Provision

There is also a strong positive trend in rural water coverage, from around 20 per cent at the start of the 1990s to around 60 per cent today. Time saved by the children from fetching water from long distances permits them to attend school. Shortage of water also affects the quality of healthcare and education. The cost of investment in rural water supply makes it almost prohibitive as an up-front investment for most rural communities. However, there is more scope for private sector involvement in rural growth centres, small towns and urban centres, where population densities are higher, alternative options are lacking and, factors of privacy come into play. The Government has assumed responsibility for most of the costs of rural water supply. Access to rural water supplies increased to an estimated 61.3 per cent in 2004/5. This was achieved through new water facilities, which provided improved water supplies to an estimated additional 680,000 people. The new facilities include piped water schemes for eight Rural Growth Centres⁸ (RGCs) and for seven Internally Displaced Peoples (IDP) camps in Northern Uganda.

⁸ Defined as trading centres whose population is between 500-5000.

3.4 Sanitation Observance

The observance of a sanitary environment is essential for good health and thus a fundamental human right. The simple act of washing hands with soap and water can reduce diarrhoeal disease by more than one-third. By implication, investing in sanitation brings substantial economic returns, while reducing the cost of curative health and, magnifying the benefits of education, by increasing attendance at schools with improved hygiene and sanitation facilities. Over 75 per cent of Uganda's disease burden is considered to be preventable, as it is primarily caused by poor personal and domestic hygiene and, inadequate sanitation practices (failure to break the faecal-oral disease transmission routes). Between 2002 and 2005, the latrine coverage changed from 55.7 per cent to 57 per cent. In the last three years, cholera outbreaks related to poor sanitation have increased notably in the urban slums.

To combat the challenges of improving sanitation in Uganda, the Government has designed the Integrated Hygiene Promotion and Sanitation strategy, which will act as a guiding framework for the implementing agencies, as an instrument of advocacy and, as an input to the more detailed Medium Term Operation Plans (MTOP three years). It will also be an input to the overall Sector Investment Plans.

3.5 Nutrition

Nutritional indicators in Uganda remain a challenge. In 2001, 39 per cent of children under five years were stunted, compared to 38 per cent in 1995. Poor nutrition is a result of low incomes, unequal gender relations within households, the heavy burdens on women's time and, poor health. All of these factors are being addressed by actions in the health sector as well as in actions to promote higher incomes in the PEAP.

3.6 HIV/AIDS

On HIV/AIDS, Uganda has been one of the countries hardest hit by the AIDS epidemic. However, significant progress has been made in reducing prevalence, which now stands at about 6 per cent nationally. While this partly reflects the deaths of many people infected by HIV/AIDS, it also reflects a marked reduction in new transmissions. The reduction in transmission has been achieved by a mixture of methods, including Abstinence, Being faithful to one partner and Condom use (popularly known as the ABC strategy). The consistent high-level political commitment to combating the AIDS epidemic has been critical, as has been the support of religious groups and civil society organizations.

4. Commitment 4: Building Productive Capacities to make Globalization work for LDCs

Prudent economic management creates fundamental conditions for incomes to increase. However, in order to achieve pro-poor economic growth, the Government has to ensure that the necessary public goods are delivered. To deliver public goods is also dependant on having productive capacities in the country. The business environment is also influenced by factors such as the quality of infrastructure, the effectiveness and efficiency of the legal and regulatory framework, transparency and accountability, the responsiveness of the public sector to the needs of the private sector and, overall predictability of Government policy.

In several sectors there have been improvements. There have been major improvements in road conditions. The Government created a National Roads Authority to implement the Road Sector Development Plan. Uganda has increased funding for maintenance and use of cheaper technologies. Community roads are also receiving increased attention. On railways, the Government has finalized the awarding of joint concessions of the operations and, explored private sector incentives for the rehabilitation of lines and regional links. On air transport, Uganda is putting more investment into the international airport.

The current levels of electricity generation stand at 317 MW, which is inadequate. In the short run, funds have been secured for two extra turbines of 40MW. In the longer term, two sites with big electricity generation potential have been identified at the Bujagali falls (250 MW) and the Karuma falls (200 MW). However, the provision of infrastructure for rural electrification is being subsidized to reduce costs for rural users. The rural electrification fund is supporting the extension of electricity in rural areas, aiming at covering 10 per cent of households by 2012.

5. Commitment 5: Enhancing the Role of Trade in Development

In recent years there have been a number of initiatives to improve market access for the poorest developing countries. The EU's "Everything but Arms" (EBA) agreement, and the United States' "African Growth and Opportunity Act" (AGOA) are two notable examples. These two initiatives have delivered modest gains for some sub-Saharan countries and, have set encouraging precedents for the future liberalization of industrial and agricultural markets in the developed world. However, because neither initiative involves the dismantling of damaging agricultural subsidies, they stop short of fulfilling Africa's needs, if the continent's export potential is to be realized.

Implementation of more open trade policies by our country has the potential to boost domestic productivity through increased competition, to stimulate foreign direct investment and, to create employment opportunities, thereby raising the overall standards of living. The Government trade policy supports the export sector by minimizing domestic and international barriers to trade. The Government does not levy taxes on exports and, export procedures in the country have been simplified. The exchange rate is market determined, thus ensuring it reflects supply and demand for foreign exchange and, does not distort price incentives. Consequently, private sector investment more than tripled in real terms between 1990/91 and 2002/03, as a result of the stable and conducive policy environment. This growth resulted in private investment almost doubling as a percentage of GDP, from 9.1 per cent of GDP in 1990/91 to 15.6 per cent in 2002/03. Total investment currently amounts to 20.3 per cent of GDP, as compared to 15.3 per cent in 1990/91.⁹

6. Commitment 6: Reducing Vulnerability of and, Protecting the Environment

Uganda's economic growth and its sustainability will depend on how well the environment and natural resources (ENR) are managed and used. However, Uganda's recent rapid economic growth has put significant stress on its ENR base, resulting in environmental degradation. Consequently, the quality and quantity of resources on which sustainable economic growth and poverty reduction depends is declining.

⁹ MFPED, 2005

Recent estimates of the cost of natural resource degradation in Uganda suggest that the cost of natural resource degradation is as high as 17 per cent of gross national income per year, of which 6 per cent consists of forest degradation and 11 per cent soil degradation.¹⁰ Although the estimate is highly approximate, it receives dramatic confirmation from households' own experience. Local communities consulted in the participatory poverty assessment, reported that the distance traveled to collect fuel wood was increasing and, there was declining soil fertility.¹¹ The average age of the tree stock and, the distance traveled to fetch water, is rising, suggesting that the existing use of forests is unsustainable and, that the negative consequences are being felt by poor people, especially women.

In the light of the above challenges, Uganda is taking several actions to reverse this anomaly. These include: improved wetlands management, control of illegal timber harvesting and trade, control of the use of illegal fishing gear and, enforcement of environmental impact assessment regulations. Uganda put in place the National Environment Management Authority to monitor, supervise and enforce regulations, standards and guidelines and, to coordinate all matters on the environment. Capacity-building in local governments and, at sector levels, is being provided, because the implementation of environmental management rests with them.

7. Commitment 7: Mobilizing Financial Resources

Efforts to increase financial assets relative to GDP are being promoted. Financial depth, as measured as a percentage of GDP, has grown steadily over the past thirteen years, from 8 per cent in 1990/91 to 20 per cent in 2002/03. It is expected to continue to rise over the medium term, as the economy becomes increasingly monetized and, domestic savings rates increase. The Long Term Expenditure Framework projection is for financial depth to increase to 29 per cent of GDP by 2013/14.¹²

Gross domestic savings also grew rapidly in the early 1990s, from 2 per cent of GDP in 1990/91 to 8.8 per cent of GDP in 1994/95, as macroeconomic stability was restored and inflation was brought down to single digits. Since then, the level has fluctuated, and gross domestic savings in 2002/03 amounted to 7.1 per cent of GDP. Savings are expected to grow substantially over the medium term to 13.6 per cent of GDP by 2013/14, as GDP growth is expected to outpace the average growth in consumption and, as the reduction in the fiscal deficit raises public savings.¹³

The mobilization of savings into deposits in the banking system, thereby increasing financial depth, will be enhanced by financial product development. Currently, the main financial assets available in the financial sector, apart from bank deposits, are corporate bonds and equities, of which there are few and, government treasury bills. However, a

¹⁰ Environment and Poverty Report, 2003 (Check)

¹¹ UPPAP/MFPED (2002) Deepening the Understanding of Poverty: National Report, MFPED, Kampala

¹² RoU (2005) PEAP 2004/5-2008/9, MFPED, Kampala

¹³ Ibid

government long-term bond has been introduced, and further areas of possible product development include mortgage and insurance products and mutual funds.

8. Cross-cutting issues and the PEAP

As part of the PEAP implementation process, Uganda formed a working group that focuses on some of the key cross-cutting issues, in particular gender, environment and HIV/AIDS. The preceding paragraphs touched on the issues of HIV/AIDS and the environment. We now highlight in some detail, some of the thinking that underpins our work on gender.

Gender issues arise under all aspects of the PEAP and the commitments of the Programme of Action. Uganda recognizes that while gender inequalities reproduce the poverty of families, communities and nations from one generation to the next, they also have an impact on growth performance and, therefore have direct and indirect consequences on poverty and poverty reduction. Gender inequalities mediate the relationship between macroeconomic and trade policies, on the one hand, and the outcomes of these policies, on the other.

Furthermore, gender-based inequalities in control over resources such as land, credit and skills, not only hinder women's ability to take advantage of new opportunities created by trade liberalization but, also constrain the output response and thus the export capacity of the whole economy. Gender inequalities in education, health and access to farm inputs often dampen output, productivity and growth rates and, thus hinder export performance, particularly in agricultural economies like Uganda, which are dominated by smallholders. Indeed, research has shown that gender-based inequality in households acts to constrain output capacity in sub-Saharan African economies. This thinking underpins all our work on the above commitments, although we also have explicit measures in place to ensure that Uganda focuses on issues of gender. Key progress includes revising the National Gender Policy and refocusing its objectives¹⁴ and, also developing a gender and equity budgeting strategy, to ensure that all government budgets are gender and equity focused.

9. Lesson Learnt

We have learnt several lessons over this period.

- 1. *Good policies require strong structural foundations.*** Efficient and competent institutions are critical for reform and policy implementation. Insiders have to be committed to the process.
- 2. *Strong macroeconomic performance requires macroeconomic stability and fiscal discipline.*** A stable currency is healthy for both firms and households, because it allows the transformation of temporary income windfalls into productive investments. However, success requires policy consistency, because slippages can undermine achievements.

¹⁴ See Annex 3 for National Gender Policy Objectives

3. ***Structural reform to remove price-distorting policies and promote private involvement in the economy and openness to trade pays off.*** Key among these policies: liberalizing the foreign exchange market, removing import restrictions, eliminating direct and implicit export taxes, abolishing the monopoly of government marketing boards in the purchase and export of cash and food crops and, promoting the diversification of exports. In a predominantly agricultural society (80 per cent of Ugandans live in rural areas and depend on agriculture for employment), access to markets for agricultural produce generates incomes and reduces poverty. Poor farmers reap the benefits of agricultural markets best when foreign exchange transactions and the marketing of agricultural products are liberalized. This allows private competition to drive up farm-gate prices so that farmers get a bigger chunk of the world price (or domestic urban price) for their produce.
4. ***A good working relationship between the Government and donors is vital for policy formulation and implementation.*** This demands that all stakeholders see reform as a shared project for everyone to contribute to—and willingness on all sides to compromise. What each party brings to this shared task cannot be determined beforehand but, is specific to each party's capabilities. Working together as one unit is what works.
5. ***Foreign aid is critical for economic growth and poverty reduction.*** As a result of recent reforms, a significant proportion of national resources are spent at the local level to deliver basic social services for the poorer communities.
6. ***Decentralized public spending can reduce poverty.*** Public spending will increase the incomes of the rural poor more when it is decentralized in a way that allows local governments to control their own budgets.

10. Conclusion

Uganda's openness to new ideas and policies and, its partnership with donors, would probably not have been possible in the absence of a domestic political project around poverty reduction and, a core of technically competent government officials. Uganda is also unique because our post war Government has based its legitimacy not just on security but, also poverty reduction as a tool for "nation building," giving officials enough autonomy to deliver on the policy. Therefore, we welcome the work being undertaken under the Brussels Programme of Action and, pledge our undivided support to these initiatives.

Annexes

Annex 1: Key Priorities under each of the PEAP pillars

Under Pillar 1 on **Economic management** the following four priority areas have emerged.

- **Maintaining macro stability:** Maintaining the current policies of macroeconomic stability and openness to trade are important. The challenge for Uganda is to identify the kind of policies which can boost the rate of growth above the 5 per cent-6 per cent range over the PEAP period and, to ensure that the growth is broad-based, meaning that its benefits are reasonably equitably distributed, thus contributing to poverty reduction.
- **Fiscal consolidation:** The Government's fiscal policy is to restrict Government expenditure to a level that is compatible with its twin objectives of inflation control and, private sector-led growth, by controlling its fiscal deficit.
- **Export promotion:** Exports are only profitable if they reflect the comparative or competitive advantage of the economy. In Uganda's case, these advantages are most likely to be found in agriculture and agro processing.
- **Boosting private investment:** Private investment needs to continue to grow in real terms if Uganda is to meet its objective of rapid and sustained GDP growth over the medium term.

Under Pillar 2 on **Production, competitiveness and incomes** three priority areas have emerged.

- **Agriculture and the natural resource base:** In the short run, poverty reduction depends on expanding incomes from smallholder agriculture, for two reasons. First, the incomes of the poor depend directly on agriculture. Secondly, farmers spend part of the incomes generated from crop sales, on non-agricultural goods and services. Most self-employed non-agricultural producers sell their products locally and, therefore depend on the demand generated by the incomes raised from agriculture
- **Infrastructure:** There is international evidence that the amount of infrastructure matters for economic growth. It will therefore be crucial to ensure that the efficiency of spending on infrastructure development is improved in order to maximize its impact.
- **Stop environmental degradation:** Uganda's recent rapid economic growth has put significant stress on its environment and natural resource base. Consequently, the quality and quantity of resources on which sustainable economic growth and poverty reduction depends, is declining. Reversing this trend will be central to poverty eradication efforts.

On Pillar 3: **Security, conflict-resolution and disaster-management**; three priority areas have emerged.

- **Ending rebel insurgency:** Since the 1990s, Northern Uganda has experienced violent conflicts and insurgency due to rebel activity, particularly in the sub-regions of Acholi and the West Nile. Even in those districts where insurgency has subsided, they still suffer from spillover effects from areas where conflict continues, such as internal displacement and rebel incursions. Insecurity is not only reducing the quality of life of these communities but, repeated child abuse and traumatization are sowing seeds of hatred and revenge, which makes the potential for further conflict considerable.
- **Ending cattle-rustling:** The Government's approach to this problem will combine an ongoing effort to disarm the elements among the Karamojong, and, control small arms within the region, with actions to support the development of Karamoja. Economic transformation in Karamoja will involve building on and understanding, rather than simply replacing, the existing pastoral way of life.
- **Dealing with internal displacement:** As a result of insecurity, Uganda is estimated to host by October 2003, slightly over 1.4 million internally displaced persons (IDPs) living in camps and other places such as schools and church premises. Both for its own sake and, for the sake of national unity, addressing the needs of the IDP groups will be treated as a priority.

On Pillar 4: **Good Governance**; three priority areas have emerged;

- **Human rights and democratization:** Elements of the democratization process in Uganda include the conducting of free and fair elections, the high rate of women's participation in public politics, the upholding of the freedom of the press and, independence of Parliament and the judiciary. Human rights organizations are also able to point out any human rights abuses in the country. All these efforts have contributed to the emergence of a culture of political tolerance which must be upheld and strengthened.
- **Justice, law and order:** In the medium term, the Government will focus on two strategic areas for reform in this area. These include criminal justice reform and commercial justice reform. Under criminal justice reform, key interventions have focused on four key areas; legal services reform; improved administration of justice, improved civic and legal education and, law reform. In the commercial justice sector, focus is on commercial court reform, companies and land registries reform, reform of key commercial laws and, strengthening commercial lawyers.
- **Transparency, accountability and corruption:** While it is recognized that public accountability requires the active participation of all sectors of society, the State must take prime responsibility. The key public policy areas that the Government is concerned with over the medium term, include tackling and eliminating corruption; ensuring the transparent, effective and efficient collection and use of public resources and, building systems of ethics and integrity in public life in Uganda

In the last Pillar: on **Human Development**; three priority areas have emerged.

- **Primary and secondary education:** UPE's success in increasing access poses challenges. Despite the enormous increase in the numbers of children in school, the numbers successfully completing primary education have grown more slowly. The full achievement of UPE requires not just that children start school but, that they move through the whole system and graduate from P7. This requires improved retention and quality. Secondly, there is an increased need to provide post-primary education in the medium term.
- **Improving health outcomes:** Health outcomes show a more mixed performance. There were no significant improvements in child health outcomes during the 1990s. Throughout the 1990s, almost one in ten Ugandan children died before their first birthday. Improvements in incomes, water supply and, access to health services, appear to have been counteracted by increasingly dangerous malaria, the knock-on effects of adult illness during the AIDS epidemic and, deterioration in sanitary practices.
- **Managing fertility:** Uganda's high fertility rate presents a challenge to poverty reduction in its own right. Larger families are more likely to be poor, to fall into poverty and, children in them are at much greater risk of dying young. We still have to generate a national consensus on what the optimal direction of population policy should be. The Government needs to support a debate on this subject and, will aim to make family planning services available to all those who want to use them.

Implications for Public Expenditure

The Resource Envelope: In order to maintain macroeconomic stability, Government expenditure has to be kept within the resource envelope. Analysis shows that nominal public expenditure grew above 10 per cent per annum, and sometimes above 15 per cent, between 1997/8 and 2002/3. Real public expenditure grew more slowly. Public consumption however, rose much faster than the population in real terms. Over the next few years, the context of fiscal consolidation will imply a smaller average growth rate in real public expenditure. There was very limited scope for increases in public expenditure in 2004/5 and, relatively modest scope for real growth, of about 7 per cent, for the two subsequent years. Over the period of the MTEF, expenditure per capita in real terms is unlikely to expand.

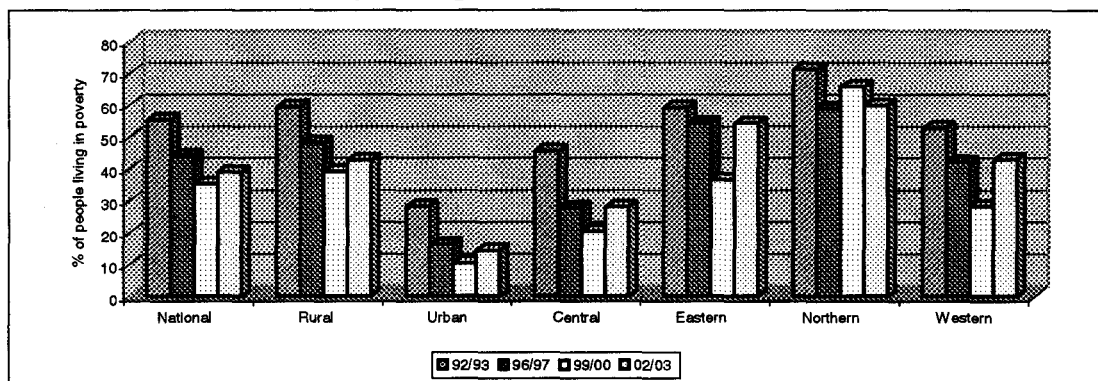
This poses a major challenge to the Government. In the previous two PEAPs, it was possible to fund major new initiatives such as UPE and free health care, without cutting other parts of Government expenditure, because the overall resource envelope was expanding. Over the next two years, this will be much more difficult. This has two implications. First, the emphasis in the short term has to be on making sure existing initiatives are *properly supported* rather than on creating new initiatives. Secondly, there is need for an increased emphasis on *efficiency within public expenditure*.

Annex 2: Poverty Trends

The Uganda National Household Survey 2002/03 indicates that the percentage of people living in poverty stands at 38 per cent, corresponding to 8.9 million Ugandans. This marks a significant increase in poverty both in percentage and absolute terms since 1999/2000, when 34 per cent of the population, approximately 7.2 million Ugandans, were living in poverty. Between 1999/00 and 2002/03, the incidence of poverty increased more in rural areas than in urban areas. In terms of absolute numbers of people living in poverty, rural areas experienced an increase from 7.0 million in 1999/00 to 8.5 million in 2002/03, while the corresponding figures for urban areas were from 0.3 million to 0.4 million. Although rural areas remain markedly poorer than urban areas and, saw lower growth in mean living standards, the proportionate rise in poverty is actually higher in urban areas.

Decomposing total national poverty by region, the percentage of population in poverty remained highest in the Northern region. The eastern region however, experienced the highest increase in percentage points from 35 per cent to 46 per cent¹⁵ (that is, from 2.0 million to 3.2 million persons in poverty), followed by the western region from 26 per cent to 31 per cent (that is, from 1.4 million to 1.8 million persons in poverty). In other words, poverty in the eastern region increased by 11 percentage points against 4 percentage points for the country. This is illustrated in Figure 1.

Figure 1
Poverty more prevalent in the East and North



Source: Data obtained from Appleton 2001 and Appleton and Ssewanyana 2003

¹⁵ The eastern region, unlike the other regions, experienced a 10 percentage points increase in the number of household heads who were not born in the place found at the time of interview and, households were found to have significantly larger household size in UNHS 2002/03 than in UNHS 1999/00, resulting in lower real income per adult equivalent. This could partly explain the worsening poverty situation in the region.

Annex 3: Major International and Regional Human Rights Instruments Ratified by Uganda

1. International Covenant on Economic Social and Cultural Rights (1966) ratified in 1987.
2. ICCPR (1966) ratified in 1995.
3. International covenant on the elimination of all forms of Racial Discrimination (1965) ratified in 1980.
4. Convention of Elimination of All Forms of Discrimination Against Women (CEDAW) (1979) ratified in 1985.
5. Convention on the Rights of the Child (CRC) (1989) ratified in 1990.
6. Convention Against Torture and other Cruel, Inhuman and Degrading Treatment or Punishment (1984) ratified in 1989.
7. Convention on the Rights of Migrant Workers and Members of their Families (MWC) (1990) ratified in 1995.
8. Optional Protocol to the Convention on the Rights of the Child, on the Sale of Children, Child Prostitution and Child Pornography (2001) ratified in 2002.
9. Convention on the Rights of Children in Armed Conflicts (2000) ratified in 2002.
10. Convention on the Prohibition of the Use, Stockpiling, Production and transfer of Anti-Personnel Mines and their Destruction (Ottawa Treaty) (1997) ratified in 1999.
11. The African Charter on Human and People's Rights (ACHPR).

Annex 4: Justice Law and Order Issues

The JLOS Sector Strategic Investment Plan focuses on improving access to justice and the effectiveness and quality of justice.

IMPROVED ACCESS TO JUSTICE

Criminal Justice Reform

Infrastructure Development

The main focus of the sector has been to ensure geographical coverage **through de-concentration of key JLOS institutions and services**, to ensure that the process of administering justice increases efficiency from entry to exit and, also limits the distances people have to take in order to access services. Some prisons serve more than one district, thus creating congestion, sometimes by 10-12 times more than the accommodation capacity. This has been largely achieved through renovation of dilapidated infrastructure and, rationalized construction of courts, offices for the DPP, Prisons and Police Stations and Posts.

Improved Operations

The sector has invested substantially in retooling and equipping its institutions to strengthen institutional capacity to operate with increased efficiency and effectiveness. The Uganda Police Force has been provided pickup patrol vehicles to enhance their responsiveness and visibility as a crime prevention strategy. Focus has also been directed to providing the Uganda Prisons Service with vehicles to ease transportation of prisoners to attend trials in courts. Although 35 central government prisons still do not have vehicles to transport prisoners to court, the sector's initiative to provide transport to deliver prisoners to attend court, has resulted in a reduction of the distances prisoners have to walk in places with no vehicles from 15km in 2003 to approximately 6 km in 2005.

Machinery and equipment are central to the functioning of the justice system. Effective investigations with up to date equipment are central to any criminal justice system and, investment in vital machinery e.g. gas chromatography and a DNA machine will facilitate speedy analysis of exhibits, production of required evidence in a timelier manner and, at less cost, leading to increased disposal of cases and, a reduction of case backlog. Similarly, equipment to the Prison Farms has contributed to building self-sustainability of prisons in food production for inmates and, reducing the budget to feed the approximately 19,600 prisoners.

Recruitment and Human Resource Development

Progress to date includes the recruitment of 500 prison warders/wardresses and 500 police officers per annum. This has resulted in an improved staff: prisoner ratio from 1:9 to 1:6 towards the targeted international standard ratio of 1:3, while it has also increased the police strength, resulting also in scaling the national police-population ratio from 1:1,734 to approximately 1:1,600.

Improved Efficiency and Effectiveness of Justice

An efficient and effective justice system can be demonstrated through the throughput of cases at reduced cost. In this regard, the sector has developed institutional strategic plans that are aligned to the sectoral planning and policy framework and, supported organizational development; developed codes of conduct with minimum requirements to guide operations to ensure results oriented management; trained officers at home and abroad, in specialized skills and, established and operationalized regional offices and High Court circuits, through de-concentration of services and deployment of staff up country. Other specific initiatives include:

Functionality of LCC and FCC

The functionality of the Local Council Courts (LCC) and the Family and Children's Court (FCC) is critical to the sector, because they improve access to justice for the poor and marginalized groups e.g. children and women. For example, from the time FCCs were gazetted in 1998, the functionality of the courts has increased to over 40 per cent with an increase in the probation and welfare officers from one or no officer per district in 2001, to one officer per district and, at least two officers in 20 districts in 2003. Through JLOS and support from UNDP, continued training of LCC will improve the quality of justice at that level. Trainers of trainers from six districts have targeted training of 82,310 LC Court officials in 8,231 LC Courts countrywide.

National Community Service Programme

The national community service programme has been rolled over to all the districts in Uganda and 3,010 orders have been issued. This has contributed to the decongestion of prisoners by the same magnitude and, saved the Government over 1.35 billion shillings in anticipated costs of maintaining prisoners in prison. These offenders put in a total of 77,580 man-hours of community work valued at over 350 million shillings. The community service programme invariably has also prevented turning petty offenders into hard core criminals while incarcerated, curtailing the rate of recidivism.

Linking Prisoners with Outside World Policy

The prison remand population remains extremely high, with 63 per cent of approximately 19,600 prisoners on remand. Increased length of stay on remand creates congestion in prisons and, it is expensive to feed prisoners. This is compounded by capital offences which only can be tried by the High Court that is already overstretched by an enormous backlog. The majority of those on remand are between the ages of 15-50 years and, they are therefore kept away from productive and income generating activities or, giving support to their families, by long stays on remand. The JLOS commitment is to reduce the average length of stay on remand.

Coordination Initiatives (Case backlog Programme and Chain Linked Initiative)

Through continued coordination, cooperation and coordination under the Case backlog Programme and Chain Linked Initiative, the sector has registered the reduction in the length of remand from an average of 24 months to less than 15 months for serious offences and, a reduction in the number of persons staying on remand beyond the constitutional period, from 39 per cent to 1 per cent and, 23 per cent to 10 per cent for serious offences

and petty offences respectively.

Reform of Law on Defilement

Forty eight per cent of those on remand are suspects alleged to have committed the offence of defilement. A key solution lies in reform of the law on defilement to enable Chief Magistrates to handle these cases. The sector in FY 2003/2004 made proposals for the amendment of the Penal Code Act. This Bill is now before Parliament and yet to be passed into law.

Lowering the Crime Rate

Through computerized management information systems to improve data capture and processing, the police have computerized their crime Statistics Data Base, which shows increasing trends of reported crime. Although this could illustrate increased public confidence, on the other hand, its reduction and management still poses a challenge to the sector in general and, the Uganda Police Force in particular.

IMPROVED QUALITY OF JUSTICE

Improved Civic and Legal Education

To create awareness about the sector and its services and, to empower the public on their legal and human rights, JLOS institutions have established help and complaints desks and, published training manuals and brochures as useful guides to users, while a number of workshops, radio and television programmes have been held.

Reform of Criminal Laws

The sector has also recognized the need to decriminalize petty offences. In order to increase the clearance rate of criminal cases in the High court and the Court of Appeal, legislation has been reviewed to increase the jurisdiction of lower courts. For example, the amendment of the Magistrates Courts Act and Trial on Indictment Decree, to give jurisdiction over defilement cases, whose suspects make up the majority of persons on remand, to Chief Magistrates, was completed and, awaits to be passed by Parliament. This will in part reduce the case backlog and delays in the delivery of justice.

COMMERCIAL JUSTICE REFORM PROGRAMME

Continue implementing the Commercial Justice Reform Programme

The Justice, Law and Order Sector has continued to focus on the implementation of the Commercial Justice Reform programme. The JLOS, that is currently preparing its second Strategic Investment Plan (SIP II), that is to run from 2006/2007-2010/2011, has resolved that Commercial Justice will be one of the key focus areas in SIP II. This will include;

Strengthening the Commercial Court, the Inspectorate of Courts, Company and Land Registries

The JLOS has continued to progress reforms at the **Commercial Court**. The Court has carried out a number of case backlog reduction initiatives. The court has continued to implement its Customer Service Strategy. The Bank of Uganda is now a member of the Commercial Court User's Committee. User satisfaction with the handling of Commercial cases has improved. According to the CJRP First Follow Up User Survey 2004, 70 per cent of the lawyers, 59 per cent of the formal sector and, 67 per cent of the informal sector respondents were satisfied with the way commercial cases are handled.¹⁶

Efforts to strengthen the **Inspectorate of Courts** have continued. The Inspectorate was able to acquire transport equipment with support of the JLOS reform programme. The Inspectorate was able to conduct field inspections of courts in various parts of the country in the fulfillment of its role. This enabled the Inspectorate to make a number of important recommendations for improving the delivery and administration of justice.

The Uganda Registration Services Bureau, commonly referred to as the **Company Registry**, is forging ahead with reforms. Efforts to strengthen the URSB have been geared to ensuring that the Bureau becomes fully autonomous as required by the URSB Act. There has been increased computerization and all key staff have been trained in computer use and basic records management. The Bureau has revised its user fees that until 2005, were inordinately low in many respects. As a result, there has been an increase in the Non Tax revenue (NTR) collected by the Bureau. Performance standards in rendering Bureau services have significantly improved as a result of improvements in URA revenue collection.

Reform Commercial laws and Regulations (including strengthening of claims against insolvent debtors) and enacting pending bills

The Uganda Law Reform Commission with support of the JLOS Reform Programme, has made a number of studies for the enactment of or reform of, laws that have an impact on businesses. The main challenge in law reform however, has been the slow legislative process. Due to this slowness, bills take so long to reach the legislature that they may end up becoming outdated and falling short of international standards.

Simplifying Court Procedures and Strengthening Alternative Dispute Resolution procedures.

Simplification of Court Procedures

The JLOS commissioned a study for the review of the rules of Civil Procedure in as far as they concern the Commercial Court. The aim of the study is to make recommendations for simplifying the rules of procedure. Although this study was designed for the Commercial court, it should pave the way for simplification of Civil Procedure Rules generally in all courts that apply the Civil Procedure Rules, namely, Magistrates Courts Grade I, Chief Magistrate's Courts and, the High Court as a whole. The study also seeks to suggest rules

¹⁶ CJRP First Follow Up User Survey 2004, Survey conducted by K2-Research Uganda Ltd. a t p. 3

for fast tracking of cases. This will cater for the expeditious handling of all commercial cases regardless of the monetary value of the subject matter.

Strengthening Alternative Dispute Resolution Procedures

The Sector seeks to promote alternative dispute resolution mechanisms to ease access for those enterprises and persons that face barriers due to financial and other constraints. The establishment of the Centre for Arbitration and Dispute Resolution (CADER) was a major initiative under the Mediation Pilot Project (MPP), which made mediation compulsory for all cases filed in the Commercial Court. The backlog of cases before the Commercial Court was reduced, following the development of this innovative approach to reform and speed up the disposal of cases. There has been a significant increase in the number of mediations initiated by the CADER following the introduction of compulsory mediation in September 2003, under the Mediation Pilot Project. It presents a successful settlement rate of the cases for September 2003 to September 2005 at 45 per cent.

Access to Commercial Justice Institutions

Physical access to Commercial Justice institutions remains inadequate because the institutions are concentrated in Kampala. Over 90 per cent of the law firms are located in Kampala.¹⁷ There is a need to de-concentrate the JLOS services to other parts of the country, where the majority of the population, especially the rural poor, reside. The URSB plans to set up offices in the Ministry of Justice and Constitutional Affairs Mbale and Mbarara regional offices.

¹⁷ CJRP First Follow Up User Survey 2004, Survey conducted by K2-Research Uganda Ltd, at p. 41

Annex 5: National Gender Policy Objectives

This policy marks a move away from treating gender as an 'add-on' issue, to treating gender as a 'hard-core' issue, that is at the centre of Uganda's social and economic transformation processes. This will ensure that gender issues are part and parcel of all structures, institutions, policies, programmes, procedures and practices of Government and, all its stakeholders. The four thematic priority areas viz. *livelihoods, rights, governance and macro-economic management*, shall be pursued through specific objectives.

Livelihood

This Policy reaffirms that the PEAP pillars are essential drivers of poverty eradication and sustainable livelihoods but, also reinforces them by pointing out the critical gender and poverty concerns that will help to accelerate achievement of PEAP targets. It is therefore important that all poverty-eradication policies seek to tackle gender-based inequalities, not only to promote *equity and justice* but, also to promote *economic growth and efficiency*. The following specific objectives will be pursued under this area.

- To ensure that sectoral and local government plans include strategies and activities that reach out to and respond to diverse gender livelihood needs.
- To ensure that sectoral ministries, CSOs and, the private sector prioritize the development and promotion of technologies that reduce time poverty
- To increase the earning potential of poor women and men and, ensure that sector and local government plans for improved productivity and income are gender responsive

The Right to Human Development

The policy requires comprehensive reform of laws and the legal system to remove obstacles that constrain women and men from enforcing their rights. There are several key areas that need to be tackled. For instance, it is recognized that a large part of women's contribution at household level tends to be non-monetary and, hence does not directly go into what is generally understood as property. These gender disparities in rights to property and livelihood undermine the future of the country as a whole. In this regard, the fast implementation of the Domestic Relations Bill (DRB), so that it can respond to the gender realities in the family setting, is an important issue. In conflict areas, ending conflict and insecurity is a key landmark in the achievement of gender equality. For all of this to happen, there is a need for extensive legal literacy that will be necessary in order to change gender discriminatory values and, to create an enabling environment for all women and men to know and demand their rights. The following specific objectives will be pursued.

- To improve women's and men's access to justice.
- To eliminate gender discriminatory practices, norms and values at all levels.
- To ensure safe living conditions for the physical and mental security of all, both at household and community levels.
- To improve sexual and reproductive health rights.

Governance

Through this policy, the Government is committed to making gender an integral aspect of good governance, thereby consolidating and strengthening the gains already made. To date,

affirmative action has increased the number of women to nearly 25 per cent of Parliament and a minimum of 30 per cent in local councils. These percentages place Uganda well above the Sub-Saharan Africa regional average of 14.3 per cent. However, it is recognized that there are capacity deficits on the part of women, including public speaking, resource mobilization, networking and knowledge of public issues. It is also acknowledged that sufficient mainstreaming of gender in the determination of policy choices and, how these affect the quality of life for both women and men, is still lacking. The following specific objectives will guide action in this area.

- To strengthen the capacity of women to participate in decision-making and leadership.
- To eliminate gender discrimination in elective and administrative structures.
- To retain Affirmative Action and, improve on its performance in order to reduce existing and emerging gender gaps.

Macro-economic Management

Uganda faces a serious macro-economic dilemma, because the Government's expenditure is much higher than its domestic revenues and, donors support about 48 per cent of its budget. In 2004/5, Uganda's fiscal deficit was estimated at about Shs. 1.6 trillion, which is about 10.9 per cent of GDP. This high fiscal deficit, which is financed by donors, means that there is a significant amount of domestic money supply that is not generated by the economy. When the amount of money in the economy exceeds the demand for that money, inflation occurs. However, the Government, through the central bank, sells foreign exchange in the market or sells government securities to reduce the amount of money supply in the economy. The effect of these measures is that inflation has been kept in check, which is very important for macro-economic stability. It is also important in securing the livelihoods of women and men, because their money will be able to purchase the same goods over a long period, without excessive increases in costs.

It is clear from this scenario that the Government needs to reduce its dependency on donor resources and increase domestic revenue. This requires the Government to raise more revenues to finance public expenditures. Hence, it is not just the size of the national deficit that Government needs to concern itself with but, also the combination of revenue and expenditure that produces it. The gender implications of this scenario are not fully understood. Hence, the following objectives will be implemented to further develop understanding and action in this area.

- To build national capacity for conducting research in the area of *Gender and Macro Economics*.
- To establish on-going gender analysis in budgetary allocations of all public expenditures at national and local government levels.
- To promote the use of effective revenue generation mechanisms that ensure gender responsiveness.