STRUCTURAL ADJUSTMENT PARTICIPATORY REVIEW INITIATIVE (SAPRI)

UGANDA COUNTRY REPORT: A synthesis of the Four SAPRI Studies

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For

THE NATIONAL STEERING COMMITTEE

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ABBREVIATIONS

ASAC	-	Agricultural Sector Adjustment Credit
ASAP	-	Agricultural Sector Adjustment Programme
AWEPON	-	African Women's Economic Policy Network
CAS	-	Country Assistance Strategy of the World Bank
CASA	-	Citizens Assessment of Structural Adjustment
CBOs	-	Community Based Organisations
CSOs	-	Civil Society Organisations
CMB	-	Coffee Marketing Board
CSSC	-	Civil Society Steering Committee of SAPRI Uganda
D-GAP	-	The Development Group on Alternative Policies
DRC	-	Democratic Republic of Congo
LC	-	Local Council
LMB	-	Lint Marketing Board
EDP	-	Enterprise Development Project
ERC	-	Economic Recovery Credit
ERP	-	Economic Recovery Programme
ESAF	-	Enhanced Structural Adjustment Facility
FSAC	-	Financial Sector Adjustment Credit
FSAP	-	Financial Sector Adjustment Programme
GDP	-	Gross Domestic Product
GOU	-	Government of Uganda
HIPC	-	Highly Indebted Poor Countries initiative of the WB/IMF
HIV/AIDS	-	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
IDA	-	International Development Association
IFIs	-	International Financial Institutions
IMF	-	International Monetary Fund
IT	-	Information Technology
ITK	-	Indigenous Technical Knowledge
MFPED	-	Ministry of Finance, Planning and Economic Development
NGOs	-	Non-Governmental Organisations
NRM	-	National Resistance Movement
NSC	-	National Steering Committee of SAPRI Uganda
NYTIL	-	Nyanza Textile Industries Ltd.
PAPSCA	-	Programme for Alleviation of Poverty and Social Costs of Adjustment
PEAP	-	Poverty Eradication Action Plan
PERD	-	Public Enterprise Reform and Divestiture
PHS	-	Primary Health Strategy
PPAs	-	Participatory Poverty Assessment
PMB	-	Produce Marketing Board (PMB) and
PRSP	-	Poverty Reduction Strategy Paper
PWDs	-	People With Disability
SAC	-	Structural Adjustment Credit
SAF	-	Structural Adjustment Facility
SAPs	-	Structural Adjustment Programmes
SAPRI	-	Structural Adjustment Participatory Review Initiative
SAPRIN	-	Structural Adjustment Participatory Review International Network
SOEs	-	State Owned Enterprises
UCB	-	Uganda Commercial Bank
UCDA	-	Uganda Coffee Development Authority

UDB	-	Uganda Development Bank
UIA	-	Uganda Investment Authority
URA	-	Uganda Revenue Authority
UPE	-	Universal Primary Education
UPPAP	-	Uganda Participatory Poverty Assessment Project
USE	-	Uganda Stock Exchange

EXECUTIVE SUMMARY

A review of the impact of Structural Adjustment Programs (SAPs) in Uganda was undertaken on four aspects, namely: The Impact of Privatisation on Society; The impact of Public Expenditure Reform and Management on Social Services Delivery; The Impact of Liberalisation on Agricultural Production and Food Security and a desk review on The Differences in Perceptions of Poverty.

The study on Privatisation also revealed that there were gains and loses. For example, Government managed to achieve its fiscal objective of raising tax revenue from the privatised companies. There was consensus that privatisation has led to an increase in product quality and range on the market. In addition, there was an overall rise in employment. However, the same study demonstrates how government had to inject a lot of money into some of the State Owned Enterprises (SOEs) before they could be sold. In addition government was unable to prevent asset stripping and under-valuation of net-worth of SOEs resulting in a poor recovery of proceeds from their sale. Even when there was an overall rise in employment, the greatest increase of jobs created was in the lower cadre with hardly new opportunities created at top management levels for nationals. Many people were retrenched prior to privatisation and the right for the employees to unionise was greatly weakened.

Some of the gains obtained from the public expenditure reforms include macroeconomic stability and relative increase in spending on social services. The gains were however, negated by substantial increases in the cost of delivery of the social services amidst institutional weaknesses that did not ensure that increased allocations were also translated into increased access to services by the poor. Another key factor among others, which negates the gains, is the disproportionate rise in salaries of public servants compared to the cost of living.

From the findings, there is overwhelming evidence that the impact of SAPs takes a political economy dimension, with some groups benefiting from the reforms and others being adversely affected by the same reforms, especially the poor and vulnerable groups. For example, women and men’s roles in the economic and social domains continue to reflect a fundamental imbalance in their access to and control over resources and productive activities. Furthermore, the reforms have had the effect of substituting government’s provision of services and increasing the responsibilities that have disproportionately fallen on women. In addition, liberalisation has increased the burden of women in a typical rural family who often carry the greater portion of workload. It has also worsened the food security situation as households responded to price signals within limited resources and technological base by increasing cash crop production at the expense of food crop production.

The findings also show that conceptual and methodological approaches to defining and measuring poverty explain the discrepancy in the perceptions between measured and perceived poverty.

If poverty eradication is to remain central to these policies, some aspects of SAPs, which clearly have not worked well for the poor, need to be modified, and those that cannot work at all for the poor need to be discontinued. Therefore, a mechanism is needed to ensure effective and genuine participation of all stakeholders in taking these policies further and developing alternatives that are acceptable to all.

SECTION I: INTRODUCTION

Background to SAPRI

The Structural Adjustment Participatory Review Initiative (SAPRI), is a process that started in 1995 at international level, when a network of international Non-Governmental Organisations (NGOs), participated in a campaign over the effects on developing countries of over fifty years of lending by the International Financial Institutions (IFIs) in light of escalating poverty. At that time, the NGOs approached the World Bank President to express their concern about the impact of SAPs on Civil Society, especially the poor. This meeting resulted into an agreement to carry out a joint review by the World Bank, the implementing Governments and Civil Society, of the Structural Adjustment Programmes (SAPs) that are based on policies that are part and parcel of the IFIs' joint lending to poor countries. A World Bank /NGOs/Civil Society technical committee was then formed to oversee the process.

The committee selected a lead organisation, the Development Group on Alternative Policies (D-GAP), set up criteria for selection of countries, held negotiations with various Governments, introduced the SAPRI process in the selected countries and developed a standard operating procedure. The SAPRI process was launched in June 1997 in Washington D.C., and has been going on for the last four years in 8 countries. In four of the Countries the Civil Society, World Bank and Governments did not reach an agreement to carry out a joint exercise. Nevertheless Civil Society went ahead to carry out similar studies in what became known as the Citizens Assessment of Structural Adjustment (CASA). All the Civil society Organisations (CSOs) participating in the SAPRI and CASA processes in various countries organised themselves under the SAPRI Network (SAPRIN).

This report is a synthesis of four discrete studies carried out in Uganda, which provide detailed information for reference. Two of the studies were on the policies of Privatisation and public expenditure management. One study was on the impact of trade liberalisation on the Agricultural Sector and the fourth a desk review on the differences in perceptions of poverty. The studies were intended to generate information from members of society mostly affected by SAPs, in order to inform policy makers at national and international levels. The studies were also intended to provide possible insight into viable alternatives to SAPs. This was the key contribution by the SAPRI process to the policy formulation process of the World Bank and International Monetary Fund (IMF) and reforming economies. Since the launch of SAPRI, the World Bank and IMF have shifted their lending requirements to poor countries through the introduction of Poverty Reduction Strategy Papers (PRSPs), which, among other things, emphasise broader civil society participation in the formulation of national policies on which lending is based. The Uganda PRSP has already taken on board some of the points raised in this study.

This report is organised in three major parts: The introductory part which includes the country context, the three parties in the tripartite arrangement for SAPRI, the methodology used, scope and limitations of the study. The second part is comprised of the findings and impact analysis, including key issues coming out of the four studies and the last section is on recommendations and alternatives for future policies.

The Ugandan Context

Geographical Location and Environment: Uganda is situated in the Eastern part of Africa, bordered by the Sudan to the North, Kenya to the East, Tanzania and Rwanda to the South and the Democratic Republic of Congo to the West. Uganda has abundant natural resources, which, however, are under serious threat from degradation due to poor management practices including and leading to overgrazing, deforestation, siltation of water bodies, drying up of wet lands and poor agricultural practices. Poverty, civil strife, wars, conflicting policies and poor enforcement of regulations exacerbate these environmental problems.

The Government of Uganda (GOU): Uganda is currently governed under the movement system. The National Resistance Movement (NRM) in 1986 introduced this system. Under this political system, political parties are restricted. This is enshrined in the national constitution, promulgated in 1995. In June 2000, Ugandans, voting in a referendum, chose to continue with the movement system of Governance. Since then, however, more space has been opened up to political parties, allowing them to operate their national offices. Under the movement system, representation in the Local Council (LC) system, which is the political structure of the local government, is through electoral colleges, starting from the village to the district. 30% of these seats are reserved for women, and 10% for People with Disability (PWDs).

GOU has made institutional reforms to establish a decentralised system of Governance, with the prime objective of devolving powers to the districts and sub-county levels. Currently, there are 56 districts, 167 counties and 893 Sub-counties and a total population estimated at 22 million people. Although implementation of decentralisation started in 1997, internalisation of the system is yet to be fully realised by the entire population and accepted by all Uganda's development partners.

Civil Society: For purpose of SAPRI, *Civil Society* is used to refer to those institutions and individuals, which are independent from the state and political parties but interact with and influence the state. It comprises of a wide variety of organisations including: student associations, private media, trade unions, diverse professional associations, producer groups, intellectuals, peasant associations, informal networks, NGOs, Community Based Organisations (CBOs) and individuals. With the perception of an increasing space, civil society in Uganda today is growing in strength with the NGO sub-sector being the more active category with their role in development acknowledged but constantly changing. Although CSOs have concentrated on service delivery in the past, they are now increasingly getting involved in policy dialogue with government and at international level.

Multi-lateral Institutions: Currently, a significantly bigger percentage of Uganda's national budget (roughly 52%) is dependent on external aid with the World Bank and IMF by far the biggest lenders to Government. This gives these Development Partners a lot of influence on the type of polices that are implemented by Government, especially economic reform policies. Uganda's outstanding debt stock, mainly owed to multi-lateral institutions stands at US $ 3.574 as at the end of June 2001. Debt servicing costs remain high, although with the recent enhanced Highly Indebted Poor Countries (HIPC) Initiative, it now accounts for 8% of export earnings. However, the level of external debt remains a significant constraint to economic development.

Socio cultural Environment: Much as Uganda's economic performance over the past decade has been considerable, and national statistics indicate that absolute poverty has reduced, with the population living below the poverty line moving from 56% in 1992 to 44% in 1997 to 35% in the year 2000, the poverty situation is still bad. The gap between the rich and the poor has widened. The multiple faces of poverty vary between districts and regions, and among different categories of the population. Poverty remains more prevalent in the East and in the North where it is at 67%, and women are proportionately poorer than their male counterparts. The situation is worsened by the HIV/AIDS pandemic, which has had adverse effects on human and natural resources as well as household incomes. According the UN agencies country assessment of Uganda, HIV prevalence in pregnant women was as high as 9.5% by 1998.

Uganda enjoys a rich cultural heritage stemming from the country's ethnic diversity. The 1995 Uganda constitution identifies 56 ethnic groups. Although there has been Western and Asian cultural and technological influence, Ugandans are bonded in ethnic groups by common cultural values, norms, beliefs, attitudes, rituals, language, food, dress, music and the visual arts. While some of these values are good, others, such as early marriages and female genital mutilation, are negative and are retrogressive to development. Of specific significance is the gross gender imbalance that penetrates all sections and levels of the Ugandan society and is skewed against women. Corruption is another evil that erodes the Ugandan society and can be largely attributed to the degeneration of cultural values as a direct consequence of years of lawlessness and turmoil. In the area of information technology (IT), Uganda has not yet fully taken advantage of the global revolution. Lack of appreciation of IT is exacerbated by illiteracy and ignorance among the population, low level of technological development and poverty, which hampers affordability of IT.

The Macro-Economic Framework

Prior to 1986, the performance of the Uganda economy was characterised by high inflation running at annual rate of 240 percent; high dependence on one export crop with coffee contributing 50% of tax and 70% of export earnings; limited scope of external borrowing severely constraining government's ability to meet its obligations. In addition, the economy was characterised by a large public sector with private sector predominantly subsistence; and public expenditure, exports and investment each estimated at 9% of GDP.

Structural Adjustment Policies (SAPs) were first introduced in Uganda in 1981, but failed they to take off. They were re-introduced in 1987 under the present National Resistance Movement (NRM) Government. Active implementation, however, took effect from 1992 to the present time. SAPs included a package of economic adjustment policies broadly divided into stabilisation and fiscal policies, supported by the World Bank and the International Monetary Fund, respectively. These policies are closely linked, their implementation overlap, and different components of the package have multiple impact.

At an average economic growth rate of 6%, Uganda is considered one of the success stories in Sub-Saharan Africa in respect of performance of SAPs. However, CSOs worldwide and in Uganda have argued that SAPs have affected different categories of people differently, having had adverse effects, particularly on the poorest sections of society. SAPs, they contend, have been imposed without adequate consultation or participation of the population. SAPs have also failed to make proper use of local Indigenous Technical Knowledge (ITK), and have been poorly designed, implemented, monitored and evaluated. SAPRI studies therefore, were meant to examine the impact of SAPs, positive and negative so as inform future policy formulation.

General policy changes

Since 1987, seven major structural adjustment reform processes have been under-taken by the Government of Uganda comprising of two major parts: (i) The Economic Recovery and Structural Adjustment Programme of the World Bank/IMF and (ii) Sectoral Lending Operations of the World Bank. The objective of the first is outlined below. The overall objective of the second part was to target specific sectors to compliment the adjustment programmes (details can be found in the SAPRI information team report).

Major aspects of the macro-economic framework include:

1. Trade liberalisation and the creation of a conducive environment for investment.
2. Increasing domestic revenue mobilisation

3. Prioritisation of public expenditure by releasing all allocations for the high priority recurrent and development expenditure.
4. Improved public sector management through civil service reform.

Within this framework, the various loans from the WB/IMF were used to achieve the intended objectives as outlined below.

The economic recovery and structural adjustment programme of the World Bank/IMF

1. Economic Recovery Credit (ERC) I and II
2. Structural Adjustment Credits (SAC) I, II and III
3. Agricultural Sector Adjustment Credit (ASAC)
4. Financial Sector Adjustment Credit (FSAC)
5. Programme for Alleviation of Poverty and Social Costs of Adjustment (PAPSCA).
6. The Highly Indebted Poor Countries' Initiative (HIPC)
7. The Country Assistance Strategies (CAS).

Sectoral lending operations of the World Bank

These were implemented as specific projects in the various sectors and included; the road sector institutional support technical assistance project, Private sector competitiveness project, Environment management capacity building project, Cotton sub-sector development project, and the railways project. Fourth Education project, Fourth highway project, Small towns water and sanitation project, Transport rehabilitation project, Agricultural sector management project, Agricultural development project, Sugar rehabilitation project, Public enterprise project, Institutional capacity building project and forestry rehabilitation project.

Key aspects of the seven programmes are summarised in the following table:

Program type	Timeframe	Amount in USD$ millions	Main objectives
ERC 1	1986/7 to 1991/2	253	• Financial stability • Low inflation • Balance of payments • Improved capacity utilisation of existing industries • Rehabilitation of infrastructure • Improved pricing policies and improved resource allocation for enhanced efficiency in the public sector
ERC II	1986/7 to 1991/2	58	• Reduction of inflation (which was at 45%) to single figures • Strengthening of balance of payments • Maintain a growth rate of 5% and a rise in per capita income of 2%.
SAC 1&II	1991/4 and 1994/6	125	• Develop the private sector by reforming the exchange rate and trade policies; promoting the investment through the establishment of Uganda Investment Authority; fostering investor confidence • Improved public sector effectiveness through improved revenue collection by creating Uganda Revenue Authority; Re-orienting public expenditure to Priority Programme Areas (PPAs) – Health, education, water and sanitation and agricultural extension services; civil service reform.
ASAC	1991 to 1996	106	• Promotion of agricultural growth and diversification through institutional, price and tax reforms; strengthening agricultural research and extension services • Stabilisation of the coffee sector • Balance of payment support for policy reform.
FSAC	1993/4 to 1995/6	100	• Maintenance of a coherent macro-economic policy • Positive rates of deposits and preferential credits • Lowering non-preferential lending rates • Reduction in directed credit programmes • Promoting competition in the banking sector • Development of money and capital markets
SAC III	1997/8 to 00/1	125	• Fiscal sustainability through expansion of revenue base • Improvement of the management of public expenditure consistent with decentralisation and reduction of fiscal burden of SOEs.

PAPSCA	1988 to 95	106	• Address urgent social concerns of Uganda's vulnerable groups through collaborative programmes between GOU, World Bank and NGOs.
CAS, PEAP 1, (later PEAP revised /PRSP)	From 1995		• Rapid economic growth and structural transformation • Ensuring good governance and security • Increasing incomes of the poor • Improving the quality of life of the poor
HIPC 1 and II	From 1998 onwards		• Render debt obligations manageable by reducing debt-service to debt stock ratio • Enable Government to have resources to increase funding on basic social services

The SAPRI Process in Uganda

In Uganda, the SAPRI process was introduced by the African Women's Economic Policy Network (AWEPON), a regional NGO working in East, central and Southern Africa. Initial mobilisation of stakeholders within Uganda was done in 1997. A Civil Society Steering Committee (CSSC), comprising of interested CSOs was formed. The Uganda National NGO Forum was selected as the lead organisation, and later, a National Steering Committee (NSC), comprising of Government of Uganda representatives from MFPED, the World Bank in Uganda and representatives of CSSC was formed. A tripartite technical committee was also set up to provide technical back up to the steering committees.

Working in partnership with Government and World Bank, Civil society led the whole process, which involved, administration, mobilisation of stakeholders to participate, selection of SAP issues for study, drafting the TOR for the studies, selection of independent local consultants and reviewing the reports from the studies. Although in the initial stages there was full and high level participation, the protracted nature of the process could not allow this to be sustained. However, civil society saw this as a downplaying of the importance of the exercise on the part of Government and the World Bank.

Methodology

SAPRI in Uganda was fundamentally a tripartite exercise led by Civil Society, involving the World Bank and Government of Uganda. The research methodologies used combined the participatory, political economy and gender approaches. This is the value SAPRI adds to the many studies that have been conducted in the past to assess SAP impact using econometric approaches.

Due to the importance of the exercise and the wide ranging opinions involved, for it to be successful, there was need for clarity of the methodologies used in order to ensure that researchers and stakeholders contributed meaningfully to the process. This was done through methodological workshops, which were organised at regional level for technical team members and at national level for the research teams. Experts in the application of these methodologies in analysing SAPs facilitated the workshops.

The participatory approach was used to ensure that the research process directly involved affected groups. Civil society was mobilised through outreach workshops in 20 districts and at national level, in a first national forum. This process resulted into the selection of priority SAP policy issues to be studied and the hypotheses against which they would be studied.

A national economic literacy workshop was also held to equip civil society participating in the SAPRI process with skills and knowledge to enable them to articulate their views in relation to the SAP policies. At the same workshop, the researchers presented preliminary findings of the studies to the district representatives, for debate and validation. In the field, information was generated using focus group discussions and questionnaire administration. On completion of the studies, feedback was given on the findings at a second national forum, to all those who participated in the information generation in the various districts and stakeholders at national level. Gaps to be filled by the researcher were pointed out and findings were validated once more.

The political economy approach was used to ensure that in carrying out the studies on each of the SAP measures, impact of the policies on various categories of the Uganda population was analysed, particularly in trying to understand who the losers and winners were, and why. This was done through interviews with the various categories and the analysis of the information generated.

The gender approach: For purposes of the SAPRI methodology, gender was defined as socially constructed relations, which lead to differences in roles, rights responsibilities and status, assigned to men, women, boys and girls. The gender approach took into consideration the four main areas of analysis, i.e. gender roles and responsibilities, position and condition of men and women, and access to and control over resources. The impact of SAPs on the various categories of the Ugandan population as far as their roles, rights, responsibilities, access to and control over resources and benefits, and power in society is concerned were analysed. It also included an analysis in relation to specific marginalised groups within society, in terms of gender, age, location and disability.

Scope of the study

SAPRI strategically combined qualitative information generated in the field and quantitative data obtained from available literature. Fieldwork took place in the following nine districts, selected according to agro-ecological classification: Kampala, Jinja, Kumi, Kabale, Masaka, Kapchorwa, Rakai, Apac, and Masindi. Desk reviews of literature related to selected SAP policies and background documents of the lending processes of the World Bank were reviewed by a SAPRI information team. Each of the researchers, who conducted the studies, also carried out literature review in relation to the specific studies. The results of the studies were then used to make recommendations for the way forward.

Limitations of the studies

1. The tripartite arrangement necessitated a lot of effort for consensus building. For sensitive issues like the impact of SAPs, such consensus was not always reached nor did it come easily.

2. A number of time-related constraints were experienced including:
   - The period it took for the studies to be completed was long. This meant that a lot of changes had to be made during the process, posing a problem of continuity and the setting in of fatigue.
   - There were delays resulting from changes in management experienced by the lead organisation and the SAPRI process in general.
   - More time pressure resulted from poor performance by some of the consultants, which then led to change of consultants for some of the studies.

3. Government participation was limited only to representation from one ministry MFPED, and not from the line ministries of the sectors studied (Agriculture, Education and Health). This is because MFPED was the only ministry involved in initiating and negotiating SAPs. This limited the amount of interaction by these ministries.

4. Due to limited funding, coverage of the studies was more limited than expected at the outset. It also meant a lot of voluntary efforts in the process and this made the process slower than it should have been.

5. Limited exchange of information among participation countries within the region and internationally.

SECTION II: MAJOR FINDINGS OF THE STUDIES

Uganda chose to study two policy issues, one sectoral issue and a desk review on poverty. For all the studies, the purpose was to assess the impact the various policies have had on different categories of the population; to understand those who lost and gained; how the impact has improved or worsened gender relations and the expression of the impact of SAPs by the people themselves. The studies also sought to understand the level of participation by key stakeholders in the policy formulation process and their understanding of these policies and how they affect them. The following is a summary of the findings.

Study I: The Privatisation Process and its Impact on Society

Background

In the pre-reform period, Uganda, like many developing countries created SOEs for many reasons including the need to balance or replace weak private sectors; raising investment ratios to higher levels and extraction of capital surplus for re-investment in the economy. Other reasons were to transfer technology to strategic sectors; generation of employment; and making goods more readily available at affordable costs. Although some SOEs have been productive and profitable, a large number have been economically inefficient, incurring heavy financial losses, and absorbing disproportionate shares of domestic credit. This is largely attributed to Uganda's violent political history and depressed economy.

Predictably therefore, one of the key features of SAPs has been privatisation, mainly focusing on liquidation of former SOEs, contract management and change of ownership from Government to the private sector. Uganda embarked on the privatisation of SOEs in 1993 and is still continuing with the process with 34 of the 139 SOEs listed for privatisation still remaining to be privatised. Privatisation was intended to result into fiscal benefits and equity-enhancing effects through income distribution effects, reduction of inequalities in access to goods and services by limiting opportunities for favouritism, corruption and differential fixing of rents that had penetrated the economy with extensive state controls and subsidies.

There are persistent civil society concerns that privatisation has hurt the socio-economic welfare of the majority. That benefit has gone almost entirely to the managers of the process. The perception is that government has not facilitated adequate participation of the locals in the process. This resulted in the feeling that locals have been robbed of national assets, which were built through accumulation of taxpayers' contributions. Also there was a perception that the process had been poorly managed and not properly sequenced. There was also no appropriate institutional framework to facilitate the process. In addition a number of SOEs were undervalued and more money was spent on preparing and restructuring the enterprises for divestiture than has been realised from the sales.

Purpose of the Study

The study therefore aimed at assessing the privatisation policy and its impact on society as a whole. The study was also to specifically critically analyse the formulation of the policy, its implementation and management.

Hypotheses Tested

The following hypotheses were identified:

- As a result of privatisation, employment in the affected sectors has declined leading to welfare losses.

- Technical and economic efficiency as well as wages have improved, leading to welfare benefits.
- The privatisation process has increased the scope of corruption.
- The privatisation process has led to a decline in the country's net asset position.
- Privatisation has increased domestic violence, child labour, and early marriages and women's workload household responsibility.
- Privatisation has led to regional and ethnic imbalance in employment opportunities and benefits.

In the end, due to certain limitations the hypothesis concerning increased domestic violence, child labour and early marriages for women was not tested.

Findings and impact analysis

People's understanding of the privatisation process

- Large proportions of people interviewed (68%) were fairly well informed about the program, however, they believe that the policy was not home-grown but foreign induced. According to respondents, privatisation in Uganda has been initiated to enrich Government officials, give foreign investors windfall profits and as a way of re-colonisation period.

Economic objectives

The economic objectives were: to increase the volume of goods and services; raise the overall efficiency of the economy; generate revenue from the sale of SOEs; improve upon the quality of good and services and; to stimulate private investment. The analysis shows that on average the government attained about half of its economic objective.

- *Product quality and diversification:* There was consensus that privatisation has led to increased supply of quality goods and services on the market especially essential commodities (sugar, salt, soap, etc), which, prior to privatisation, were in short supply and a monopoly of SOEs in their production and distribution. 62% of respondents felt that this part of the Government's economic objective was achieved.
- *Capacity utilisation and profitability:* According to study report, privatisation has led to increased industrial capacity utilisation and profitability. This is evidenced by statistical information indicating that capacity utilisation of the privatised firms has increased by 11% on average. A remarkable growth has been in the beverages industry.
- *Sales revenue:* Majority of the respondents (83%) was of the view that Government did not achieve its objective of raising money from the sale of SOEs. This is because most of the SOEs that were sold were under-valued and besides, Government injected a lot of money prior to divestiture. Examples to support this include Lake Victoria Hotel and Nile Hotel International where large amounts of money were sank into them just before privatisation.
- *Private investment***:** Majority of the respondents (71%) indicated that the privatisation process has not stimulated private investment. The highest bidder method, which was largely used, excluded those with little capital, majority of whom are Ugandans – the presumed owners of the SOEs. Also the low proceeds obtained from the privatisation process have not enhanced the indigenous private sector development because a big portion of the proceeds was 'borrowed' by individuals supposedly 'well connected' to powerful people in government.
- *Foreign direct investment*: This increased but as a result of a combination of factors such as a more conducive business environment and political stability.

Fiscal objectives

These objectives were: raising tax revenue from the privatised firms; reducing subsidies to SOEs; overcoming asset stripping in SOEs; and investing more in social services and infrastructure.

- *Tax revenue:* The findings the study are that Government managed to achieve part of its fiscal objective of raising tax revenue from the privatised companies, and this is partly explained by the increased capacity utilisation of the private firms.
- *Reduction of subsidies:* Although the majority of respondents (82%) believe that the government has fulfilled its objective of reducing subsidies to SOEs, available statistical data indicates that the level of subsidies has more or less remained constant for the period 1994 – 1998, fluctuating between Uganda shillings 186 billion and 210 billion. This is besides the fact that government injected a lot of money into some SOEs just before they were put for bids. This was the case with Uganda Commercial Bank (UCB), where Uganda shillings 4 billion was spent on restructuring and preparing it for sale. Others are Uganda Development Bank (UDB) and Lake Victoria Hotel. Further analysis suggests that while it is true that the overall level of subsidies is not less, that of cash subsidies coming directly from the budget is less. Since it is these subsidies, which affect most immediately other programmes, privatisation did have some effect of freeing up some resources for other programmes.
- *Asset stripping and corruption:* Majority of the respondents (77%), indicated that Government did not achieve the objective of minimising asset stripping from the SOEs, by both management and employees. A case in point is the Uganda Airlines Corporation, which was systematically stripped of its assets including ground-handling services. An investigation of this case by Parliament revealed influence peddling, underhand dealings and corruption, which were largely perpetrated by Government officials.
- Although the utilisation of the divestiture proceeds has been provided publicly, there is discontent about valuation of net-worth of SOEs privatised and collection of the proceeds. For example, by the end of 1993, only 28 out of 55 enterprises sold, (51%), had been fully paid for. 83% of the respondents felt that Government failed to raise money from the SOEs.

Socio-political objectives

These included broadening of private ownership of the enterprises, minimising the role of Government in the economy, creating more jobs, setting up a property owning middle class and fight corruption and abuse of public office.

- The performance of the government on this objective has been very poor, rated at 32% by respondents.
- *Ownership structure:* The majority of respondents (82%) are of the view that most enterprises are owned by foreigners. This, however, is true if it is the value of assets considered. In terms of numbers, the figures obtained from the privatisation unit, as of 31 December 1999, only 22% of the 63 SOEs sold belonged to foreign investors. This is based on the fact that most Ugandans are constrained by lack of capital to purchase high value SOEs, and the problem is compounded by absence of a stock market. Besides, there is no credit program to enable local private entrepreneurs purchase the SOEs.
- *The role of the state*: Majority of the respondents (95 %) believe that the privatisation program has reduced the involvement of government in the economy, hence weakening the state.
- *Job Creation:* Employees indicated that although additional jobs may have been created the majority were low cadre jobs. 77% of respondents were of the view that privatisation resulted in total increase in employment. However, in almost all SOEs that have been restructured, the laying off of employees has always been an inevitable aspect of the reform. Examples include Nyanza Textile Industries Ltd. (NYTIL) and Coffee Marketing Board (CMB), Produce Marketing Board (PMB) and Lint Marketing Board (LMB). In some SOEs the fallout far exceeded the new jobs created. Besides, hardly any job opportunities were created at top management levels. Other concerns were lack of job security and lack of the guarantee to claim one's right.
- *Property owning middle class:* 82% of the respondents revealed that the objective of creating a property owning middle class has not been achieved because the few Ugandans who bought the privatised SOEs constitute a very small proportion of the entire population and have a negligible impact on the well being of the majority.

- *Corruption:* An overwhelming majority of the respondents (93%) were of the view that the privatisation program has done very little to reduce corruption and the abuse of public office. They feel that the Public Enterprise Reform and Divestiture (PERD) unit was not transparent when negotiating with investors. For instance, not all potential bidders were aware when an enterprise was due for sale.
- However, the study pointed out that in the SOEs that have been sold, corruption and abuse of office have substantially reduced.

Management of the divestiture process

- Respondents (86%) expressed dissatisfaction with the management of the divestiture process due to unclear institutional mechanisms and bureaucratic decision-making procedures. Besides, the fact that the Ugandan public was not provided with enough information on the privatisation process, for example a directory of investment opportunities like in other countries, people's confidence in the fairness of the process could not have been enhanced. People were also not aware of the modes of privatisation e.g. sale of shares, repossession, debt equity swap, lease, management contracts and creditors' liquidation. All they knew was the sale of assets.
- Divestiture was embarked on in 1992, without the enactment of the PERD statute and this led to the suspension of the process in 1993 by the National Resistance Council NRC – the then equivalent of a parliament) and the enactment of the PERD statute No.9 of 1993.
- The criteria for classifying SOEs that were to be privatised were not well defined and the number of SOEs in the five categories kept on changing with time.
- *Utilisation of the divestiture proceeds:* There has been public concern as to where the divestiture funds go. The proceeds are broken down into divestiture proceeds, liabilities assumed by the buyers and net sale proceeds. People were not informed nor were they convinced that proceeds from SOEs were used to pay terminal benefits of workers, parastatal debt, professional fees and statutory expenses and public enterprise caretaker loans and costs.

Gender and socio-economic dimension

- Privatisation was more costly to former female workers in SOEs because of their initial positions within the companies in which they were mostly in low or non-specialised jobs and thus forming the highest proportion of the laid off labour force.
- Post privatisation shows female workers as having increasingly gained employment in privatised enterprises particularly in the service sector, especially the food industry. However, this not perceived to be an outcome of privatisation but rather influence by the overall reform in the economic and social systems.
- There is a general feeling that Government did not achieve its objective of increased resources to social service with savings from the SOEs. Instead they feel that the resources that Government used in the area of social services and infrastructure came from donors and not SOEs, e.g. Universal Primary Education (UPE).
- Privatisation has worsened the demand for non-specialised skilled labour, and since this is the category where the majority of the poor and women fall, it means such categories lost out.
- *Remuneration levels, wages and working conditions of employees*: Employees interviewed reported an improvement in working conditions. Including improved earnings, better fringe benefits (e.g. medical insurance coverage and loan facilities), greater opportunities for career enhancement, no discrimination between women and men in terms of payments, introduction of new technology and better conditions in the production process.
- Unfortunately, the improved benefits have come at a cost of increased workload and in several cases, job insecurity.
- Those who were laid off during the privatisation process expressed discontentment due to inadequate payment, which were never in time. They specifically mentioned failure to support their

families and educate their children following being laid off even where they had been paid terminal benefits.

- The laid off also felt that they were never empowered with new skills for survival in a different environment.
- According to many, no provisions, were put in place for an employee preference scheme to increase opportunity to acquire ownership on favourable terms whether in form of shares, purchase of physical assets or 100 percent buy-out.
- There is a perception that privatisation might have led to exploitation of consumers through pricing mechanisms by the private entrepreneurs, even though the move was towards rational pricing following removal of subsidies.
- There is a perception that the removal of subsidies could have worsened income inequality. The low-income category is more likely to have been hurt by this adjustment.
- Employees complained about wide income discrepancies between the low income and top management cadres, during the privatisation process. Besides a salary of Uganda Shillings 2m that members of top management receive per month, there are a number of fringe benefits, which are not enjoyed by the low and middle, income cadres.

Stakeholders' participation in policy formulation and implementation

- In most of the SOEs, workers hardly participated in the formulation and implementation of policy changes. However, in three companies namely Uganda Hardware, Uganda Motors Ltd., and the Central Government Purchasing Corporation Ltd., workers participated in the process and eventually purchased the SOEs. In the rest of the SOEs, workers were only invited to discussions regarding their terminal benefits.

Cost-benefit analysis of privatisation (financial and social costs)

- *Financial cost*: The financial resources used to set up PERD programs were mobilised from the International Development Association (IDA). Loans amounting to US$ 15.4m were used for the Enterprise Development Project (EDP), of this 62 per cent went into the financing of recurrent costs (Administrative expenses).
- *Social costs*: Private enterprises are motivated by maximisation of profits. The emphasis on cost efficiency and market responsiveness inevitably leads to the dismantling of a greater part of the former SOEs' labour forces (a kind of shock resulting from restructuring and lay offs) not withstanding the overall increase in total employment.
- *Impact on households:* At household level, although most of them appreciate the increased range of products and services, respondents indicated that many of them couldn't support their families unless they receive some support from well-to-do relatives (transfers). This is attributed to the extended family social system that obliges the better-off families to cater for the poor in anticipation of future freedom. This seems to have minimised the impact of the poverty on the rural poor. In urban areas, however, SAPs have impacted on the urban more negatively because such people are expected not to get support from anybody but instead to give support. The urban people do not get any remittances and the consequence is that some of these families have failed to raise school fees for children; meet their daily meal requirements, and even attend to health care".

Study II: The Impact of Public Expenditure Management under SAPs on the Basic Social Services: Health and Education.

Background

The goal of SAPs as regards fiscal operations and public expenditure management in Uganda was to reduce government expenditures as a major instrument for the control of inflation. In 1990/91 after some years of implementing SAPs, fiscal crisis was experienced resulting in dramatic increase in inflation and reduction in per capita growth rate to 2 percent. To contain the fiscal crisis, the Government in 1992 embarked on spending cuts and control by keeping expenditures within available revenue (Cash Budget) and raising revenue through a combination of institutional changes. During this period, social spending, through a core budget system, focused on priority areas, which included primary education, primary health care, water and sanitation, agricultural research and extension, and roads. On the part of Government and the World Bank/IMF, the belief was that public expenditure reforms would lead to the restoration of price stability and improvement in the cost-effectiveness of the provision of social services.

Civil Society however, believes that the freeze on the salaries and wages in the civil service and state-owned enterprises has led to a decline in real wages of public service providers, a factor that is blamed for the resultant poor social services. It further argues that whereas Government is implementing a well-intentioned policy of UPE, the quality has deteriorated remarkably with teacher to pupil ratio currently at 1:100, the school infrastructure has remained inadequate and the future prospects are not very clear. In the health sector the civil society acknowledges that whereas government is struggling to implement a Primary Health Strategy (PHS), it is built on a very weak health system and is coming too late. The burden of disease is still very high, compounded by poverty, a very low doctor to patient ratio and uncoordinated research.

Hypotheses Tested

The following four hypotheses were selected:

1. As a result of the public expenditure management reforms, expenditure on social services has declined leading to poorer social services, particularly health and education at lower levels.
2. Policy reforms have not improved access to basic social services for all sectors of the population that require them.
3. There is a gender differential impact under SAPs.
4. Public expenditure management, which has been characterised by inadequate provision of development funds to districts, has resulted in poor financial management, decline and un-equitable distribution of social services.

Findings and impact analysis

Trends in social spending

- Public expenditure increased during SAP, financed partly by extra local revenue and aid and thus availing additional resources for provision of social services and other needs. Expenditure in education rose from Shs. 1,475 million (1988/89) to Shs. 3,694 million (1997/98) while per capita expenditure on health rose from Shs. 515 in 1988/89 to Shs. 1215 in 1997/98 (1990/91 base).
- The rise in social expenditures was a result of improvement in the composition of aggregate expenditure towards social sectors (through cash budget and specific projects); and increase in government spending as a share of GDP. At the start of SAP, government spending as share of GDP was too low. Increase in real per capita spending in social sector was not only a result of policy choice but also partly a result of the politics of affirmative action.

- While greater aggregate public expenditure on health and education was advocated for and realised later during SAP period (1997), pertinent issues that would guarantee actual improvement in social indicators were not addressed. These included improving allocations within the sectors and efficiency use of resources as well as motivation of employees.
- Per capita increase in social spending was outweighed by negative increase in relative prices of health and education. Costs in the two sectors rose more than overall costs implying that less was bought/provided from increased in social spending.
- Although resources are available to hire personnel, staff levels at facilities (schools and health centres) in some areas and districts of the country remain low for effective provision of services. The local constraints include lack of incentives such as housing.
- It is acknowledged that with decentralisation, there has been improvement in flow of resources to the districts and accountability is improving however, the resources are still too inadequate to ensure proper delivery of social services.
- Participation in policy formulation at local government is still very low. This means technical people at the centre design and develop policies for implementation by the people at local level but only based on their imagination.
- Public spending in health is skewed towards curative services with preventive and public health measures receiving a small proportion. The poor have limited access to public facilities (hospitals) where much of the curative care is provided. Moreover, it is in these facilities where cost-sharing requirements are most prohibitive to the detriment of the poor. Most premature deaths in Uganda are from preventable diseases.
- For many people, health services did not improve despite increased spending during the SAP period.
- Poor nutrition is one of the main cause of ill health and stunting in children.
- Direct measures of health status of the population were less satisfactory. The proportion of children malnourished on various measures showed no improvement.
- Up to 1997, much of the public spending on primary education did not reach the beneficiary. About 36% of resources reached schools. This has improved to about 70% in recent years as a result of decentralisation. There is also an improvement in transparency in resource disbursement to local governments.

Access to social services

The health sector

- Immunisation coverage has continued to improve and hese see, to be the only preventive services that the poor are benefiting from. Proportion of children receiving full immunisation rose by 60% (from a coverage of 31% to one of 49%) in 1998.
- Although there was increase in the number of health facilities but their utilisation remains limited by lack of complementary inputs like drugs, staff and recurrent funds. Despite improvements in social spending, social indicators especially in the health sector remain poor. The implication here is that access did not improve.
- Although there were minimal increases in wages out of the increases in public expenditure. The increase were a little above annual inflation rates and inadequate to provide a living wage. This meant low morale and poor quality services for the people.
- In spite of increased spending in health and introduction of cost sharing, services have not improved. Another impediment to access is poor Patient-Staff relations.
- A significant number of people receive health services outside public, and thus not benefiting from the increase in public health spending during SAP. In 1990/96, 25% of lowest income reported receiving no medical attention either in public or private clinics. More patients reported are more likely to select private or non-governmental facility in seeking for medical care.

- Poor and the rich make equal use of outpatient health facilities implying that benefits from subsidies benefit the rich.
- Maternal services are limited for a majority of the rural women. Even where Government policy made a provision for free services for maternal care, this was not implemented in the rural hospitals, where the services were costed, especially delivery.
- Health facilities serving the poor experience persistent and long periods of drug stock out, which subsequently acts as disincentive to access public health services.
- In the absence of public measures to curb stock shortages, cost-sharing funds were introduced to drug shortage gaps and provide additional resources for staff welfare and motivation in the face of low salaries/wages in most health facilities. Cost-sharing however, works against the poor who rely on public health services.
- Recruitment of specialised health workers (i.e. laboratory technicians, Dental Assistants) as required at lower health facilities is problematic due to poor and low remuneration and other facilities offered in rural areas compared to urban areas. In addition, such specialised workers have access to private clinics in urban areas where they can receive additional pay during out of work time. They thus opt to work in urban areas.
- There is no special consideration for HIV/AIDS patients to access free medication. HIV/AIDS further exacerbates the health and nutritional problems in Uganda.

The education sector

In the education sector, it is important to note here that there was no systematic increase in share of education in recurrent budget until 1997 following introduction of UPE, which substantially increased public spending especially on primary education. This was a result of a political decision not a SAP policy.

- Prices of providing education service rose substantially relative to other prices by about 68 percent.
- Available enrolment statistics for primary level show that for period 1987 to 1996, enrolment was stagnant at around 2.5 million; increasing to over 5 million after introduction of UPE. Besides, there has been improvement in number of teachers, classroom and textbooks since 1997; out of the additional public resources. However, the increases continue to be overwhelmed by upsurge of enrolled numbers following implementation of UPE, resulting in poor input/pupil indicators. These measures will, of necessity, take time to arrest the drop in quality of education and the production of pupils that are able to remain literate and numerate after seven years of limited transfer of those skills.
- Besides, the subject range taught in schools even after UPE are not practical and applicable in the society in a manner that would create employment. Uganda education is exam oriented.
- Level of education service provision remained poor prior to 1997. Since 1997, primary education service provision has continued to be overwhelmed by the surge of students following the implementation of UPE.
- Public spending on education prior to 1997 was inefficiently allocated and targeted: Government spending per student is skewed towards beneficiaries at the upper levels of education.
- Prior to 1997 poorest sections of the population benefited less than the richest, with disparities between the poor and rich worsening with increasing level of education. Burden of the cost of education was borne by parents to the detriment of poor. While UPE reduced this burden, it still exists at secondary and tertiary levels of education. Other studies have shown that there is a marked drop out of girls after seven years of primary education.
- Role of communities is currently not well defined, leading to many conflicting policy statements.
- Studies carried out by UNEB in 1999 show that after six years of UPE, 52.9% of pupils in towns and 97.7% of pupils in village cannot read and write.

Gender and socio-economic dimension

- The health expenditure was skewed towards curative care; ignoring the preventive care, where most the poor especially the women and the children would benefit.
- The poor especially women are unable to afford health services under the cost-sharing arrangements either forego medical care or resort to home care treatment, suggesting the need to strengthen the community health services.
- There is a gender-differentiated impact of HIV/AIDS, especially given that women provide nursing care for the household and the fact they cannot afford medicare.
- Maternal health services are reported inadequate by the rural women; and the available access is further restrained by the cost sharing.
- In education, the girl child and the handicapped did not benefit until recently when UPE was introduced but there are still cultural constraints that still prevent their full access to primary education.
- Participation rates by the girls decline at higher levels of education.
- A number of the disadvantaged are still outside the formal education system even with UPE in place.
- Although reduction in the size of the public sector through retrenchment of public servants and privatisation was achieved, the savings from these reductions did not translate into the intended rise of salaries to a living wage level for those retained. As a result public employees are unable to afford the services.
- Social costs of adjustment of retrenched civil servants were severe. The situation was worsened by delays in payment of severance package coupled with low pensions, which reduced the capacity of the families to access and afford the services. Besides that, families had to relocate into cheaper accommodation. This had a direct impact on the education of the children and families' access to health services.
- During SAP implementation, liberalisation benefited only the richer categories of the society who could take advantage of the increased prices and available markets. The rural poor therefore, lost out, and yet the worsening terms of trade and insurgency in parts of North, East and Western Uganda worsened the situation. All these factors negatively affected the income levels of the poor and therefore their ability to access and afford social services.

Study III: The Impact of Liberalisation on Agricultural Production and Food Security.

Background

One of the key structural reforms that the Government of Uganda implemented in the early 1990s, with support of World Bank, was the liberalisation of price and market of both internal and external trade. Internal trade reforms entailed the abolition of marketing monopolies, de-regulation of price controls and free movement of produce and other goods. External trade liberalisation included liberalisation of foreign exchange management, removal of trade license restrictions, abolition of the requirement to relinquish foreign exchange earning to government, through the Central Bank, and abolition of export taxes. A specific interest was taken by SAPRI to stuffy the impact of this SAP policy on the agricultural sector, which is the most important in the Ugandan economy.

According to Government and the World Bank, such reforms were aimed at increasing the volume of trade, attracting foreign exchange inflows, increasing efficiency in marketing, and improving the producer incentives of farmers. They further argue that this has been one of the most successful policies under SAPs and has led to a dramatic improvement in the terms of trade for farmers, especially cash crop farmers.

Civil Society however, contends that much as the liberalisation policy has resulted into increased inflow of foreign exchange, the terms of trade for the agricultural sector, which employs 80% of the labour force, have deteriorated. Besides, liberalisation of trade has exposed the farmers to ill advice from non-professional traders who assume the role of agricultural extension workers. Even though agricultural production may have increased the liberalisation policy has led to an adverse situation of food insecurity instead.

Purpose of the study

The objective of the study was to establish the extent to which liberalisation policies had led to increased agricultural production and better incomes as assumed by the policy makers. In addition, the study examined the kinds of socio-economic and gender differentiation that arose, and whether or not liberalisation has led to better food security both at household and national levels.

Hypotheses tested

Four hypotheses were selected for testing.

1. As a result of the liberalisation policies, there has been a shift in the crop mix and other elements of food security leading to food insecurity.
2. As a result of the liberalisation policies, there has been extra burden on women, who have the responsibility of feeding their families, because food crops have become cash crops.
3. The liberalisation policy has led to deterioration in the agricultural terms of trade.
4. As a result of liberalisation policies, incomes and incentives have improved for some farmers, but the benefits have been concentrated in certain sectors, leading to a worsening in conditions for many small-scale farmers and rural labourers.

Major components of the liberalisation policy

a) *Liberalisation of exchange rate*: This was intended to allow the exchange rate to be dynamic and determined by forces of supply and demand so that foreign traders can find it cheap to buy Uganda's agricultural products, which would the result into increased export earnings. In addition more money would be passed down as income to the farmer.
b) *'Rolling back the state' and 'getting prices of agricultural inputs and commodities right' through the market mechanism.* This was intended to remove the role of the parastatal marketing boards (CMB, LMB and PMB), which were corrupt and inefficient, and yet were committing another sin of not paying farmers on time.
c) *A tight control over inflation* so that the real value of agricultural products was passed on to farmers. This meant correcting some of the 'mistakes' the state used to make such as printing money and over-borrowing from banks.

The expected outcomes of this liberalisation policy package in the agricultural sector would be increased agricultural production and incomes to farmers and better food security.

Findings and impact analysis

Agricultural production

- Broadly liberalisation has led to increased production of some crops such as coffee when the prices were higher than the cost of production. However, the real decisive factors responsible for increases have been non-price factors such government and NGO interventions, the presence or absence of domestic and regional conflicts, disease, existence of transport infrastructure, forms of land tenure, availability of labour.
- Production of non-traditional export crops has benefited from the abolition of taxes, improvement of the transport infrastructure and political stability. The main limitation is fierce

competition on the international market and high freight costs. There is also competition between traditional artisan fishing competes with more sophisticated commercial fishing trawlers. The fishermen reported that this commercialisation of fish has led to the depletion of fish stock in most of the water bodies in the country.

- The other problem, which is directly related to stiff competition, is the illegal fishing methods employed by the fishermen. These fishermen started using finer-mesh fishnets, and others resorted to fish poisoning, in an attempt to beat the competition. All this worsened by lack of enforcement of the regulations by the fisheries officers.
- The fortunes of the fish export sector which came with liberalisation have faced several set backs as a result of several bans on the ground of epidemics such as cholera.
- Likewise, it is purported that the fish fillet factories have contributed a lot to increasing pollution of the lakes especially, Lake Victoria.
- Although livestock production generally declined due to civil strife, additional constraints in the liberalisation era resulted from increase in the costs of veterinary drugs, shrinking consumption of meat and dairy products as a result of retrenchment and the restructuring of the labour market as well as currency devaluations that reduced the real value of the shilling. Part of the response to this has been a dramatic shift towards poultry rearing and consumption.
- It is recognised that coffee farmers in the post liberalisation period get a higher percentage of world market prices. However, the results of the study show that where poor farmers have tried to respond to market forces, they have done so in distress by selling green coffee, selling raw/unprocessed food in gardens at bottom-low harvest prices benefiting traders and rich farmers who purchase and store such produce to sell when they fetch better prices. The assumption that liberalisation would benefit farmers equally was in total disregard of power relations and the reproduction of inequality and class divisions in agricultural production.
- Farmers in Kapchorwa indicated that during the liberalisation era, there has been declining agricultural extension services and this has affected production. This is contrary to the pre-liberalisation era when government used to provide cattle dips, spraying chemicals and guidance on pruning coffee trees.
- The study indicates that there is rampant land tenure insecurity in the country. The 1998 Land Act simply left the struggle to a stalemate between tenants that cannot be evicted but tied to the limited acreage at their disposal and landlords that can limit the expansion of tenancy but not evict them altogether. This cannot promote agricultural growth and development as the case of Kabale and Masaka demonstrate. Farmers cannot increase acreage, even if they would have wished, nor can they plant trees to control wind and soil erosion, among other innovations that could be mentioned. The situation is worse for the women since they do not own land and yet depend heavily on it.
- Much as decentralisation was considered to be an institutional reform to support the SAP implementation, capacity for proper management of programmes is a real problem, especially under-staffing, lack financial resources and logistics like transport to enable continuous gathering and proper storage of such data. There is evidence from field officers to the effect that since districts decentralised, there has been no data collection. However data is very important for effective implementation, monitoring and evaluation of the trends in agriculture and food security matters in the country considering the changing policy environment under globalisation.

Farmers' income

- The findings indicate that liberalisation cannot work under the present underdeveloped scientific and technological conditions in Uganda. Where it has been successful, the developed north, liberalisation has found developed technological, socio-economic and political infrastructure to ensure success. In Kumi farmers indicated limited *market information and* the high costs of transportation plus poor roads deter any ambition of trying to follow alternative markets.

- Although the nominal returns to farmers have improved because of liberalisation, this does not necessarily
- lead to tangible improvements because farmers produce very little quantities and some do not have enough resources to take advantage of the positive aspects of liberalisation. The findings also show that the costs of transport, fertilizers, hoes, herbicides and the overall cost of living went up during the era of liberalisation. This means that even where producer price increments have occurred and some farmers have benefited from higher prices, this has in most of the cases not transformed into better welfare for the majority of farmers.
- Most poor farmers lack storage facilities and this makes exploitation of farmers by the traders in a liberalised market a very easy thing because they cannot store their produce in order to sell as and when prices are optimised. As it were, most of the poor sell food immediately after harvest fetching low prices. Lack of food storage facilities also curtails saving food for seed and domestic consumption undermining food security and production.
- Whereas liberalisation has attained relative success in opening up Uganda's economy there has been no corresponding liberalisation of markets of developed countries to the bulk of Uganda's agricultural exports. Developed countries maintain strict tariff regimes that are protective of their farmers at the expense of farmers in developing countries. This is further compounded by the fact that same produce is promoted in various countries e.g. the case of clonal coffee highly promoted in East Asia notably, in Indonesia, on massive scale. What comparative advantage does Uganda have by becoming another mass producer of clonal coffee?

Food security

- The assumption that all farmers benefit from higher produce prices and therefore, develop the capacity to resort to the market during periods of food shortages cannot be taken for granted. Liberalisation has simply accentuated rural and urban social differentiation in access to food, with the consequence that a few rich farmers and traders benefit from the higher prices at the cost of the poor. This is because poor farmers are structurally limited by resources and hence poor response to price increases as in the case of Kyanakase village in Masaka where liberalisation has tended to worsen the food security situation by diverting the little resources to export production.
- Even in other areas where peasants have access to bigger pieces of land adoption of highly priced crops under the same technological base leads to a cut back in the production of other crops, usually food crops.
- Sometimes because of school fees or sickness they sell their food harvests at low prices only to buy it back or carry out wage labour to get food in the scarcity period.
- Food security has also suffered as a consequence as hitherto protein reserves (milk, eggs, vegetables, etc) and other foodstuffs have increasingly ended up in markets as costs of living increased under liberalisation.
- There is evidence that liberalisation has hurt food security and led to food insecurity among sections of Ugandan society. The concern here ranges from the fear that increasingly, more food crops such as maize, beans and millet are being marketed and promoted as exports under liberalisation. This has resulted in reduced food reserves and food insecurity particularly among poor households in regions where these are staple foodstuffs.

The gender and socio-economic dimension

- During liberalisation, the situation of gender division of labour has worsened the workload of women, especially in poor households. In the richer households, the role of both remains supervisory. Increase in crops grown for the market without changing to superior technology causes strain on the available labour. The women are often be required to contribute to the growing of cash crops and also ensure the food security of the home. This is besides the fact that she has to continue performing her triple roles.

- There has also been a general tendency for men to take over production and marketing of traditionally female crops (non-traditional cash crops) further entrenching the poverty and powerlessness of women.
- Even where family income has increased with liberalisation, the resulting gender relations are mediated by culture and the position of the women may be weakened further instead it being strengthened. In some cases, the men have only acquired more wives and un-leashed competition among them, and this includes handing over the income from farming to him!
- Women have faced additional burdens in their role to ensure food security in the liberalisation era. The situation is worse for widows, whose number has increased because of the HIV/AIDS pandemic. Some widows do not have land because it was grabbed by either their own elder children or by the relatives of their late husbands. When they access land, then they may lack the tools like hoes and pangas for farming.
- Liberalisation has had differential impact in regional, socio-economic and gender terms. Farmers have unequal access to productive resources and, therefore, higher prices tend to build on the inequalities.
- Regional imbalances in development, which persist, hamper benefits of liberalisation. Infrastructure, for example is highly developed in the cash crop growing areas and poorly developed in northern Uganda and Karamoja. People in such areas were unable to take advantage of the liberalisation policies.
- Without peace the benefits of liberalisation can never be realised. some areas in Teso, Kitgum, and Gulu have never tasted peace and security during the liberalisation period and so liberalisation has promoted some regions and left behind other areas. This clearly attests to the fact that the assumption of liberalisation that the benefits of ‘getting the price right’ benefits all regions is not true. The problem of regional uneven development requires more than the market to bring them up; it also requires affirmative action through politics.
- Rural areas are characterised by inequalities as a result of differential access to productive resources, roads, markets, etc. As a result the amount a family can farm is dependent on the amount of productive resources available to it. There are categories of farmers who have not grown tradable because they do not have resources to do so. Therefore, such families will not benefit from price increases for crops, e.g. farmers of Kyanakase village in Masaka, who are limited by land.
- Liberalisation has mainly benefited farmers who have access to agricultural and veterinary extension services, who are the richer ones and the minority. The quality and quantity of rural extension services, which would reach the poor has been on the decline in the recent years mainly because of poor remuneration and incentives to technical staff to work up-country. Hence extension workers have neglected farmers in marginal parts within districts and the country as a whole with adverse effects on agriculture productivity. Under this state of affairs few farmers are capable of tapping the standards demanded by the export – led agriculture growth that liberalisation seeks to promote in Uganda.

Stakeholders’ participation in policy formulation

- Farmers did not know how the policy came to be although they are happy with certain aspects of it like availability of market for their produce. However, they also understand that the traders exploit them due to other factors such lack of market information and poor infrastructure, as expressed by a farmer in Kapchorwa.

Study IV: The Differences in Perceptions of Poverty (A Desk Review)

Background

Despite the dismal economic performance of the Ugandan economy in the Pre-SAP period, and a sharp drop in the general standard of living, in the first year of the NRM government, the new government was reluctant to accept IMF and World Bank-inspired programmes of adjustment. Determined to build "an independent, integrated and self sustaining national economy, the government experimented with various economic measures to lift the country out of its economic slump, including barter trade arrangements. By 1992, Uganda was implementing full package of SAPs, summarised in section one of this report.

The Ugandan economy has registered impressive macro-economic success in recent years, achieving one of the highest economic growth rates in the sub-region. It is generally acknowledged that this is owed to the numerous economic reforms the country has implemented under the umbrella of SAPs, widely supported by the World Bank, IMF and bilateral donors. This success notwithstanding, civil society contends the poverty situation of many Ugandans has worsened due to SAP implementation, as indicated by some of the human development indicators provided mainly in United nations Human Development Reports both international and Uganda country specific. The World Bank and Government argue that contrary to the contention of civil society, poverty has reduced among the Uganda population, and the percentage the population living below the poverty line has reduced from 56% in the early nineties to 35% in the 2000 (Uganda Poverty Status Report). The issue therefore is the difference in perceptions of poverty.

Purpose of the Study

The purpose of the desk review was to assess the differences in perceptions of poverty arising from the quantitative statistical analyses and the qualitative view of civil society. Specifically, this study highlighted arguments and apparent contradictions put by civil society that poverty situation is still worsening despite the good economic indicators.

Hypotheses Tested

Four hypotheses were tested:
1. As a result of SAPs, poverty situation has worsened.
2. There is a gender differential in the perception and impact of poverty under SAPs.
3. There is a regional differential in the perception and impact of poverty under SAPs.
4. There is a differential in the perception and impact of poverty by various categories of society (men, women, youth, rural, urban, PWDs)

Limitations of this Study

A desk review is not a participatory process and therefore contains certain limitations inherent in its nature. Not being part of the research process necessarily entails over-reliance on the available data, which sometimes raises more questions than answers. The researcher relied on Government documents for data on statistical evidence of growth, as well as research reports on the views and perceptions of the poor. That macro-economic data can be *constructed* means that most figures must be treated as provisional at best. Similarly, reports on the expressed view and perceptions of poverty by individuals/communities often contain the in-built biases that may not constitute a representative view and cannot be verified.

Findings and impact analysis

Definition of poverty

- The way poverty is understood affects the way it is tackled-design of interventions, targeting, expected and actual impact, and how it is measured.
- Absolute poverty is considered to be a situation where individuals or households are unable to meet their basic needs - food, shelter or clothing. In addition, they are unable to meet survival needs such as education, health care and self-determination leading to feelings of powerlessness and vulnerability (UPPAP report, 2000).
- Relative poverty, on the other hand, concerns individual deprivation measured relative to others in society. When individuals cannot access goods and services enjoyed by fellow citizens it is unacceptable but it is not deemed to be a life threatening condition as absolute poverty. In addition to the deprivations cited, poverty encompasses a wide range of wants that cannot be easily quantified, such as powerlessness and social exclusion. Vulnerability and powerlessness as real factors that contribute to poverty are not easily subjected to statistical measurements (UPPAP report, 2000).
- Vulnerability and powerlessness as real factors that contribute to poverty are not easily subjected to statistical measurements.
- Whereas both men and women tend to define poverty in terms of some "lack" or deficiency", men's definition places more emphasis on material possessions whereas those of women tend to focus on non-material aspects of well being. The difference in the definition of poverty between men and women is attributed to their social status in society, their relationship with men, lack of ownership and access to productive assets, limited participation in decision-making and heavy workload.

Conceptual and methodological differences in defining poverty

- Statistical evidence suggests that in five years, beginning in 1992, Uganda had attained a 21% drop in poverty (head count index), while real GDP growth has averaged over 7% in the last decade and underlying inflation has averaged 6%. The method employed to arrive at those statistics was the head count measure of poverty, that provides information on the number of people living below a given poverty line, but not on the degree of poverty of those living below the poverty line
- Although statistical information prior to 1997 demonstrate that the economic growth brought about by adjustment policies did not widen income inequalities but led to reductions in both absolute and hard core poverty, recent surveys indicate that income inequalities have widened between 1997 and the year 2000. The method used and the figures obtained demonstrated that the incidence of poverty at the national level fell by 11.5% points between 1992/93 and in 1997/98, from 55.5% to 44%. The share of the population living below the hard-core poverty line fell by 10.7% points from 35.8% to 25.1% in the same period.
- The above proposition suggests that while the figures on poverty indicate that the number of those living below the hard core poverty line decreased and that adjustment policies did not widen the inequality gap, there were losers and winners in the course of adjustment.
- According to the Uganda Participatory Poverty Assessment Project (UPPAP, 2000) report, there is consensus that poverty goes beyond the lack of income and material assets to include; the absence of social aspects that support life, including; the absence of social support creating a felling of isolation and exclusion, powerlessness, deprivation of basic human rights and a feeling of helplessness to influence the conditions around oneself. It also confirms that people’s perspective of poverty is that it s not uniform but is complex multi-dimensional, cyclic and seasonal. Its definition also differs based on people’s age, gender and location.

- Large donor in-flows have increased Uganda's debt stock and repayment burden raises questions concerning the sustainability of a donor driven growth and its implications for poverty and poverty alleviation strategies, particularly since government revenues for funding for social services remain very limited.
- The reliance on quantifiable measurements of poverty (income, expenditure, and consumption) at the expense of qualitative evidence of poverty that provide insights about the nature of impoverishment, or poverty processes can lead to different interpretations of the data available on growth rates and the poor as a percentage of the growth.

Gender and socio-economic dimension

- *Gender related differences*: Women and men's roles in the economic and social domains continue to reflect a fundamental imbalance in men and women's access to resources and productive activities. Furthermore the increasing responsibilities of substituting government provision of services, has disproportionately fallen on women, thus whilst several measures have been designed to address this gender imbalance such remedial initiatives though necessary are not sufficient.
- *Gender division of labour*: Gender division of labour in Uganda indicates that different roles and tasks are assigned to women, men, and children. Men tend to perform managerial roles, while women on the other are expected to assume the responsibilities for the family's subsistence. The roles of women do not often involve a share of the power and responsibility for decisions within households over the use, ownership, and benefits from the farm labour activities especially those that earn more income and are less backbreaking, hence they are a poorer section of the society.
- In response to reform in the agricultural sector and liberalisation, production of vanilla has been promoted as a high value export crop, which is easily grown with other crops. However, its cultivation, is done almost exclusively by women and girls, and is labour intensive.
- *Political power*: Women perceive poverty as lack of opportunity to make decisions about allocation and use of resources, and this is based on societal ascribed rules that allocate production resources, (especially land) and the extent to which it is difficult to change such cultural set up. As powerfully put, *“differences in power relations between women and men are used to formulate rules, norms and values, which determine the allocation of resources. When women perceive poverty as lack of opportunity to make decisions about allocation and use of resources, it therefore evident that is based on societal ascribed rules that allocate production resources, (especially land) and the extent to which it is difficult to change such cultural set up”.*
- *Location dimension*: Urban and rural poverty differ. The main features of urban poverty include lack of employment, poorly paid jobs, low incomes compared to the high cost of living, and the lack of social capital safety nets.
- People with disability; Poverty among people living with disabilities is defined at the individual level, dictated by the physical inability to participate in activities that can generate income to improve on their status (UPPAP 2000:19). Perceptions of poverty among this group focuses on their social exclusion and lack of access to productive assets. The continued need to rely on people's good will makes them particularly vulnerable to changes in the general well being of society and hence the capacity of individuals in society to continue underwriting their very survival.
- *The lack of services and infrastructure:* The findings of this study suggest that poor infrastructure, lack of access to vital services - health, education, sanitation, lack of credit and extension facilities, all contribute to community and household poverty.
- *The lack of “voice”*; The findings of this study reveal that despite extensive government policies to promote participation in decision making, lack of information on key issues and the lack of accountability and transparency of leaders act as barriers to the full participation of some citizens (UPPAP 2000).

- Despite these findings from the statistical analyses, SAPs had winners and losers. The wealthier sections of society with better education and access to physical and financial assets were better placed than the poor to take advantage of the expansion of income earning opportunities provided by economic growth and market liberalisation.
- About 90% of Ugandans live in rural areas, with the majority of them (approximately 80%) dependent on agriculture as smallholder subsistence farmers. While a central assumption of the economic reform programme was that liberalisation of crop marketing combined with increased producer prices, would primarily benefit these small holders, most notably, coffee farmers, but also producers of other export crops, the reality, however, is that the benefits of economic reforms were unevenly distributed. The primary beneficiaries in the agricultural sector were those producing tradable rather than farmers producing mainly food crops who are among the poorest section of the rural population.
- Low levels of productivity and hence income resulting from a range of supply side constraints facing poor small-holder farmers explains the persistent pervasive poverty among food crop farmers. Notable constraints that impinged on the capacity of small food crop farmers included, the use of rudimentary farm technology, land degradation, ill health of farmers, lack of access to credit facilities, and lack of accessibility to markets due to poor transport infrastructure.
- *Social Capital*; Social relations and networks are one of the strongest resources possessed by the poor. The findings of this study reveal that these social networks have been undermined in important ways during the adjustment period.

National alleviation policies

- In response to the multi-faceted nature of poverty, the Government of Uganda has instituted various policies within the overall framework of PEAP. They include: the national gender policy, the plan for modernisation of agriculture, the land Act., the decentralisation policy, the energy policy, the Universal primary education and the Functional Adult Literacy Programme. It is noted that there is a general weakness in the policy framework because it lacks an enforceability element in terms of law, and there is limited coherence among the various policies.

SECTION III: RECOMMENDATIONS AND ALTERNATIVES

The following recommendations are drawn directly from the findings of the studies:

Study I: The Privatisation Process and its Impact on Society

- ***Sequencing of the privatisation policy***: In order for the program to be beneficial there should be proper timing and sequencing of the policy. Proper sequencing allows for corrective measures to be undertaken where reforms are not having expected impact on poverty. Also, proper sequencing could have showed the glaring gaps that result from 'rolling back' the state without a proper handing over of many of its social responsibilities to the private sector. Again, proper sequencing should go hand in hand with sensitisation and economic literacy so that people are better able to participate in determining the benefits of the process to them.
- ***A Developed Financial and Capital Market***: A functional stock market should have been put in place before the privatisation process using part of the money which was invested in setting up of the PERD unit. Creating and broadening capital markets expands the choices available for privatisation. Capital markets should be developed to mobilise savings and enable popular participation. It is highly recommended that for the rest of SOEs, their privatisation should be through the sale of shares in order to broaden share ownership. For this to succeed there is a need for USE to actively engage in educating masses about the importance and activities of the USE.
- ***Transparency in the privatisation process*****:** to make the divestiture program more popular, the government must be transparent. Transparency can be ensured through clear and simple criteria for evaluating bids, clearly defined competitive bidding procedures, disclosure of purchase price and buyer, well-defined institutional responsibilities, and adequate monitoring and supervision of the program.
- ***Government Commitment to Reforms***: The success of privatisation depends to a certain extent on government commitment but that commitment must involve both the executive and parliament in order to provide for checks and balances. In Uganda Parliament still needs to be strengthened to enable it play the role expected of it.
- ***Civil Society Participation***: There is need for bottom-up approach to increase in participation from the grass roots level. This ensures ownership of the process and guards against the desire for obstruction, asset stripping, and delay of the program.

Study II: The Impact of Public Expenditure Management Under SAPs on the Basic Social Services; Health and Education

- ***Stakeholder participation in policy formulation:*** Policy dialogue in health and education should embrace participation from more stakeholders including civil society with focus on implementation constraints especially at local government levels; and examining policy options to increase access of the poor and effectiveness of available resources.
- The civil society should be strengthened to play an effective role in promoting transparency, monitoring and public awareness in area of public expenditure management to enhance the effectiveness and efficiency of public expenditure.
- Undertake analytical work to identify constraints to and experiences of segments of the population on SAP. Encourage dialogue with a view to analysing SAP based on country specific experiences.
- ***Rationalisation of public spending:*** Public spending in secondary and tertiary levels of education needs urgent attention to increase the access of the poor. In particular, the cost sharing now in place needs urgent review to address difficulties experienced by the poor to access these levels of education.

- There is need to enhance effectiveness of complementary inputs already provided and take advantage of existing financial resources for more manpower.
- Public spending in health sector needs to be restructured and skewed towards primary and preventive health care to increase access of the poor, especially women. Maternal health care services deserve more attention.
- Staffing at facility levels (schools and health centres) should be given attention.
- Current constraints to staff recruitment in some areas need to be addressed.
- Revisit the issue of cost sharing to accommodate the concerns of the poor and promote equity.
- ***HIV/AIDS:*** This condition should be treated like any other disease at the work place. Persons affected and/or infected should not be discriminated against in the work place.
- Gender dimensions of HIV/AIDS should be recognised.

Study III: The Impact of Liberalisation on Agricultural Production and Food Security

- ***Improve the technological base****:* Uganda needs improved rural transport and communication systems to ensure knowledge and access to markets, which are also poorly developed particularly in rural areas.
- ***Improve Quality and Quantity of Extension Services;*** Quality extension services to rural areas are necessary to ensure that farmers are guided on the optimisation of yields and processing produce for the market.
- ***Safety Nets for the Poor:***. Since the findings of the study show that poor lose out in many ways during the liberalisation process, it is important for Government to establish effective safety nets for the poor farmer, the majority women, in the names of subsidised inputs, credit, skills, improved rural transport and communication access to markets and information.
- ***Resolve Land Tenure Impasse***: The rampant land tenure insecurity in the country calls for concrete land tenure reform that will empower women and poor farmers´ control over land.
- ***Address Problems of Food Storage***: Investing in food storage technologies and enforcing rules to this effect, as in colonial times, would go a long way in improving food security and agriculture production in rural areas.
- ***Invest in Processing Technologies*** Complimentary to food storage is the need to invest in agro-processing technologies in order to add value to farm products. For example, oil press technologies have enabled farmers in Northern Uganda to sell oil as opposed to simsim seed adding value to their incomes. Even at national level it is still not clear why there is a preference for relying on the policy of importing food whenever there is famine as opposed to constructing silos to store food stocks. Or inviting traders in the name of investors to export unprocessed agricultural produce instead of investing in agro-processing. If Government cannot find private investors in the area of Agricultural Processing, it should take lead.
- ***Open-up Markets of Developed countries***: Fair trade issues between developing and developed countries have to be addressed if liberalisation is to work for the poor. Protectionism practised by the developed countries to the detriment of the poor farmers in the South must end.
- ***Facilitate and enforce development of District Databases*****:** We recommend that local authorities should be encouraged to do research, monitor and evaluate production and marketing trends in the respective districts as used to be done in the past. Forms like the Agriculture Form 3 should be re-introduced and enforced to guide agriculture officers in recording this important data. Likewise, livestock and other agricultural production trends are very important and need to be monitored and reported on a regular basis.
- ***Research and Development:*** In order for developing countries to address strategic issues of concern for their own development, there is need to invest in research and development.

Study IV: The Differences in Perceptions of Poverty

- ***A call for genuine and effective participation;*** Interventions designed to address various aspects of poverty should always take into consideration the heterogeneity of the poor and should involve them at all stages, right from design, implementation, monitoring and evaluation, and reviews.

SECTION IV: CONCLUSIONS

Development of alternative is a complex process, which requires a total commitment of all key players and involvement of multiplicity of disciplines that are able to put economic policy formulation in a context, and take into consideration peculiarities, which exist in society.

Deducing from the findings, three lines of conclusions emerge: The first conclusion is that there are certain aspects of SAPs that have worked for all categories of people and these should be continued and strengthened. The second one is that there are aspects of SAPs that have not worked that well and need modification. The third is that certain aspects of SAPs in fact have to be discontinued because they cannot work, especially for the poor.

From the findings, there is overwhelming evidence and consensus that SAPs impact different categories of people differently. In the main, SAPs have had adverse impact on the poorest sections of civil society, on women and vulnerable groups. These are people who lack what it takes to participate effectively in the making of such key policies. They also lack effective power to influence the way these policies are implemented. It is therefore not surprising that those who speak on behalf of the poor advocate for total dis-continuation of SAPs, not just as a matter of ideology but based on real experiences of the poor people.

There needs to be a mechanism therefore, that will look into the above issues with the effective and genuine participation of all stakeholders in order to develop alternatives that are acceptable to all. The PRSPs, especially when based on a Government-led process like the Uganda PEAP is a good start but needs to be made even more participatory than it currently is if it is to provide that mechanism. And while it is time for the debate to shift away from a focus on reform versus no reform, **it remains important to note that if those aspects of SAPs that need reform are not reformed and those that need to be discarded are not discarded, those who speak on behalf of the poor are likely to continue their resentment and total rejection of SAPs and a consequent rejection of the PRSPs by their association with SAPs.**

The studies also make it clear that for SAP-type policies to have a chance of success, certain pre-conditions are necessary. The public sector had certain social responsibilities that the current framework has pushed it out of but without “a proper handing over” to the private sector. The assumption and hope were that the market would fill the gap left by the retreating state. Clearly this has not happened. There is therefore need for Government either to retain certain key social sectors, or only hand them over to the private sector only when the latter is ready to effectively take them over. Clearly non-profit making aspects of social responsibility cannot and do not get taken over by the private sector. For poverty to be reduced there are certain social responsibilities or even whole sectors that can only effectively be handled by the public sector. Welfare systems and subsidies to farmers in the developed world attest to the need for the retention of these key areas by the public sector. Therefore a policy that proscribes such a hand-over must also ensure that it is done in a verifiable manner so that the private sector can be held to account. Civil society has in the past tried to fill the gap but this has been done in an ad hoc manner.

According to Uganda's PEAP, in which Uganda's first PRSP is grounded, the priority should be improving the quality of life of the poor and the rest of the pillars should become a means of achieving this. The entire macro-economic framework should be subject to open discussion by all stakeholders as more people are empowered to participate effectively.

In order for developing countries to address strategic issues of concern for their own development, there is need to invest in research and development. The studies have shown how the reduction of the role of the state in the economy has led to dramatic decrease in research and development, including basic aspects like a systematic collection of data to facilitate effective planning, monitoring and evaluation of key policies. This needs to be re-dressed.

Genuine ownership of policies is key for their success. The case of UPE illustrates well the power of ownership of policy. Initially, the UPE policy, presented as a political decision by the President was not readily accepted by the development partners but today, it has being embraced by all of them. All that is being emphasised now, is the need to improve quality. The home grown policy is currently the most popular one, compared to those pushed by the development partners.

The current framework puts emphasis on the supply side of things and overlooks the demand side completely. Even in cases where there were nominal increases in prices of produce, for example in the case of coffee, the increases in the prices of inputs outstripped these apparent benefits, leaving the farmer poorer than ever before. The framework therefore, should shift emphasis to value adding and making the markets of the developed world to play by the same rules based on equity in the liberalised market. The World Development report 2000/2001, illustrates the degree of inequity and loss that the developing countries incur because of export subsidies in the North and tariff barriers. In the European Union, tariffs on meat products, for example, are as high as 826%. Such barriers lead to annual welfare losses of an amount equivalent to 40% of the official development assistance to developing countries.

A major weakness of SAPs, which is carried into PRSPs, is the focus on individual countries and yet all the countries are affected by these policies, applied elsewhere. It is important therefore that context issues are seriously taken care of, in the design of policies.

Lastly, SAPRI was conducted as a tripartite arrangement, with participation of Civil Society representatives, Government and World Bank Staff. This kind of arrangement is relatively new, especially, when it is civil society-led. The World Bank and Government need to continue to learn about how to participate effectively in CSO-led processes, and to accept the validity of the process and the outcome.

ANNEX: LIST OF REFERENCES

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