

**AFRICAN DEVELOPMENT BANK GROUP**



**IEG and OPEV**

**UGANDA COUNTRY ASSISTANCE EVALUATION**

**APPROACH PAPER**

**OPERATIONS EVALUATION DEPARTMENT  
(OPEV)**

**OCTOBER 2007**

## **Preface**

1. This Approach Paper (AP) sets out proposals for a joint evaluation of recent assistance to Uganda provided by the World Bank and the African Development Bank. The evaluation will be conducted jointly by the evaluation offices of the two institutions. The paper is being submitted to the African Development Bank's Committee on Development Effectiveness for information. The paper will also be submitted in parallel to the World Bank's Committee for Development Effectiveness.
2. The Approach Paper was jointly prepared by the Independent Evaluation Group (IEG) at the World Bank (WB) and by the Operations Evaluation Department (OPEV) at the African Development Bank (AfDB). It sets out proposals for a joint evaluation of WB and AfDB assistance to Uganda during the period 2001-2007. It lays out the evaluation objectives, issues and questions – focusing on governance, growth, human development, donor harmonization, financial instruments (policy-based lending, investment projects), and methodological approach.
3. This joint country assistance evaluation (J-CAE) will assess the extent to which WB and AfDB-funded activities have contributed to the progress toward the development goals of the Government of Uganda from 2001 to 2007. It will also distill lessons and recommendations for improving the design and implementation of the country assistance programs of the two Banks. The J-CAE will cover activities in the FY2001-03 WB-CAS and FY2002-04 AfDB-CSP, as well as those approved before 2001 but completed in 2001-2007. The J-CAE will also assess the design process and initial implementation of the ongoing Uganda Joint Assistance Strategy (UJAS), in order to provide a basis for improving its implementation and for a possible comprehensive joint evaluation by all concerned partners in future.
4. The idea of undertaking a joint CAE was initiated by the World Bank's evaluation office (IEG-WB). OPEV has responded positively and has collaborated closely with IEG-WB in producing the AP. OPEV believes that the results of this evaluation will make a useful contribution to discussions in advance of next year's conference in Accra on implementation of the Paris Declaration on Aid Effectiveness. Moreover, as a joint exercise, the J-CAE will promote practical harmonization and partnership, as well as providing an opportunity for building OPEV's capacity for joint evaluation. Finally, the evaluation provides an opportunity for AfDB to learn from Uganda's recent experience, which in many ways represents an inspiring example of effective poverty reduction.
5. The IEG-WB and OPEV-AfDB drafted the AP and then circulated it for comment to the relevant stakeholder departments in each institution (Regional, Policy and Sector Departments, and field offices), and to peer-reviewers. In the case of the OPEV-AfDB, these stakeholders comprise UGFO, ORPC OREA, OSAN, OSHD, OSGE, ONIF, OPSM, OWAS and ONRI. These stakeholders provided constructive and useful comments and suggestions, which were drawn from in strengthening the draft AP and will be further considered during the course of the evaluation.

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This Approach Paper (AP) was jointly prepared by Mr. James SACKKEY, Lead Economist, IEG, World Bank and Mr. Foday TURAY, Principal Evaluation Officer, Operations Evaluation Department (OPEV), African Development Bank. Any further matters relating to this AP may be referred to Mr. Colin KIRK, Director, OPEV, extension 2041 or to Mr. TURAY, extension 3257.

## **Country Background**

1. Post-independence history of Uganda mirrors the sectarian divisions that characterized the earlier history of the country. But since 1986 when the National Resistance Movement (NRM) took power, led by Yoweri Museveni, it has succeeded in restoring order and a measure of prosperity to most of the country. Working with the support of its development partners, Uganda has pioneered a number of developmental innovations: it was the first country to qualify for the Heavily Indebted Poor Countries (HIPC) debt relief; its own poverty strategy anticipated the Poverty Reduction Strategy Papers (PRSPs); it was the first recipient of the Poverty Reduction Support Credit (PRSC) and Poverty Reduction Support Loan (PRSL) of the World Bank Group (WBG) and African Development Bank Group (AfDB) respectively; and it is a leading advocate of budget support and aid harmonization.

2. The Government's post-conflict recovery program was directed at the rehabilitation and stabilization of the economy. It undertook wide-ranging reforms, including the achievement of fiscal discipline, deregulation of domestic prices, building of institutions, liberalization of the financial sector, privatization and restructuring of key industries, and the removal of distortions in the economy. It also focused development policies on poverty reduction in the latter part of the 1990s.<sup>1</sup>

3. The efforts have had considerable success, as reflected in the strong macroeconomic performance over the past two decades. Growth averaged over 6 percent per annum during 1990-2006, and has been accompanied by significant reduction in income poverty. The headcount ratio for poverty fell from 56 percent in 1992 to 34 percent of the population in 2000; however, the indicator increased to 38 percent in 2003 (although as a result of sampling differences the data for 2000 and 2003 may not be comparable).<sup>2</sup> The decline in poverty was concentrated in the central and western regions; in the northern region, there may be no improvement in incomes, owing mainly to persisting security problems.

4. Despite this progress, Uganda remained one of the world's poorest countries, ranked 145 out of 177 countries by the Human Development Index (2006), and had a per capita gross national income of about US\$280 (Atlas method) in 2005. The economy continued to face a number of challenges, including the need to maintain robust economic growth. The growth performance over the past two decades, though among the best in Sub-Saharan Africa, could be attributed mostly to "post-conflict" rehabilitation and policy reforms. Rehabilitation allowed agriculture (which now contributes about 33 percent to GDP) to recover beyond past levels and industry to resume their operations (the post-conflict catch-up effect). Policy reforms allowed economic actors to make better choices of how much to produce and with what inputs (resulting in productivity growth and efficiency gains). Uganda was also helped in the 1990s by good weather and rising export prices for coffee and cotton (the two main agricultural exports in addition to mining). Since rehabilitation and policy reforms are on course (although more of

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<sup>1</sup> In 1997, the Government launched the Poverty Eradication Action Plan (PEAP), which was subsequently revised in 2002 and 2004, and has served as the corresponding poverty reduction strategy paper (PRSP).

<sup>2</sup> A 2006 Household Expenditure Survey has just been completed and the preliminary estimates indicate that the poverty headcount fell to 31 percent in 2005/2006 (UNHS).

both are still needed), investment in product innovation and structural transformation (diversification) could be expected to sustain rapid per capita income growth, hence the need to deal with the triple constraints of infrastructure (power, transport, financial), human capital development, and governance (to support increased investor confidence).

### **The World Bank and African Development Bank Programs**

5. Since 1963 when Uganda joined the World Bank Group (WBG), the Bank has made available more than \$ 4.1 billion in loans and credits and about \$ 600 million in grants. IFC's committed portfolio in Uganda stood at \$ 12.6 million as of December 31, 2005, and consisted of projects in the agribusiness and financial sectors. MIGA's outstanding portfolio consisted of five contracts of guarantee in the infrastructure and manufacturing sectors, with a total gross exposure of \$ 43.6 million and net exposure of \$ 23.21 million. In addition, the WBG has carried out a large number of analytic and advisory activities. Similarly, since its start of operations in Uganda in 1968, the African Development Bank Group (AfDB) has, as at the end of 2006, committed \$1.4 billion in loans and grants to the country. And about a third of this AfDB's assistance was committed in 2002-2007.

6. This joint evaluation of the assistance of the WBG and AfDB will cover the period 2001-2007<sup>3</sup>. Part of the review period overlapped with the Uganda Joint Assistance Strategy, 2005-2009 (UJAS)<sup>4</sup>. The WBG and AfDB assistance during the period 2001-2005 was guided by the respective country assistance strategy of each of the two Banks, and then in 2005-2007 by the UJAS. The FY2001-03 CAS and FY2002-04 CSP, as well as the UJAS were anchored on the Poverty Eradication Action Plan (PEAP)/Poverty Reduction Strategy Paper (PRSP). Both the FY2001-03 CAS and FY2002-04 CSP focused their objectives on assisting the Government to: (i) increase the ability of the poor to raise their incomes; (ii) increase the quality of life of the poor; (iii) create an enabling environment for economic growth and structural transformation; and (iv) ensure good governance and security. Consistent with this strategy, the WB increasingly shifted to programmatic lending through a series of annual Poverty Reduction Support Credits (PRSCs) that supported the implementation of the PEAP/PRSP. In contrast, the AfDB focused its assistance on investment projects, providing only one Poverty Reduction Support Loan (PRSL).

7. The UJAS puts into practice the principles of the 2005 Paris Declaration of Donor Harmonization and Aid Effectiveness. Within UJAS, the strategy of the WB and that of the AfDB aim at assisting Uganda to achieve or exceed the targets specified in the PEAP (2004-08) and the MDGs. The IFC's strategy under UJAS also seeks to: (i) improve the investment climate; (ii) build up the capacity of SMEs and micro enterprises and that of institutions that can support them; and (iii) provide proactive support for project development in the financial, agribusiness,

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<sup>3</sup> The review period for the WBG assistance will be FY2001-07 and that of the AfDB assistance will be FY2002-07. This difference in review period is due to difference in programming periods prior to the UJAS. The WB's country assistance strategy (CAS) for the period FY2001-03 was *de-facto* extended to FY2005. The AfDB's Country Strategy Paper (CSP) for FY2002-04 was also *de-facto* extended to 2005.

<sup>4</sup> The joint strategy was prepared in 2005 by the World Bank, AfDB and five other development partners, including the DfID, Germany, the Netherlands, Norway, and Sweden. Austria, Denmark, the EC and Ireland have also signed up to the strategy.

and infrastructure sectors. The AfDB strategy also supports private sector development, especially the SMEs.

8. The Independent Evaluation Group (IEG) of the WB has completed two evaluations on WB assistance to Uganda. The first is a Country Assistance Evaluation (IEG-CAE), discussed by Committee on Development Effectiveness (CODE) in April 2001, which covered the period FY1987 to FY1999. The second is a Country Assistance Strategy Completion Report (CASCR) Review, which covered FY2001-05. With respect to the AfDB's assistance to Uganda, the Operations Evaluation Department (OPEV) undertook three reviews during 2002-2006 – the Country Assistance Evaluation covering 1986-2001 (OPEV-CAE) in 2004<sup>5</sup>; the review of AfDB Strategy in Uganda (ASU) in 2004 and a review of AfDB role in the UJAS process (PR) in 2006.

9. The IEG-CAE concluded that the WB's role in promoting Uganda's considerable progress since the civil war had been significant. Support for macroeconomic reform had been highly relevant and efficacious. Although disparities and gaps in the WB's rural poverty agenda persisted, the evaluation found that IDA's assistance had helped reduce poverty substantially. On the other hand, only partial success was attained in capacity-building, private sector development, civil service reform, decentralized service delivery and in dealing with corruption.

10. A similar conclusion was also reached by the OPEV-CAE on the effectiveness of the AfDB's assistance. The OPEV-CAE rated the overall performance of the AfDB portfolio during the review period as satisfactory –portfolio performance was satisfactory in the transport and health sectors but unsatisfactory in the agriculture sector. A key weakness of the AfDB country assistance strategy revealed by the OPEV-CAE was the limited engagement of the AfDB in non-lending services. On whole, the OPEV-CAE found the contribution of the AfDB assistance to the improvements in national development outcomes, especially economic growth during the review period, to be positive. However, according to the OPEV-CAE, the progress on poverty reduction could be undermined by the slow pace of rural poverty reduction, relatively high dependency on external aid, weak institutional and human capacities, slow private sector development, HIV/AIDS and political instability in the north of the country.

11. The WB's CASCR Review also found that progress toward attaining the main objectives of the FY2001-03 CAS (increasing the ability of the poor to raise their incomes, improving the quality of their lives, creating an enabling environment for structural transformation, and ensuring good governance and security) was mixed, and was rated moderately unsatisfactory. Noteworthy among CAS achievements were significant improvements in the mechanisms for public sector financial management, some improvements in the coverage of basic health, education, and water services for the poor, and a strengthening of local government capacity. However, growing income inequalities and continued insecurity in the Northern and Eastern Regions hampered efforts to reduce poverty.

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<sup>5</sup> The OPEV-CAE was discussed by the AfDB's Committee on Development Effectiveness (CODE) in November 2004. In support of the preparation of the OPEV-CAE, OPEV reviewed the performance of the AfDB's assistance to the agriculture, transport and health sectors in Uganda.

12. The ASU assessed the AfDB strategy in Uganda since the 1990s to 2003 in order to inform the evaluation of the African Development Fund (ADF) VII, VIII and IX. The ASU found the AfDB's strategies to be consistently anchored on the Uganda development agenda, particularly the PEAPs. The AfDB strategy was, however, weak in (i) defining its comparative advantage and best mix of financing instruments, (ii) field capacity and presence<sup>6</sup> and (iii) in delivering its assistance. Consequently, these weaknesses limited the effectiveness of the AfDB strategy in Uganda.

13. The process review (PR) of the role of the AfDB in UJAS confirmed that the UJAS was a concrete example of an instrument for translating into reality the principles of the 2005 Paris Declaration of Donor Harmonization Aid Effectiveness to which the AfDB is committed. The PR also concluded that the AfDB's field office contributed substantially, even with limited technical back-up from the Headquarters, to the UJAS process. The PR also pinpointed challenges for the AfDB in the UJAS, concerning risks (of political, institutional and operational and fiduciary nature), furthering its decentralization process and local capacity development.

### **General Approach to the Joint Evaluation**

14. The present evaluation will focus on WBG and AfDB assistance to Uganda over the period FY2001-07, dealing with the implementation of the FY2001-03 WB-CAS, the FY2002-04 AfDB-CSP and the first two years of the UJAS (2005-2007)<sup>7</sup>. The FY2001-03 WB-CAS and FY2002-04 AfDB-CSP were the last of the individual country assistance strategies of the two Banks prior to the adoption of the UJAS. The joint CAE will make an assessment of the assistance provided under these two strategies, which have yet to be independently evaluated.<sup>8</sup> This joint evaluation will also be a concrete response to a key recommendation of the DAC Network on Development Evaluation for greater efforts to undertake country assistance evaluations jointly, in line with the principles of the Paris Declaration<sup>9</sup>.

15. The timing of the joint evaluation presents three key opportunities to:

- (i) *Assess progress under the UJAS*: By overlapping with the UJAS, the joint CAE will evaluate the rationale for the UJAS and the extent to which the UJAS is evaluable, thus providing vital information for improving the implementation and management of the UJAS. It will also provide a basis for the possible joint evaluation of the UJAS by all the UJAS partners in future.

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<sup>6</sup> This could mainly be attributed to the fact that the AfDB's field office in Uganda was only established and made functional in 2004.

<sup>7</sup> Both FY 2001-03 CAS and FY 2002-04 were de-facto extended to 2005.

<sup>8</sup> The FY2001-03 WB-CAS CSP has already been subjected to self-evaluation. The only evaluation to be made of the FY2002-04 AfDB-CSP would be under the joint CAE.

<sup>9</sup> DAC Net Work on Development Evaluations, April 2005, Workshop on joint evaluations, challenging the conventional wisdom – the view from developing country partners, Nairobi 20-21, April 2005, Workshop, p7. <http://www.oecd.org/dataoecd/20/44/34981186.pdf>; Paris Declaration on Aid Effectiveness: Ownership, harmonization, alignment, Results and Mutual Accountability, 2005. Online at; <http://www.oecd.org/dac/effectiveness/parisdeclaration>.

- (ii) *Inform upcoming PEAP and UJAS reviews:* The mid-term reviews of the PEAP and UJAS by the Government of Uganda and Development Partners respectively are planned to take place during the period of the preparation of the joint CAE. As a result, there would be benefits for each of these three reviews in terms of sharing some of the evaluative evidences. The conclusions of the present joint CAE could provide useful inputs into the UJAS and PEAP reviews, and so also could some of the findings of the UJAS and PEAP reviews be for the joint CAE. The mid-term reviews of the PEAP and UJAS and the joint CAE would also provide useful information in retrofitting the objectives and instruments of the UJAS framework.
- (iii) *Contribute to monitoring of the implementation of the Paris Declaration:* Uganda was one of the country case-studies of the 2006 survey on Monitoring the Paris Declaration and will also be part of the follow up survey planned for the first quarter of 2008.<sup>10</sup> While the joint CAE will distill evaluative evidence from the results of the 2006 survey especially for the issues of Bank assistance dealing with harmonization and alignment, it would also, in turn, inform the report of the 2008 Paris Declaration survey.

16. The main objective of this joint CAE is two folds: (i) to evaluate the extent to which activities funded by the World Bank Group and African Development Bank Group have contributed to the progress toward the development goals of the Government of Uganda; and (ii) to distil lessons and recommendations for improving design, implementation and management of country assistance programs. The proposed joint CAE will focus on the evaluation of WBG and AfDB assistance in relation to the combined objectives of governance, growth and human development. These form the main pillars of assistance of WB and AfDB assistance under the UJAS<sup>11</sup> and of the FY2001-03 WB-CAS, FY2002-04 AfDB-CSP, and associated PEAPs. These pillars are outlined in Table 1 below. The evaluation will distinguish between the outcomes attributable to the pre-UJAS period and deal with the UJAS objectives and implementation issues separately.

**Table 1: Combined CAS/CSP/UJAS Pillars\***

FY2001 CAS/2002 CSP	UJAS
<i>Governance Agenda</i>	
<ul style="list-style-type: none"> <li>Ensuring Good Governance and Security</li> </ul>	<ul style="list-style-type: none"> <li>Economic Management*</li> <li>Security, Conflict Resolution and Disaster Management</li> <li>Good Governance</li> </ul>
<i>Growth Agenda</i>	
<ul style="list-style-type: none"> <li>Creating an Environment for Economic Growth and Structural Transformation</li> <li>Directly Increasing the Ability of the Poor to Raise Their Income</li> </ul>	<ul style="list-style-type: none"> <li>Enhancing Production, Competition, and Incomes</li> </ul>
<i>Human Development Agenda</i>	
<ul style="list-style-type: none"> <li>Directly Increasing the Quality of Life of the Poor</li> </ul>	<ul style="list-style-type: none"> <li>Human Development</li> </ul>

<sup>10</sup> OECD. 2006 survey on Monitoring The Paris Declaration, Country Chapters, Uganda, 2007. Online at: <http://www.oecd.org/dataoecd/11/41/3442851.pdf>.

<sup>11</sup> It should be noted that the focus here is on Part 2 of the UJAS, which deals with Bank specific assistance and associated Results Matrix.

\* Classification made on the basis of the sub-objectives defined under each CAS Pillar. The Economic Management pillar, for example, includes reform processes to improve public expenditure transparency, M&E systems, and support for legal and regulatory framework, which are best evaluated under the Governance Agenda. The AfDB assistance strategies for the review period cover only the shaded objectives in the above table.

17. The nature of WB and AfDB assistance under the three themes for the FY2001 WB-CAS, FY2002 AfDB-CSP and UJAS is provided in Annex I. The retrofitted logical framework (Annex 2) and the design matrix (see Annex 3) highlight the methodological framework for the evaluation. The logic model (see Annex 2) outlines the linkage between *inputs and activities* (in the form of lending programs, analytic and advisory activities, and policy dialogue) and the defined *outputs* (in the FY2001 WB-CAS, FY2002 AfDB-CSP and UJAS), which contribute to the expected *outcomes and impact*. The design matrix (see Annex 3) highlights the key themes of the country assistance (growth, human development, and governance) and the choice of instruments of support (PRSC, PRSL, investment projects and other budget support instruments), as well as dealing with harmonization and alignment of development partners. The following paragraphs spell out the evaluative questions associated with these themes and issues (see also the annexes).

18. **Governance:** One of the recommendations of the IEG-CAE was the need for Government and its development partners to take a stronger stance on governance. Uganda's rating in many areas of governance today is a little better than during the mid-1990s. The WB's support for governance under the FY2001 CAS (and follow-up under UJAS) was directed at combating corruption and implementing a broad-based public sector reform. In the case of the AfDB's FY2002 assistance, it focused on improving the performance of central and local governments, and anti-corruption institutions by strengthening their institutional and human capacity. The support for public sector reforms has also a decentralization implication, especially in terms of improvements in public sector service delivery. In assessing the governance outcome of WB and AfDB assistance, the CAE will evaluate to what extent the WB and/or AfDB worked with other development partners in establishing a strong and harmonized policy stance as recommended in the IEG-CAE. Specific questions would include:

- To what extent did the adoption or non-adoption of a common stance with other donors affect the outcome of WB and AfDB interventions?
- Was the choice of instruments relevant to the objectives pursued by both Banks?
- Did WB's and AfDB's strategies pursued through the strengthening of the systems of public financial management substantially reduce opportunities for corruption?
- In particular, to what extent has the public expenditure tracking surveys (PETS) been internalized and conducted on a regular basis across a wide range of ministries?
- Has the reporting from PETS contributed substantially to improved and transparent public expenditure management?
- What effect did the public sector reforms through PERs and PETS, for example, have in facilitating the decentralization process?

19. ***Growth Constraints:*** In seeking rapid growth in an environmentally sustainable way, a critical constraint on Uganda's ability to sustain growth is the need to deal with infrastructure deficiencies (in power, transport, water, and finance), especially in the rural areas.<sup>12</sup> For example, the role played by World Bank Group and AfDB interventions in infrastructure (especially in dealing with the constraints posed by the power sector to industry) would be one of the areas of focus of the CAE. In view of the constraints posed by the ongoing power crisis, key questions on infrastructure would include:

- To what extent were developments in the sector based on medium to long-term planning?
- What other options were explored?
- What was the role of other development partners in supporting policy reforms and facility expansion in infrastructure?
- Did the focus on budget support and public finance management mean less attention to other areas such as infrastructure, agriculture, etc. given that it is not often easy to incorporate these issues within the budget?
- Were issues of fiscal space for investment in infrastructure properly accounted for?
- Is the recent slowing down of growth a result of inadequate attention to work on the supply side of the economy?

20. A key issue in the effort to link the growth performance of the 1990s to that of the period under review would be to ask to what extent the macroeconomic and structural reforms undertaken by the government with development partner support have had a positive impact on Uganda's growth and productivity performance.

- In this context, what was the role of regional integration (the East African Community) in expanding market opportunities for Uganda?
- To what extent has World Bank and AfDB assistance positioned the country to effectively compete (beyond the coffee boom)? What has been the response of the domestic and international private investors to the reforms?

21. ***Human Development:*** The World Bank primarily through a series of PRSCs, and the AfDB through the PRSL and investment projects and programs, supported Government efforts to improve access to, and quality of education, health care, and water and sanitation services. The World Bank provided a special support for HIV/AIDS, through the HIV/AIDS Control (MAP) Project, aimed at supporting local initiatives in prevention, treatment and care.

- Have the government programs supported by these interventions been effective, especially when resources were channeled through PRSCs and PRSL?

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<sup>12</sup> The WB's strategy on environmental sustainability has been anchored in institutional capacity building. The CAE will review WB and AfDB interventions in this area, including the issue of the sustainability of the National Environmental Management Agency, regional projects related to Lake Victoria management and issues of erosion, deforestation and wildlife management.

- Has the special approach adopted for HIV/AIDS been effective in building the capacity of the health system and the community to deal with this problem?<sup>13</sup>
- What was the rationale for a separate MAP project parallel to the PRSC support for the health sector?

22. For education, the World Bank's focus over the period was essentially on primary education. But the expansion in primary enrollment and completion has had implications for deteriorating learning outcomes<sup>14</sup>. The AfDB, however, shifted its support from primary education in FY2002-04 CSP to post-primary education within the framework of the UJAS. This shift presents a valuable opportunity to track trends in primary education following the cessation of AfDB support.

- To what extent did the World Bank and AfDB factor in the recurrent cost requirement for expanded primary enrollment?
- Furthermore, in view of the constraint posed by the dearth of skilled and technical manpower, did the World Bank and AfDB support the framework needed to resolve the problem?

Since World Bank and AfDB support under the human development pillar is critical to the achievement of the MDGs, the CAE will also assess to what extent World Bank Group and AfDB assistance contributed in this effort.

23. ***Donor Harmonization:*** The WBG and AfDB played a major role in supporting Uganda in the preparation of the PEAP and UJAS through analytic work and policy dialogue.

- What was the contribution of World Bank and AfDB analytic support, along with other donors, in strengthening Government capacity in making policy choices to avoid the pitfalls that constrain the growth of the economy?
- To what extent were local research agencies and others involved in analytical activities funded by the EB and AfDB?
- How do analytic and advisory activities complement the lending program?

24. In addition to assessing the results of the specific interventions of the World Bank and AfDB, the CAE would evaluate the advantages and drawbacks associated with the joint effort among donors in helping Uganda achieve its development goals. In this context;

- Did the focus on aid harmonization crowd out attention to substantive problems?

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<sup>13</sup> The discussion would be informed by the PPAR on the Ugandan AIDS project and the STI project, as well as, recent ICR on the AID project.

<sup>14</sup> OPEV ongoing review of AfDB assistance to the education sector in Uganda, as well as the planned PPER on the PRSL would provide part of the evaluative evidence.

- Did development partner alignment and harmonization effectively reduce transaction costs for government?
- What was the cost/benefit balance of development partner alignment and harmonization? Furthermore, did development partner alignment and harmonization lead to increased selectivity on the part of the WBG and AfDB, as well as their individual performance?
- How was the comparative advantage of the WBG, as well as that of the AfDB determined?
- Did the shift to a joint strategy lead to stronger results in key policy areas?

25. In addition, the CAE would evaluate how the WBG and AfDB worked together to deliver assistance to Uganda. It would also assess the internal synergy in the WBG, as well as that within the AfDB. Specifically;

- Did the IFC and IDA collaborate to put forth a strong growth agenda?
- Similarly did the Operations Complex and Private sector Department of the AfDB collaborate to put forth a strong growth agenda?

26. ***PRSC, PRSL and Budget Support:*** The World Bank has, increasingly since 2001, redirected its financial intervention for Uganda in the form of budget support through the PRSC. The PRSCs accounted for about 40 percent of annual IDA lending during 2001 to 2005. In the case of the AfDB, it delivered about a tenth of its support to Uganda during the review through its budget support --the PRSL. Because aid flows account for a high percentage of public expenditures in Uganda (about 50 percent), budget support has increasingly become the preferred instrument to further alignment and harmonization for aid effectiveness.<sup>15</sup>

27. The CAE would assess to what extent, and under what circumstances, budget support through the PRSCs and/or PRSL was relevant, efficient and effective for achieving the objectives of Bank assistance to Uganda.

- Insofar as PRSCs and PRSL were used to channel sectoral support, what dictated the choice of sectors included in the design of the PRSC and PRSL?
- Was the mix of sectors relevant? Did it build on some commonality of issues across the selected sectors?

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<sup>15</sup> Given the dominance of budget support in the resource flow to Uganda and the country's pioneer status in promoting it, Uganda is one of seven case studies in a joint evaluation of general budget support (GBS) commissioned by a consortium of donor agencies (including the Bank) and seven partner Governments under the auspices of the DAC Network on Development Evaluation. IEG is also in the process of evaluating the first four PRSCs for Uganda through a PPAR. OPEV will evaluate the PRSL as a project performance evaluation report (PPER) during the course of the preparation of the CAE.

- Have the World Bank and AfDB been able to maintain sectoral dialogue (and adequate technical support) through the PRSC and PRSL?
- How far was budget support complemented by other aid instruments, notably investment projects?

28. Uganda has had a long tradition of PRSC/PRSLs. General budget support has been heralded as a means to strengthen domestic accountability, as line agencies have to focus more on the budget and become accountable to the Ministry of Finance rather than donors and the Government becomes more accountable to Parliament through the budget. The CAE will evaluate to what extent the comparatively long experience with budget support, and PRSC/PRSLs in particular, has indeed contributed to greater domestic accountability. Thus:

- Has the budget support/PRSC/PRSL helped to impact a greater result-focus in key areas within the domestic budget as a vehicle to ensure such results-focus?
- Is the system used to monitor performance under budget support/PRSC/PRSL aligned with domestic accountability processes?
- To what extent has budget support helped establish/strengthen the national M&E strategy and to what extent are the M&E systems parallel to the national system?

29. The issue of weak capacity in the public sector has been cited as a factor for low aid effectiveness. The CAE will evaluate whether the quality of public expenditure has improved, as well as the state of fiduciary compliance.

- To what extent were PRSCs and/or PRSL relevant and timely for dealing with capacity constraints identified in the CAS and CSP?
- What has been their impact relative to investment lending?
- Did the PRSCs and PRSL build the capacity in Uganda necessary to guarantee fiduciary compliance?
- Finally, did the emphasis on planning (PRSP), budget support (PRSC; PRSL), donor coordination and public financial management (PFM) contribute to larger and more reliable flows of foreign finance?
- Did these arrangements contribute to an improved service delivery?
- What complementary initiatives took place at the national or local level to improve the capacity of the state and the population in general?
- Did the approach contribute to the reduction of the level of corruption, and if so, in what specific areas?

30. In addition, the evaluation will assess in the light of the government's limited capacity, the extent of the challenges posed by some of the AfDB/WB's institutional policies and rules of procedures that could be inconsistent with the objectives of the Paris Agenda on aid effectiveness.

### **Evaluation Methodology**

31. This assessment, based on IEG country assistance evaluation methodology, will apply the standard DAC evaluation criteria of relevance, effectiveness, efficiency, sustainability and institutional development impact<sup>16</sup>. In each of the focus areas described above, the CAE will review the **relevance** of World Bank and AfDB strategies and interventions in dealing with Uganda's problems, given the limited capacity of Government. The CAE will also assess the synergies of the strategies of the two institutions, It will also examine the degree to which the assistance objectives have been achieved, or expected to be achieved (**effectiveness**); how well, or economically, they were achieved (**efficiency**); and the role played by both Banks in achieving the results (**contribution/attribution**), in the context of the Government's development goals (**expected outcome**). The CAE will also assess the probability of continued long-term benefits or the resilience to risk of the net benefit flow over time (**sustainability**).

32. The preparation of the CAE will go through three interrelated stages:

- Desk review of relevant and available documentations: A review of published and unpublished literature on development activities in Uganda as they relate to World Bank and AfDB support would be undertaken, focusing on impacts, outcomes, sustainability, and risks, as well as on evaluability of the UJAS. The proposed CAE will coordinate with IEG-IFC's Country Evaluation Note which is concurrently in preparation. It will also draw on historical and ongoing materials (within and outside the WB and AfDB), including QAG assessments, PPARs, ICR Reviews, PCRs and PPERs dealing with both Bank's programs in Uganda. The status of progress made on results/outcomes specified in the results matrices for the FY2001 CAS, FY2002 CSP and UJAS would be examined at this stage. Unlike the mainly investment project-based AfDB support, PRSCs and Analytical and Advisory Assistance (AAA) played a major role in World Bank Group intervention. As a result, the contribution of World Bank Group support would be assessed on the basis of how AAA guided the formulation and decision-making of Uganda's development policies. This will be done by looking at the Bank's influence on national policies via its role in shaping the PRSP/UJAS, demonstration and diffusion effects of projects, as well as AAA and other policy advice.
- Stakeholder interviews (relevant WB and AfDB staff; in-country stakeholders): A set of stakeholder interviews (individually and focus groups) would be conducted along with the collection of relevant data to substantiate conclusions arrived at on the basis of the literature review. As noted in the design matrix (see Annex 3), focus group discussions would be undertaken on issues related to governance to assess, for

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<sup>16</sup> See IEG: Country assistance evaluation methodology. Online at; [http://www.worldbank.org/ieg/countries/cae/cae\\_methodology.html](http://www.worldbank.org/ieg/countries/cae/cae_methodology.html)

example, expert perception of the relevance of the public expenditure tracking system (PETS). As a follow-up to IEG's recommendation in 2005 on the establishment of government's monitoring and evaluation system, the team will look into the National Monitoring and Evaluation Strategy (NIMES) to evaluate its strengths and weaknesses. The outputs from the results matrices would be linked to the Bank's products and services (lending and non-lending), drawing on both evaluation and portfolio implementation evidence. The CAE will also examine the quality of the results matrices in the FY2001 CAS, FY2002 CSP and the UJAS, the quality of the performance indicators and the availability of baseline data and the role of the M&E system in facilitating the evaluation process.

- Assessment of WB and AfDB contributions: The CAE will assess the relative contribution of WB support and that of the AfDB, taking into account the interventions of other donors and exogenous factors. The main conclusions and lessons learned would be derived at this stage.

### **CAE Team, Outputs and Timetable**

33. The CAE will be carried out jointly by the IEG (WBG) and OPEV (AfDB) with possible participation by other key development partners (DP) for Uganda<sup>17</sup>. The IEG team and overall preparation of the joint CAE will be led by James Sackey, Lead Economist, IEGCR, under the overall guidance of the Senior Manager for IEGCR. On the AfDB side of this joint CAE, the task manager for will be Foday Turay, Principal Evaluation Officer (under the guidance of the Director of OPEV). The IEG will provide as peer reviewers Ray C. Rist (Program Manager, IPDET), Robert Blake (Country Manager for Madagascar), Yvonne Tsikata (Sector Manager, AFTP3). And OPEV will supply three peer reviewers including Douglas Barnett (ORPC.4) and a local Ugandan Expert.

34. A fact-finding mission to Uganda is planned for end November 2007. Discussion has been initiated with other key development partners in Uganda (DFID, Netherlands, Germany, Norway and Sweden) on their participation in the in-country mission. The CAE will be issued to WB-CODE and AfDB-CODE in June 2008 and July 2008 respectively, well before the delivery of the next CAS scheduled for FY2010, as well as the next CSP. The indicative time table for the main activities is presented below:

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<sup>17</sup> The joint evaluation with AfDB will involve full and open participation of the two agencies on equal terms.

**Table 2: Indicative time table for the main activities of joint CAE**

<b>Key Activity</b>	<b>End Date</b>
Comments on draft Approach paper (AP)	August 2007
Finalize AP & TORs for background papers	September 2007
AP to CODE	October 2007
Learning week/Desk review	October/November 2007
Interviews with relevant WB and AfDB staff	November 2007
In-country field work	November/Dec. 07
Draft background papers	January 2008
Final background papers	January 2008
Draft CAE	March 2008
Key stakeholder comments on draft CAE (WB; AfDB; in-country; peer-reviewers)	June 2008
Final CAE report	June 2008
CAE Report to CODE	July 2008
CAE findings dissemination including preparation of products (hard- and e-copies; presentations; discussions)	Beginning August 2008

**UGANDA: Nature of World Bank and AfDB Support**  
**(FY2001-07)**

**Focus:** During the period for the proposed CAE (FY2001-07), the World Bank (WB) and AfDB provided support for Uganda under two country assistance frameworks which were both guided by the Poverty Eradication Action Plan (PEAP). The first for the WB was the FY2001 CAS (with implementation period extended *de-facto* to 2006) and for the AfDB was FY2002 CSP (*de-facto* extended to 2005). The second for both Banks was the Uganda Joint Assistance Strategy (UJAS). The table below outlines the main pillars of the two assistance strategies summarized under three key themes: governance, growth and human development<sup>18</sup>.

Combined CAS/CSP/UJAS Pillars

FY2001-03 CAS/FY2002-04 CSP	UJAS (2005-2007)
<i><b>Governance Agenda</b></i>	
<ul style="list-style-type: none"> <li>• Ensuring Good Governance and Security</li> </ul>	<ul style="list-style-type: none"> <li>• Economic Management</li> <li>• Security, Conflict Resolution and Disaster Management</li> <li>• Good Governance</li> </ul>
<i><b>Growth Agenda</b></i>	
<ul style="list-style-type: none"> <li>• Creating an Environment for Economic Growth and Structural Transformation</li> <li>• Directly Increasing the ability of the Poor to raise their Income</li> </ul>	<ul style="list-style-type: none"> <li>• Enhancing Production, Competition, and Incomes</li> </ul>
<i><b>Human Development Agenda</b></i>	
<ul style="list-style-type: none"> <li>• Directly Increasing the Quality of Life of the Poor</li> </ul>	<ul style="list-style-type: none"> <li>• Human Development</li> </ul>

**The Governance Agenda:** The respective support of the WB and AfDB for governance under the FY2001 CAS and FY2002 CSP was directed at combating corruption and implementing broad-based public sector reform. These included reforms in public procurement, financial management, public sector pay, payroll and personnel management, and anti-corruption legislation. The WB support was mainly through five PRSCs (during FY2001-06), complemented by the Second Economic and Finance Management Project (EFMP II) and the Local Government Budget Project (LGDP). And the AfDB provided support through the PRSL and Institutional Support Project for Good Governance (ISPGG).

The governance agenda remains central to UJAS especially for the WB support, with three pillars associated with it (see table above). The AfDB, however, had no new assistance for governance under the UJAS. Proposed WB activities under the *Economic Management* pillar are aimed at supporting government effort to broaden the domestic revenue base, strengthen public expenditure and budgetary management, streamline the intergovernmental fiscal transfer system to facilitate gradual fiscal decentralization, enhance the results orientation of sector expenditure programs, strengthen the monitoring and evaluation system, and maintain external debt at sustainable levels. In addition, the WB expects to support the development of a legal and regulatory framework for pensions, capital markets and the insurance sector in order to increase access to term finance. Similarly, under the *Security, Conflict-Resolution and Disaster*

<sup>18</sup> Objectives pursued by the AfDB assistance strategies are shown in the shaded areas.

*Management* pillar, the WB's objective is to assist in the effort to reduce regional disparities. Through the Northern Uganda Social Action Fund (NUSAF), the WB hopes to target the poor districts of northern and eastern Uganda. This would be complemented, in the north following the achievement of peace, by providing support for recovery and development plans, risk and vulnerability assessment, and land-use PSIA.

**Growth Agenda:** The importance of sustained growth for poverty reduction cannot be over-emphasized. The growth agenda was pursued by the strategies immediately preceding the UJAS and the UJAS. Under the *Creating an Environment for Economic Growth and Structural Transformation* pillar for the FY2001 CAS and FY2002 CSP, both Banks aimed at supporting the development of Uganda's infrastructure, especially roads, power, and reforms of key utilities. For this purpose, using the PRSCs (as the main instrument for the WB) and PRSL, the WB and AfDB supported the government's effort to strengthen public expenditure and budgetary management, strengthening financial sector performance, and supporting the development of the legal and regulatory framework for microfinance, pension reform, and the insurance sector. During the period FY2001 CAS and FY2002 CSP periods, support was also provided by the WB for the power sector (through Fourth Power Project and the Bujagali Hydroelectric Power Project) and by the AfDB for the road and mineral sectors (through the Transport Sector Development Programme and Mineral Sector Capacity Building Project). In view of the constraints posed by the ongoing power crisis, the role played by the Fourth the Power Project and the Bujagali Hydroelectric Power Project would be central to the assessment of the growth agenda. The role of the AfDB-funded Transport Sector Development Programme in promoting growth would also be assessed.

The growth agenda was also supported by both Banks through the pillar dealing with *increasing the ability of the poor to raise their incomes*. Through their investment operations (such as the National Agricultural Services Project, and the Second Agricultural Research and Training Project-ARTP II for the WB, and National Livestock Productivity Project and Farm Income Enhancement and Forest Conservation Project for the AfDB), the support of both Banks aimed at enhancing environmentally sustainable rural development and helping to reduce regional disparities. In addition, the series of the WB's PRSCs targeted support to Government in identifying ways to promote agricultural diversification and modernization, land tenure reforms, and expansion of non-farm activities in the rural areas.

Within the UJAS, the AfDB's assistance pursued the growth agenda under the pillar "*enhancement of production, competitiveness and incomes*". Under this pillar, the AfDB support envisaged to improve the performance of the agricultural extension and marketing services, power production and civil service, as well as access to rural areas and productive finance.

**Human Development agenda:** The FY2001 CAS, FY2002 CSP and UJAS highlighted the importance of human development interventions for poverty reduction in Uganda. Under the *directly increasing the quality of life of the poor* pillar for the FY2001 CAS and FY2002 CSP, both Banks supported Government's efforts to improve access to, and quality of, education, health care, and water and sanitation services. The WB's support was primarily through the series of PRSCs. It also provided a special support for HIV/AIDS, through the HIV/AIDS Control Project, which was aimed at supporting local initiatives in prevention, treatment and

care. As for the AfDB's assistance under the FY 2002 CSP for human development, it was channeled through the PRSL and the Small Towns water supply and sanitation project. WB and AfDB support for human development under UJAS is deemed critical in helping Uganda achieve the MDGs.

**Evaluative Questions:** In each of the focal areas described above, the CAE will review the relevance of WB and AfDB assistance in terms of both the strategies and actual interventions in the context of the development constraints facing Uganda at the time of the CAS, CSP and the realism of WB and AfDB assistance objectives in view of the capacity of Government. The CAE will examine the degree to which the assistance objectives have been achieved (efficacy) and the role played by the WB and AfDB in achieving the results (contribution). In addition to context questions raised, three key generic questions will guide the process:

**1. To what extent was the WB and AfDB country assistance strategies relevant?**

- To what extent were the strategic objectives, scope and implementation plans clear and realistic?
- To what extent were the strategies responsive to the WB and AfDB overall mandate of poverty reduction?
- To what extent were the strategies consistent with the priorities and needs of Uganda as defined by the PRSP and ongoing analytic work?
- To what extent were the strategies in harmony with the priorities of other development partners?
- To what extent were the strategies consistent with the objectives of the MDGs?

**2. To what extent was WB and AfDB strategies effectively implemented?**

- To what extent did the WB and AfDB use instruments appropriate for the conditions in Uganda?
- To what extent did the WB and AfDB foster country ownership and commitment?
- To what extent was the WB and AfDB internally committed to support program implementation?
- To what extent did the WB and AfDB help deal with capacity limitations in Uganda in program development and implementation?
- To what extent was WB and AfDB assistance provided in collaboration with other development partners?

**3. To what extent did WB and AfDB assistance contribute in the relevant areas of intervention?**

- For each area of intervention, to what extent did support lead to success?
- What aspect of WB and AfDB assistance contributed to success?
- What areas were outcomes below expectation and what did WB and AfDB do to resolve issues?
- To what extent were programs supported by other donors supportive or limiting to achieving the objectives supported by the WB and AfDB?

### Logic Model

Inputs	Activities	Outputs	Outcomes	Impact
<p>1. Lending Program (List of projects approved for FY2001-07)</p> <p>2. Analytic and Advisory Activities (AAA) (List of ESW for FY2001-07)</p> <p>3. Policy Dialogue</p>	<p>1. PRSL, PRSL and budget support.</p> <p>2. Investment activities in: Agriculture and rural development; Infrastructure (power, water, road transport and communication); redevelopment of labor, education and health facilities; capacity building; private sector.</p> <p>2. Donor harmonization through CG meetings, functioning conduct of analytical work.</p>	<p><b>Growth:</b></p> <p>1. Improved infrastructure facilities (in power, transport, water, &amp; financial)</p> <p>2. Increased production of exportable commodities.</p> <p>3. Expansion in of SMEs (including production in mining industry).</p> <p><b>Human Development:</b></p> <p>1. Increased quantity and quality of education, health care, and water and sanitation services.</p> <p>2. Improved local initiatives for the prevention, treatment and care of HIV/AIDS.</p> <p><b>Governance:</b></p> <p>1. Functioning public sector with strengthened systems of public procurement and financial management.</p> <p>2. Widespread decentralization supporting public transparency and reduced corruption</p>	<p>FY2001-03 CAS, FY2002-04 CSP/UJAS:</p> <p>(i) Improved environment for economic growth and structural transformation.</p> <p>(ii) Higher real GDP growth, in excess of 5 percent.</p> <p>(iii) Increased number of poor people with higher incomes.</p> <p>(iv) Increased access to and use of education and health services and safe water</p> <p>(v) Enhanced environment for good governance, security conflict resolution and disaster management.</p>	<p>Improved living standards and reduced incidence of poverty.</p> <p>Uganda a middle income country by 2015</p>

<b>Annex 3 : Design Matrix</b>			
	<b>Questions</b>	<b>Sub-Questions</b>	<b>Data Sources</b>
<b>INPUTS</b>	<p>What was the level of WBG and AfDB financial contribution during FY2001-07?</p> <p>Were the project resources spent as planned?</p>	<p>How many credits were approved? How much was committed/disbursed for each of the three key output categories?</p> <p>How much was GOU's counterpart contribution? Was counterpart contribution provided as scheduled? How much external assistance did the country receive?</p>	<p>Data and documents will be derived from Bank sources of Operations.</p> <p>Government data will be derived fro Government budget sources</p> <p>Data will be obtained from other partners and accessible sources</p>
	<p>What was the level of the Analytic and Advisory Activities undertaken?</p>	<p>Was the AAA done jointly with GOU and other development partners?</p>	<p>Data from Bank sources.</p>
<b>ACTIVITIES</b>	<p>Were the investment activities (including PRSCs and PRSL and budget support instruments) undertaken as initially planned?</p> <p>What was the nature of donor harmonization that culminated in the Uganda Joint Assistance Strategy (UJAS)?</p>	<p>To what extent were PRSCs and PRSL appropriate and timely for dealing with the objectives outlined in the CAS/CSP?</p> <p>Did the PRSCs and PRSL build the capacity in Uganda necessary to guarantee fiduciary compliance? Were activities under donor harmonization led by GOU?</p> <p>What analytic support did the Bank provide to support donor harmonization?</p>	<p>Data from Bank sources. Government of Uganda reports. Interviews with relevant government officials.</p> <p>GOU reports and data sources. Reports of key donors on evaluation of their programs. Interview with GOU and donor officials</p>

<b>OUTPUTS</b>	<p><b>Growth:</b></p> <p>To what extent were the macroeconomic and structural reforms undertaken by the Government?</p> <p>To what extent were the infrastructure constraints in the power, transport, water and financial sectors resolved?</p> <p>To what extent the constraints to agricultural and private sector development resolved?</p> <p>What was the role of other development partners in supporting policy reforms and facility expansion in infrastructure?</p>	<p>Why was the response to crises in infrastructure (e.g. Power) so slow?</p> <p>Did the focus on budget support and public finance management mean less attention to other areas, such as infrastructure?</p>	<p>GOU economic development reports.</p> <p>IMF/EIU economic reports.</p> <p>Bank economic reports.</p>
	<p><b>Human Development:</b></p> <p>To what extent were WBG and AfDB interventions in education, health and HIV/AIDS been effective when channeled through PRSCs and PRSL?</p> <p>Did WBG and AfDB support for health, education and water assist in raising the quantity and quality of health and education in the country?</p>	<p>Did the special approach adopted for HIV/AIDS been effective in building the capacity of the health system and the community?</p> <p>Did the focus meet the requirement for the MDGs?</p>	<p>Government of Uganda reports for the social sectors.</p> <p>UN Agency reports on Uganda social sector.</p> <p>Bank internal reports on Uganda social sector.</p>

	<p><b>Governance:</b></p> <p>To what extent did the WBG and AfDB limit their interventions, unless the Government demonstrate appropriate steps towards better Governance.</p> <p>To what extent was the strengthening of public finance management helped reduce opportunities for corruption</p>	<p>Was the choice of instruments relevant to the objectives pursued by the Bank?</p> <p>Has the reporting from the PETS led to improved and transparent expenditure management?</p>	<p>Focus Group discussion. Government and international survey on Governance (WBI/TI). Bank reports, the Fitch Rating Report (2005; 2007).</p> <p>Bank reports</p>
<p><b>OUTCOMES/IMPACT</b></p>	<p>Did the macroeconomic and structural reforms undertaken by the Government have a positive impact on Ugandan growth and productivity performance?</p> <p>As a result of WBG and AfDB interventions, did the growth of GDP enhance the quality of life of the poor through increased ability of the poor to raise their incomes?</p> <p>Did the WBG and AfDB assistance contribute to enhanced environment for good governance, security and disaster management?</p>		<p>GOU poverty survey. Focus Group and individual interviews.</p>