



Appraisal of the Peace, Recovery and Development Plan for Northern Uganda

Norwegian Agency for Development Cooperation

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Norwegian Agency for Development Cooperation

**APPRAISAL OF THE PEACE RECOVERY AND
DEVELOPMENT PLAN FOR NORTHERN UGANDA**



FINAL REPORT

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List of Acronyms and Abbreviations

ADLG	Arua District Local Government
ADRP	Amnesty, Demobilization and Re-integration of ex-combatant Programme
AIDS	Acquired Immune Deficiency Syndrome
ARLPI	Acholi Religious Leaders Peace Initiative
BCC	Budget Call Circular
BFP	Budget Framework Paper
CAO	Chief Administrative Officer
CAP	Consolidated Appeal Process
CDF	Comprehensive Development Framework
CSO	Civil Society Organisation
DDMC	District Disaster Management Committee
DDP	District Development Plan
DFID	Department for International Development
DP	Development Partner
EHAP	Emergency Humanitarian Action Plan
EU	European Union
FDS	Financial Decentralisation Strategy
FINMAP	Financial Management and Accountability Programme
FY	Fiscal Year
GBS	General Budget Support
GDP	Gross Domestic Product
GFATM	Global Fund to Fight Aids, Tuberculosis and Malaria
GoU	Government of Uganda
HIV	Human Immune Virus
ICC	International Criminal Court

IDP	Internally Displaced Person
IEC	Information Education and Communication
IFMS	Integrated Financial Management System
IMTC	Inter Ministerial Technical Committee
JAF	Joint Assessment Framework
JFA	Joint Financing Arrangement
JMC	Joint Monitoring Committee
KIDDP	Karamoja Integrated Disarmament and Development Plan
LC	Local Council
LDG	Local Development Grant
LG	Local Government
LGAC	Local Government Accounts Committee
LGDP	Local Government Development Programme
LMIC	Lower Middle Income Country
LLG	Lower Local Governments
LRA	Lords Resistance Army
MDG	Millennium Development Goals
MIS	Management Information System
MoAAIF	Ministry of Agriculture, Animal Industries and Fisheries
MoES	Ministry of Education and Sports
MoFPED	Ministry of Finance, Planning and Economic Development
MoGLSD	Ministry of Gender, Labour and Social Development
MoH	Ministry of Health
MoJCA	Ministry of Justice and Constitutional Affairs
MoLG	Ministry of Local Government
MoWE	Ministry of Water and Environment
MoWT	Ministry of Works and Transport
MTEF	Medium Term Expenditure Framework

NACAES	National Committee on HIV/AIDS in Emergency Settings
NAP	National Action Plan on Small Arms and Light Weapons Control
NCG	Nordic Consulting Group
NEMA	National Environment Management Authority
NGO	Non-Governmental Organisation
Norad	Norwegian Agency for Development Cooperation
NU	Northern Uganda
NUDC	Northern Uganda Data Centre
NUMAT	Northern Uganda Malaria, AIDS, and Tuberculosis
NUPC	Northern Uganda Policy Committee
NUPER	Northern Uganda Public Expenditure Review
NUREP	Northern Uganda Rehabilitation Programme
NURP	Northern Uganda Reconstruction Programme
NURPC	Northern Uganda Rehabilitation Policy Committee
NUSAF	Northern Uganda Social Action Fund
OPM	Office of the Prime Minister
PAF	Poverty Action Fund
PEAP	Poverty Eradication Action Plan
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PHC	Primary Health Care
PMC	PRDP Monitoring Committee
PRDP	Peace Recovery and Development Plan for Northern Uganda
PRSC	Poverty Reduction Support Credit
PRSP	Poverty Reduction Strategy Paper
SO	Strategic Objective
SWAP	Sector Wide Approach to Programming
SWOT	Strength Weaknesses Opportunities and Threats analysis

TOR	Terms of Reference
UBOS	Uganda Bureau Of Statistics
UGX	Uganda Shilling
UHRC	Uganda Human Rights Commission
UN	United Nations
UNDP	United Nations Development Program
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women
UNOCHA	United Nations Office for Coordination of Humanitarian Affairs
UPDF	Uganda People's Defence Force
UPPAP	Uganda Participatory Poverty Assessment Project
USAID	United States Agency for International Development
USD	United States Dollar
WFP	World Food Program
WHO	World Health Organisation

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1 EXECUTIVE SUMMARY AND RECOMMENDATIONS

1.1 Introduction

Peace and development prospects for Northern Uganda have improved in recent years and in 2006 the Government of Uganda (GoU) signed a Cessation of Hostilities agreement with the Lords Resistance Army (LRA). Despite challenges, it has given the communities some level of hope and optimism needed to embark on the long process of recovery. Since 2007, large numbers of Internally Displaced People (IDP) have moved to their original homes or transit sites located in nearby parishes. However violent conflict continues to pose major challenges in Karamoja in the North East sub-region.

In response to these developments GoU has put into action a number of measures aimed at enhancing the protection of the civilian population and promoting development to reduce the disparities in welfare between Northern Uganda and the rest of the country. The response is articulated in the GoU's Poverty Eradication Action Plan (PEAP) which among others focuses on measures for security and conflict resolution. Among GoU responses have been an IDP policy and various programmes targeting Northern Uganda. While these interventions have registered some progress, GoU has still considered them inadequate with low effectiveness due to insufficient resources; lack of coherence, poor coordination, absence of strong local government structures to support implementation and poor accountability systems.

Subsequently the GoU with support from the international donor community embarked on a process to develop a more comprehensive framework and "master plan" for recovery and development of Northern Uganda; the "Peace, Recovery and Development Plan for Northern Uganda" (PRDP) which was launched in September 2007 to cover the fiscal year 2007/08 – 2009/10.

The PRDP is expected to serve many purposes including:

- Supporting the political dialogue including the commitments agreed upon.
- Promotion and restoration of peace and security in the region.
- Mobilizing additional resources to support development efforts that will reduce the economic disparities between the north and the south.

This report presents the findings from an appraisal of earmarked budget support to PRDP. The appraisal has covered, among others, an assessment of;

- The planning process and design of PRDP including how cross cutting issues have been addressed.
- The proposed implementation arrangement with emphasis on the required institutional capacity and associated system and procedures to monitor its implementation.
- The public financial management system with special reference to "on budget" funding of PRDP.
- Proposed arrangements for "on-budget" external funding and coordination including assessment of possible joint donor funding arrangements.

1.2 Main findings and recommendations

1.2.1 PRDP – a plan or a policy framework?

The outcome of this appraisal suggests that the PRDP can serve as an instrument in mobilising additional resources for recovery and development in Northern Uganda provided it is promoted and conveyed to all stakeholders as a *policy framework* guiding the regular planning and budget processes, *not* as a *detailed master plan* prescribing the interventions to be implemented. The identification, design and execution of additional interventions should be left to sector ministries and PRDP districts and done through the regular planning and budget process.

PRDP is mostly focused on technical aspects to rebuilding central and local government institutions, improving service delivery and revitalising the economy, not on comprehensive political solutions to peace building and national reconciliation. These aspects are probably best pursued by implementation of the agreement on comprehensive solutions (Agenda Item 2) drawn up in the Juba talks between GoU and LRA.

To promote integration of the PRDP objectives in planning and execution by sector ministries and districts, the PRDP policy framework should be supported by a new grant mechanism specifically targeting the PRDP districts and priorities. Such a grant mechanism will enable all stakeholders in a more transparent manner to assess if the PRDP results in added budget resources when integrating the PRDP objectives in sector and local government plans and programs. The overall objective for this grant mechanism is to enable PRDP-districts in the short to medium term to catch up some of the gaps in investments necessary to reduce the disparities in service delivery compared to non-PRDP districts. The PRDP grant should be allocated as a development grant but not targeted to a specific sector. Furthermore, it should be distributed according to transparent criteria, reflecting the differences in needs for capital investments between PRDP districts.

In addition to establishing a PRDP grant, GoU should ensure that grant formulas on all conditional and unconditional grants, recurrent and development, to the extent possible, are adjusted to reflect differences in expenditure needs between districts in Uganda. This will ensure that imbalances between all districts are addressed also in the medium to longer term, and that PRDP districts will have the same possibility as non-PRDP districts to deliver services in accordance with national priorities and targets on a permanent basis. The above is based on the following observations;

- The planning of PRDP was based on an identification exercise of what would be required to bring the infrastructure and service delivery of the Northern Districts to a level that would promote developments and eventually reduce the gap between the north and the south. Judging from consultations with sector ministries and local governments, it appears that PRDP is perceived not as a plan, but as a funding mechanism, either as a new grant or additional allocation through existing grants, with additional funding for priority interventions. PRDP priorities were understood to be integrated into regular sector programmes and local government plans, and not prescribed by a central authority, like the Office of the Prime Minister (OPM), which has been in the driver's seat of the process of compiling and prioritising the needs identified.
- The input to the “plan” is a mix of ongoing efforts and new unfunded priority interventions. As such the PRDP is neither a complete “master plan” nor a plan for the required additional interventions. The entire process of designing a “master plan” is contrary to the decentralised approach to planning and budget execution of which sector ministries, based on GoU policies, develop sector programmes, and where Districts plan and implement interventions based on their own District Development Plans (DDP) which reflect local government priorities.

- PRDP appears so far to have served as a “political tool” to demonstrate that the GoU has taken the regional imbalance seriously and wants to create a “peace dividend” through changes in the situation on the ground, with tangible improvements in public investments and service delivery for the benefit of the people living in the Northern Districts. PRDP has also to some extent served as a policy framework guiding annual budget processes at central ministry levels evident by some changes in priorities for the most disadvantaged PRDP districts reflected in sector programmes and budgets.
- On the other hand, none of the districts visited during this appraisal had yet observed any change in overall resource envelope which could be attributed to PRDP. Those investments that were claimed to be resulting from the PRDP, were in fact investments that would have taken place regardless. In these cases the PRDP has just been used as a label to be put on regular interventions.
- There are substantial differences in poverty levels and needs for capital investments between PRDP and non-PRDP districts. Despite incremental changes in the 2008/09 budget, there are relatively small differences in allocation levels between PRDP and non-PRDP districts. This is a strong indication that the current allocation formula system for national grants to the local government sector does not reflect differences in expenditure needs between districts. There may be multiple reasons for this, including disproportionate weighting of indicators and unintended consequences of the performance based LGDP grant system disadvantaging certain PRDP districts. To permanently reduce the imbalance between north and south the GoU needs to address this issue. In the short term this implies to move forward on the Local Government Commission’s draft allocation criteria suggested in 2004, which to date has not been forwarded to the cabinet for approval. Further it implies analysing if the draft formula system reflects current variances in needs; and hence gives equal opportunities for all districts to provide social services to their citizens, and in particular capital investments which today are partly allocated according to performance based criteria.
- As neither the existing nor the draft transfer system presented by the Local Government Commission is designed to significantly reduce the disparities between districts in capital investments, there is a need for a specific grant mechanism to ensure that PRDP districts are allocated resources to close the gap. A specific grant mechanism (PRDP grant) can be justified as a mechanism to reduce this disparity between districts. The required period for a PRDP grant will depend on a number of factors, including the size of the grant and absorptive capacity of local governments.

1.2.2 Peace building and conflict sensitivity in the PRDP

The PRDP has peace building as a key objective and may be seen as an attempt to address both the consequences of violent conflict and resolve the under-development that fuelled previous conflicts. However, the PRDP emerges from a historical background of GoU policies and programmes towards the North that have been conflict insensitive, and the analysis and design of PRDP is inadequate with regards to peace building and national reconciliation. Although there are improvements in some of the areas, there are still a number of challenges and risks that the PRDP faces from a peace and security perspective, among which the following can be mentioned:

- The PRDP appears to be based on the assumption that confidence and peace building will almost automatically follow from the implementation of the interventions suggested under the four PRDP strategic objectives. This will probably not be the case, particularly since implementation has and will inevitably be slower than planned. So far there has been an insufficient adjustment of policies, plans and programmes in light of conflict/post conflict by central and local government, particularly related to peace and reconciliation aspects.

- Failure to meet the high expectations across the PRDP districts, and some areas being prioritised at expense of others, may reinforce perceptions of marginalisation, insecurity and underdevelopment amongst communities and stakeholders. This may in turn fuel existing conflicts or create new ones.
- Low awareness of the PRDP and low capacity for conflict sensitive implementation at both national and local government level could result in the allocation of the PRDP funds in ways that strengthen rather than reduce existing divisions. This includes lack of adherence to the key PRDP cross cutting issues of gender, human rights and environment.

Addressing the above requires active GoU leadership and engagement including further development of partnerships with local representatives in each PRDP district. It suggests that PRDP needs to be promoted more widely as a policy framework among all stakeholders with a stronger focus on conflict sensitivity in the implementation.

1.2.3 Management and implementation

The Office of the Prime Minister (OPM) has been given the role to manage and coordinate implementation of PRDP. However, the actual role and responsibilities for OPM vis a vis MoFPED, sector ministries and local governments remains unclear. This is linked to the issue of lack of consensus on what PRDP is.

OPM has been advocating the PRDP as a “master plan” or programme under their overall management while MoFPED has applied the PRDP as a policy framework guiding the regular budget process. Sector ministries and local governments have assumed the PRDP to represent a mechanism for additional resources to finance currently unfunded priority interventions to be managed and executed by them.

If the PRDP is to serve as a policy framework guiding regular planning and budgeting process, then OPM's role would be, in addition to promoting the PRDP agenda, to facilitate inclusion of the PRDP priorities in national and local government plans and programmes as well as monitor actual execution and outcomes. OPM should not involve itself in the planning, management and budgeting of the actual interventions.

Capacity to include PRDP priorities in regular plans and programs and execute them as planned is adequate at national level. In PRDP districts however, there are significant human resource and capacity constraints. This is among the factors that may explain why service delivery outcomes and welfare indicators in these districts are lower than the national average. PRDP is focused on addressing the imbalance in capacity and staffing levels both at administrative and service delivery levels between PRDP districts and non-PRDP districts.

The above has to some extent been taken into account by sector ministries in their planning and budget process. However, resources for staffing and staffing facilities, which are key factors to retaining qualified staff, remain inadequate. This issue is also linked to the ability of local governments to mobilise resources through local government revenue and grants from central government. Due to high poverty levels and lack of capital investments PRDP districts have higher expenditure needs than the national average. At the same time their local revenue base is lower than the national average.

The marginal increase in share of grants in favour of the most disadvantaged PRDP districts from central government the last fiscal year has been far from sufficient to enable adequate staffing levels. This in turn affects capacity for administrative and service delivery functions and also has impact on fiduciary risk since key financial management positions remains unfilled.

Although the need for additional structures related to PRDP implementation is questioned, they may however increase the chances to keep PRDP on the political agenda in Uganda and provides an institutional framework for dialogue between GoU and DPs, and hence increase the chances of reaching the overall goals of the PRDP in the longer term.

1.2.4 Monitoring

The PRDP outlines a system of monitoring at three levels. Policy level monitoring will be undertaken by the PRDP Monitoring Committee (PMC) which will have an oversight role on the implementation of the PRDP. Technical monitoring will be managed by the different sectors at the central and district levels while “programme monitoring” will be undertaken by a Coordination Unit in the OPM in collaboration with the district local governments. A PRDP results matrix has been developed and distributed to the districts to support reporting against the PRDP strategic objectives.

Data collection for monitoring of the PRDP is to be supported by a new management information system (MIS), the Northern Uganda Data Centre (NUDC), currently under development. NUDC will be responsible for collecting and disseminating information related to the developments in the region. The system will use information from the Uganda Bureau of Statistics (UBOS) and sector monitoring systems thus acting as a consolidated information centre for the Northern Uganda districts.

While the proposed new committees, units and systems mentioned above will result in additional transaction costs to monitor the PRDP, it can be justified as an approach in ensuring that the PRDP priorities are taken into account in the regular planning, budgeting and execution process at all levels of GoU.

1.2.5 Budget and financial requirement

As a “master plan” the PRDP is estimated to cost 606 million US dollars over a three year period. Evidence from other sector specific costing exercises indicates a much higher level of financial requirement to reduce the regional imbalance between North and South in the various sectors. Furthermore, there are disagreements between different GoU institutions as to whether the costing of PRDP was an estimate of the need for additional funding or reflecting the total needs including current allocations.

There has been discussion both within government and between government and development partners on the need for a new costing exercise. The discussion on the need for new costing exercise and the question of additionality reveals the complexity of introducing a cross sector program as a “master plan”, with parallel planning and budget processes. A new costing exercise may be useful for analytical purposes. However, such an exercise requires substantial additional time and resources and it may be questioned what added value this information will have for the planning and budget process of by local governments, sector ministries and MoFPED.

The issue should be how the GoU will promote integration of the PRDP objectives in sector programmes and local government plans and how they will allocate additional resources benefiting PRDP districts. As a first step GoU has already identified certain budget votes (national as well as district votes) as relevant for supporting the PRDP objectives (similar to the Poverty Action Fund).

Some additional funds have already been provided for PRDP districts by changes in prioritisation within national level sector allocations. The level of grants to PRDP districts has also increased from 2007/08 to 2008/09 while there has been a reduction in grants to non-PRDP districts. This reflects a priority change between PRDP and other districts.

The actual PRDP districts share of centrally managed programme allocations are not easy to quantify since they cut across districts. This fiscal year the total budget for national programmes (such as roads) has also increased more than the budget transfers to districts. Accordingly, overall prioritisation of PRDP districts depends on to what extent allocations for national level votes also benefit PRDP districts.

What needs to be agreed upon is how GoU intends to prioritise PRDP. Specifically this means to what extent GoU will promote PRDP district allocations in the future, through changes in allocation formulas/procedures for existing grants and increased allocation on local government budget votes, and/or by introduction of a new PRDP grant. It also relates to how they will promote an increased share of national votes for PRDP priorities.

Consultations with GoU representatives both at national and local government levels suggest that funding for the PRDP priorities are partially based on the assumption that humanitarian assistance channelled by donors through NGOs and UN agencies for Northern Uganda can be shifted to regular on budget support for PRDP. Although some donors have indicated increased transitional and development funding to the North and thereby their total allocations to Uganda, there is already evidence in Northern Uganda of a “gap” in funding in the transition from humanitarian assistance and to longer term development funding. For most donors humanitarian assistance is allocated through “global” votes and prioritised between emergency situations and not allocated to a specific country. It is therefore fair to assume that when humanitarian assistance to Northern Uganda is phased out, total donor funding to Uganda is likely to be reduced with a similar amount.

Additional external resources for PRDP priorities will therefore primarily have to be provided by reallocating donor and domestic revenue through the budget process. However, in the short to medium term, the UN Consolidated Appeal Process (CAP) and other humanitarian efforts may be able to bridge some of the funding gaps for recovery until the regular GoU budget process becomes the main means of supporting additional requirements for PRDP districts.

1.2.6 Funding PRDP as a policy framework

When deciding on a donor funding arrangement, it requires first of all a definition of what is to be funded;

- PRDP should be regarded as a policy framework for allocation of additional resources to the districts of Northern Uganda, which is planned and executed under the regular planning and budgeting process. It should not be regarded as a “master plan” or conventional programme. The success of PRDP should be measured against change in GoU allocations in favour of PRDP objectives.
- Support to PRDP as a policy framework should take the following issues into consideration;
 - That a clear political leadership is shown to achieve consensus among main GoU institutions, in particular the OPM and the Ministry of Finance, Planning and Economic Development (MoFPED) on what the PRDP is and how the PRDP priorities are to be implemented through the regular planning and budgeting process of the GoU.
 - That the targets are clearly defined to measure change which can be attributed to implementation of the PRDP priorities.
 - That an internal GoU grant allocation mechanism is designed which will promote change in resource allocation in favour of districts in Northern Uganda and to allow

monitoring of this change in a transparent manner.

- That the GoU promotes the PRDP more widely as a policy framework among all stakeholders with a stronger focus on conflict sensitivity in its implementation.
- That change in allocations in favour of the most needed districts in the north is sustained in order to reduce the gap in the short to medium term and that the outcomes of the recovery efforts can subsequently be sustained.

The next issue is to decide on what is to be achieved in order to monitor actual results of the aid effort;

- The main indicator (or target) should be change in resource allocation for PRDP districts, on all national and district votes. For national votes it requires an agreement on how to measure the share of these votes that benefits PRDP districts. The assumption is that more public sector resources for the PRDP districts will result in higher levels and better quality service delivery, which eventually will further improve general development indicators. This is recommended despite that the counterfactual can not be determined and attribution of change only to public sector interventions has limitations.
- Furthermore donor funding “on budget” requires an agreement on how resources will be transferred internally by GoU in order to measure actual change in resource allocation for PRDP districts. For national programmes (sector ministries) it should be incorporated in the regular budget process as an additional consideration to be made when deciding on intra-sector allocations (as the case has already been for some sector ministries).
- For local governments it should be made visible through establishing a new PRDP grant over and above existing grant allocations for districts. This will ensure visibility and respond to expectations created.
- In addition it should be considered to monitor growth in total allocations on local government budget votes compared to growth in the national budget and/or growth for non-PRDP districts. This will determine if PRDP districts are actually being prioritized in the national budget and hence improve transparency that PRDP actually generates additional resources at local government levels.

1.2.7 Proposed aid instrument

The proposed aid instrument to support PRDP prioritisation would be “budget support”, i.e. a Treasury model for disbursement. The main issue is then to what extent part of existing external funding commitments, like for general budget support (GBS), should be shifted to target PRDP priorities (“earmarked”).

This appraisal proposes to open a PRDP “budget support window”. It will be an arrangement in which DPs enter into agreement with GoU providing direct budget support linked to actual changes in resource allocations in favour of the PRDP districts and/or specific targets related to the PRDP priorities. It could be a form of “earmarking” in monetary terms in the sense that the actual annual growth in resource allocation in favour of the PRDP districts should exceed with an agreed amount the total allocation from the DP (notional earmarking similar to sector budget support). For the current fiscal year (2008/9), this condition appears to already have been met when comparing current pledges made by Norway and Sweden with growth in actual resource allocations for PRDP districts provided that actual execution will be in line with budget allocations.

An additional argument for opening a second “budget support window” linked to PRDP priorities is to reduce risks associated with general budget support. GBS is linked to a much wider political agenda which makes these resource flows highly volatile as evidenced by numerous studies of program aid/general budget support. The application of more than one aid instrument may reduce risks associated with shifting donor conditions, policies and priorities.

1.2.8 Harmonised donor support through a Joint Financing Arrangement

Some donors (Norway, Sweden and Denmark) have started preparing a Joint Financing Arrangement (JFA) for on-budget support to PRDP. Based on the observations from this appraisal and review of the draft JFA, the current JFA needs to take into account the following;

- It needs to define PRDP in public financial management (PFM) terms; i.e. reach an agreement with GoU on which votes are to be included as PRDP votes (similar to the PAF arrangement) and how to estimate PRDP share of votes funding national programmes.
- It needs to define clearly targets associated to the support provided and which reports are to serve as monitoring of PRDP against these targets.
- The JFA needs to specify what systems and procedures will be applied for external oversight in respect of performance reporting on PRDP.
- Finally, the JFA needs to specify clearly the actual disbursement arrangement including reporting on fund releases from donor to treasury revenue account including reconciliation of financial statements from donors, Bank of Uganda and Treasury.

For donors like Norway and Sweden, the process of designing and negotiating a JFA has already started. Several of the above elements should be addressed if the JFA is to serve as a multi year multi donor framework. If an agreement on a JFA between the donors can not be reached before the end of the donor’s current fiscal years (calendar year), disbursements within the Uganda current fiscal year could be guided by regular bilateral agreements. It will still be required by each donor to reach an agreement with GoU on a target for resource allocation in favour of PRDP districts, which votes that constitutes PRDP, what information to be provided by GoU to serve as evidence of change in actual resource allocation, how this information will be verified and how funds are to be disbursed in favour of a treasury revenue account.

1.2.10 Risk factors and mitigating actions

PRDP itself is intended as a mitigation instrument in terms of the overriding risk factor, i.e. return to conflict. In addition to the risks related to a return to conflict, insecurity, lack of commitment to national peace building and reconciliation, the appraisal has identified three additional risks factors related to the PRDP:

- the low awareness and capacity for conflict sensitivity in planning and execution;
- sustainability related to long term GoU commitment; and
- low public sector management capacity levels prevailing in the PRDP districts including specific fiduciary risks associated to these capacity constraints.

From a donor perspective the main risk factors and mitigating options should be considered as the following;

- The risk of reversal into violent conflict is according to several official documents perceived as low. If some of the strategic objectives are successfully achieved they are by themselves mitigating factors. However, there are few if any preparedness/contingency plans (in sectors or at Local Government level) in the event of a deterioration of the security situation and return to armed violence. Donors should raise this concern in all relevant sectors and processes in which they are actively engaged..
- Low awareness of the PRDP and low capacity for conflict sensitive implementation at both national and local government level could result in the allocation of the PRDP funds in ways that strengthen rather than reduce existing divisions. Strong leadership by GoU, promoting the PRDP more widely as a policy framework among all stakeholders with a stronger focus on conflict sensitivity in the implementation, is a mitigation factor. Development partners should continue to engage with relevant Ugandan stakeholders on the implementation of the cross cutting concerns of gender, human rights, HIV/AIDS and environment as well as promote tools for conflict sensitivity.
- The issue of sustainability is among others related to GoU sustaining its commitment to PRDP priorities beyond the limited three year time frame of PRDP, including the extent to which the grant allocation systems are perceived as fair and targeting the districts with highest needs. The mitigating action from a donor perspective would be to ensure that the grant system serves to allocate additional resources in accordance with PRDP priorities and to shift total allocation to targeted districts in the medium term.
- Public sector management risks including fiduciary risks are the same as for general/direct budget support (GBS). Several reviews of PFM issues related to GBS and other process point to the main risk factors. They report on continued improvements in GoU PFM systems and procedures. However, some risks observed by this mission require more attention. They are not specifically related to PRDP an as such should be addressed in the general dialogue on PFM issues and processes to improve public financial management at all levels of government;
 - Low staffing levels and ability to retain qualified staff due to lack of basic facilities and amenities has adverse impact on key functions like internal audit and control as observed in the districts visited. PRDP priorities include emphasis on increasing staffing levels and incentives to retain staff and focus should accordingly be on ensuring that adequate increase in resources for staffing are made by real growth in unconditional and conditional grants for PRDP districts.
 - In several of the local governments visited planning appeared to have taken place in a “participatory” process. However, political interventions by local councils during execution has in some districts altered implementation and has resulted in fewer resources for priority interventions, i.e. reducing value of the district development plan and annual budget as management tools.
 - Low management capacity, weak discipline in relation to GoU regulations and weak internal control systems has for some districts resulted in significant amounts of unauthorised expenditures. The mitigating factor is to closely monitor compliance with GoU public financial management regulations and ensure follow up to audit qualifications.
 - The quality of external oversight varies significantly at district levels. While external auditors conduct timely audits of district level accounts, they appear to have a backlog of

more than three years concerning sub-counties. The quality of audits actually conducted also appears to vary significantly. This should be further addressed in the regular GoU/donor dialogue on PFM issues.

2 INTRODUCTION

2.1 Scope of appraisal

This report presents the findings of an appraisal of the Peace, Recovery and Development Plan (PRDP) for Northern Uganda¹. The appraisal has covered, among others, the following main tasks (ref. Terms of Reference in Annex I);

- An assessment of the PRDP Planning process and design.
- An assessment of the proposed monitoring system and procedures including proposed indicators for monitoring of performance.
- An assessment of proposed implementation arrangement with emphasis on required institutional capacity.
- An assessment of how key cross cutting issues such as gender, HIV/AIDS, environment, conflict sensitivity and human rights have been addressed.
- An assessment of the relevance and efficiency of the public financial management system with special reference to funding of PRDP.
- An assessment of GoU implementation of the PRDP through the budget for Financial Year 2008/09.
- An assessment of the proposed funding arrangement.
- An assessment of proposed arrangements for donor coordination including assessment of possible joint funding arrangements.
- An assessment of risk factors and mitigating opportunities.

Related to all the above, the team was to give recommendations to how findings of the above should be addressed, with special emphasis on follow up from the Norwegian Embassy and other donors with due consideration for their capacity.

2.2 Methodology and approach

The above tasks were implemented by a combination of a review of documents and consultations during a two week mission to Uganda in October. During the mission the team consulted representatives of key government institutions such as the Office of the Prime Minister (OPM), Ministry of Finance, Planning and Economic Development (MoFPED), the Ministry of Local Government (MoLG), the Ministry of Health (MoH), Ministry of Education and Sports (MoES), Ministry of Water and Environment (MoWE), Ministry of Works and Transport (MoWT), donor representatives as well as representatives of Non-Governmental Organisations (NGOs). It included also consultations with District and sub-county officials in the four districts of Gulu, Amuru, Lira and Amuria (ref. annex II – list of persons consulted).

¹ “Peace, Recovery and Development Plan for Northern Uganda 2007–2010”, September 2007.

A specific framework was developed as a tool to guide the appraisal process. The framework contained the main appraisal questions including which issues related to each question to be raised in consultations. It included a list of documentation that would be required to verify information and to conduct analysis related to likely impact of PRDP on districts in Northern Uganda. A similar framework was developed to guide the process of information and data collection in districts and at sub-county levels.

The frameworks developed assumed that PRDP was as presented; a “master-plan” for development of the districts of Northern Uganda. However, as the appraisal proceeded it became evident that PRDP lacked major elements to serve as a master plan. Subsequently the tools developed were applied more as guidance to assess what PRDP actually is, and what contribution it may have as a policy document in guiding planning and annual budget processes, rather than as a planning document in itself.

The appraisal team consisted of, Randi Lotsberg and Erlend Nordby, the Norwegian Agency for Development Cooperation (Norad), Anne Nkutu, Nordic Consulting Group (NCG), Uganda, and Jens Claussen, NCG, Norway (team leader). The appraisal commenced 1 September 2008 and included a two week mission in Uganda from 5 – 17 October.

3 BACKGROUND

3.1 Poverty and Conflict in Uganda

Most parts of Uganda have for the last two decades enjoyed relative peace and economic stability. Through prudent macro-economic management measures that have supported continued GDP growth, the country has been able to improve the welfare standards of its population and to reduce the number of people living below the poverty line, i.e. from 56% in 1992 to 31% in 2006. Key social indicators with regards to access to primary education, health care, gender equality and HIV/AIDS prevalence have improved significantly. However, these developments do not represent a uniform picture of the country and there remain significant regional disparities. Particularly those regions in the North that have been most severely affected by violent conflict have not experienced any of the improvements seen elsewhere in the country.

The northern and north-eastern districts of Uganda have been affected by two separate but long running violent conflicts led by the Lord's Resistance Army (LRA) and the Karimojong warriors respectively. The Centre North (the current districts of Amuru, Gulu, Kitgum, Pader) have been at the centre of the LRA's 22 year old rebellion which began around 1986 and later spilled over to the Lango and Teso sub-regions. The Teso region (Amuria and Katakwi districts) and parts of Kitgum, Pader and Oyam have suffered not only from the LRA incursions, but also cattle raids from the neighbouring Karimojong tribes. The north-western districts have also been affected by the LRA-conflict, but are considered to be in a more stable post conflict situation. The relative marginalization of northern Uganda follows from a history of militancy, ethnicity, political marginalization, proliferation of small arms, as well as increased food insecurity and climatic and environmental challenges..

Both conflicts have had an adverse impact on the communities and the region as a whole, in terms of the trauma of repeated experiences of gross human rights violations²; economic losses and population displacement. At the height of the insurgency (2002 -2004) approximately 1.8 million people in this region were forced to live in deplorable camp conditions, making the situation in the north the third, among the 10 worst internal displacement situations in the world³.

The combination of insecurity, population displacement, a breakdown of social infrastructure, loss of assets and subsequently livelihoods have contributed to the high poverty levels in the region which range between 61% – 70%, more than double the national average of 31%⁴. Two decades of war have widened the poverty gap between the North and the rest of the country from 17% in 1992 to 30% in 2005/06. Today, almost half (44.3%) of the poorest 20% in Uganda live in Northern Uganda. In addition, while poverty levels fell significantly in all other regions in Uganda between 1995 and 2006, poverty levels in Northern Uganda remained the same. The north also compares poorly with other regions on all major social indicators and scores significantly lower than the national average.

3.2 Peace Prospects for Northern Uganda

Peace prospects for Northern Uganda have improved significantly in recent years following calls for mediated and a negotiated peace agreement and subsequently a significant shift in GoU's approach to the LRA problem. In 2006, the GoU signed a Cessation of Hostilities agreement with the LRA, which was followed by protracted peace talks in Juba. While appearing to offer the greatest chance for peace for the region, the talks experienced several hitches, and ended earlier this year before a comprehensive peace agreement was signed. This has in part been attributed to the impasse around the International Criminal Court (ICC) indictments on some of the LRA leaders.

² Abductions, forced conscription, murder, mutilation, rape and other forms of sexual violence,

³ IDMC/ NRC: Internal Displacement - Global Overview of Trends and Developments in 2005

⁴ 2005/06 National Household Survey

Despite these challenges, the peace talks have given the communities some level of hope and optimism needed to embark on the long process of recovery. Since 2007, large numbers of IDPs have moved to either their original homes or transit sites located in the parishes nearest to their homes. The figures vary across the region with those in the less affected Lango region at 95% to 30%⁵ in areas such as Amuru and parts of Kitgum. The reasons for the slow return in such areas are complex and related to long time displacement, insufficient sensitization of the displaced population on the options available to them, lack of basic services and infrastructure in return areas, and continued security concerns on Karimojong incursions and the presence of unexploded ordinances.

3.3 Recovery efforts for Northern Uganda

In cognizance of the challenges being experienced by the communities in the conflict affected districts, the GoU has put into action a number of measures aimed at enhancing the protection of the civilian population and bringing the region to normalcy. As part of its response to pillar 5 of the PEAP – *security and conflict resolution*, the GoU has developed the IDP policy and programmes including the Emergency Humanitarian Action Plan (EHAP), Northern Uganda Reconstruction Programme (NURP) and the Northern Uganda Social Action Fund (NUSAF). Whereas these interventions have registered some progress, the GoU has raised concerns as to their effectiveness due to inadequate resource flows; lack of coherence, poor co-ordination; absence of strong local government structures; poor accountability systems and their short term nature, among others.

Table 1 - Northern Uganda districts in a conflict framework⁶

CONFLICT STATUS	SUB-REGIONS AND DISTRICTS
Post Conflict: armed rebellion ended, resumption of normality and realising stability; development investments needed	North West – (West Nile) sub-region: Arua, Koboko, Nyadri, Adjumani, Moyo, Nebbi, Yumbe
Armed rebellion: rebellion still ongoing in some districts with spill-over effects; emergency and stabilisation investments needed	North Central – (Lango, Acholi and IDP hosting Districts) sub-region: Gulu, Amuru, Kitgum, Pader, Lira, Dokolo, Amolatar, Apac, Oyam, Masindi and Bullisa
Lawlessness and underdevelopment: armed civilian population and destruction of property through inter-ethnic conflicts with spill over effects, stabilisation and development investments needed	North East – (Karamoja, Elgon and Teso) sub-region: Moroto, Kotido, Abim, Kaabong, Nakapiripirit, Kapchorwa, Bukwo, Sironko, Mbale, Soroti, Kumi, Bukedea, Pallisa, Budaka Katakwi, Amuria, Kaberamaido, Butaleja, Tororo and Busia

It is against this background that the GoU in 2006 embarked on the process of formulating the Peace, Recovery and Development Plan (PRDP) in an effort to stabilise and support recovery in the North through a set of coherent programmes under one organising framework. The PRDP is expected to serve many purposes including:

- Mobilising additional resources to support development efforts and reduce the economic disparities between the north and the south;
- supporting the (on-going) political dialogue and the commitments agreed upon;
- delivering the peace dividend;
- promotion and restoration of peace and security in the region.

⁵ UNOCHA – Planning Matrix, August 2008

⁶ Source: PRDP document.

4 OVERVIEW OF PRDP

4.1 PRDP design

The overall goal of the PRDP is stabilization in order to regain and consolidate peace and lay the foundations for recovery and development in Northern Uganda. PRDP was initially conceived as a “master plan” for Northern Uganda. The general target of the “plan” is to promote development of the districts of Northern Uganda to achieve “national average” concerning main social and economic indicators.

The PRDP document has been designed with four strategic objectives and associated interventions to achieve the above overall objective. An overview of the “plan” with its 14 “programmes” is provided in table 2.

Table 2 – PRDP components and “programmes”

CONSOLIDATION OF STATE AUTHORITY	
1	Facilitation of Peace Agreement Initiatives
2	Police Enhancement
3	Judicial Services Enhancement
4	Prisons Enhancement
5	Restructuring of Auxiliary Forces
6	Local Government Enhancement
REBUILDING AND EMPOWERING COMMUNITIES	
7	Emergency Assistance and Internally Displaced Persons
8	IDP Return/Resettlement
9	Community Development Programme
REVITALISATION OF ECONOMY	
10	Production and Marketing Enhancement
11	Infrastructure Rehabilitation and Urban Improvement
12	Land, Environment and Resource Management
PEACE BUILDING AND RECONCILIATION	
13	Information Education and Communication and Counselling
14	Amnesty, Demobilization, Reintegration of Reporters Programme

Strategic Objective 1 - Consolidation of State Authority

The PRDP document proposes investments to create an enabling environment for stabilizing the political, economic and social conditions in Northern Uganda. It will include activities to transform the current security framework to reinforcement of civilian administration including civilian police, and other law and order agencies. Six “programmes” are planned to be implemented under this component:

Facilitation of Peace Agreement Initiatives - This programme will finance the costs involved in cross border movements, facilitating reunification with returning families, consultations on implementation, logistics as well as other support identified to ensure the consolidation of peace in the post agreement phase.

A Police Enhancement Programme – The purpose is to increase the police presence in Northern Uganda by funding additional trained and fully equipped police, among others to strengthen community policing.

Judicial Services Enhancement Programme – The purpose of this programme is to re-establish a functional legal and judicial system in the North. It will include funding for prosecutorial staff, judges and courts. Mechanisms will be established to solve land conflicts and other land access and tenure-based problems. In addition; existing legal services such as those provided by NGOs, the private sector and other legal service providers will be provided support to strengthen outreach of judicial services. It will include recruitment and deployment of Principal State Attorneys, Senior State Attorneys, State Attorneys and State Prosecutors. Investments will be made for the construction of State Attorney’s Stations and equipping them with vehicle, furniture, computers, telephones, solar panels.

Prisons Enhancement Programme - The purpose of this programme is to increase the prison capacity by renovation and expansion of existing facilities.

Rationalization of Auxiliary Forces Programme - The programme will involve replacing the auxiliary forces with regular police.

Local Government Enhancement Programme – While the above proposed interventions is under centralised management of the GoU, a separate programme is proposed under this strategic objective to strengthen local government. The purpose is to strengthen local government administration to execute and coordinate PRDP related activities. The PRDP document proposes additional resources made available e.g. from LGDP for coordination and management of programmes; recruitment of in key posts required in a post-conflict situation, an operations manager to assist the Chief Administrative Officer in implementation of PRDP activities; systems for community monitoring of service delivery and additional resources to strengthen local government capacity for coordination through additional central government transfers, local government resources and other resources from other partners.

Strategic Objective 2 - Rebuilding and Empowering of Communities

The focus of this component is to strengthen communities in order to plan and control their livelihoods. It will include additional resources for basic services.

Emergency Assistance and Internally Displaced Persons Programme – This programme is targeting IDPs with transitional humanitarian assistance for those IDPs who would not have returned to place of origin. It will include support to the Uganda Police Force to increase police presence in the region through recruitment, deployment and opening new posts (ref. Police Enhancement Programme above), opening up emergency access roads, procurement of resettlement packages/kits for returning IDPs,

strengthening the judicial and justice system (ref. Judicial Services Enhancement Programme), support to Local Governments to re-establish public administration at sub-county level and strengthening the coordination mechanisms for humanitarian action both at the national and District level (ref. Local Government Enhancement Programme mentioned above). It also includes as sub-programme for support to livelihood programmes for promoting income generating activities for IDPs (ref. strategic objective 3).

IDP Return/Resettlement Programme – The programme will support facilitation at pre-departure and at point of arrival.

Community Development Programme – Under this heading several sector initiatives are listed including health, education, water and livelihood support. In education includes regular investments also included in the education sector programme such as investments in classroom construction; teacher training, provision for school materials; support to alternative education. In water it includes investments in gravity flow schemes, protected springs, boreholes and shallow wells and provision of education on sanitation and hygiene. Health services will be strengthened by investments in more health facilities and provisions to retain health persons in the region.

Strategic Objective 3 - Revitalization of the Economy

This component under PRDP focuses on private sector development by means of investing in basic infrastructure to promote income generating activities.

Production and Marketing Enhancement Programme –This programme includes provisions for investments in agriculture, livestock and fisheries including investments in marketing and distribution systems as well as outreach through extension services.

Infrastructure Rehabilitation and Urban Improvement Programme – The programme includes investments in roads, bridges and power supply and distribution. It will focus on roads in high return areas and in the areas where IDP camps are located as well as national trunk road and feeder road investments. As part of the strategy for rural electrification, District Headquarters and areas with a potential for economic activities, especially agro processing will be targeted.

Land, Environment and Natural Resource Management Programme - The programme includes mobilisation of local government and communities to form environment management structures and committees and sensitise communities on sound environment management and use of natural resources; establish community nurseries and woodlots and encouraging farmers to institutionalise tree planting and agro-forestry as well as promoting use of energy saving devices.

Strategic Objective 4 - Peace Building and Reconciliation

The overall objective for the programmes under this component is to put in place mechanisms for rehabilitating the victims of war and facilitating their re-integration into the communities and strengthening the local conflict resolution mechanisms and the relationship between civilians and government/public administration.

Information Education and Communication (IEC) and Counselling Services programme – The programme will be implemented through information dissemination activities to reach out with information on PRDP to beneficiaries and stakeholders;

Amnesty, Demobilization and Re-integration of ex-combatant Programme (ADRP) – This programme will provide resettlement packages to the ex-combatants, facilitating reunification with their families and the community and providing opportunities to access existing service providers and income generating opportunities.

The overall PRDP strategy is to address the unique challenges of each of the three sub-region (North West, North Central and North East including Karamoja) based on the conflict status and the extent of vulnerability.

4.2 PRDP management and implementation

As per the PRDP document, PRDP will be *managed* and *coordinated* under the Office of the Prime Minister (OPM). The PRDP will be under the *Political supervision* of the Minister of State for Northern Uganda and technical management of the Permanent Secretary, Office of the Prime Minister.

Ongoing programmes in the North such as the Northern Uganda Social Action Fund (NUSAF), Northern Uganda Rehabilitation Programme (NUREP), Karamoja Integrated Disarmament and Development Plan (KIDDP), Transition to Recovery Programme, Mine Action Programme, Northern Uganda Youth Rehabilitation Programme, Northern Uganda Youth Centre, North West Small Holder Agricultural Programme and the Northern Uganda Data Centre (NUDC) are to be realigned to the objectives of the PRDP.

Policy and budget oversight will be undertaken by the Northern Uganda Rehabilitation Policy Committee (NURPC) chaired by the Minister of State for Northern Uganda Rehabilitation. The NURPC will meet once every two months and will be responsible for advocacy and resource mobilization, ensure coherence and consistency of PRDP Programmes with national policies, review the on-going interventions and advise on broad Government policy changes in the context of the North.

A PRDP Monitoring Committee (PMC) will be established under the leadership of OPM, in which stakeholders including DP's will meet once every quarter to discuss implementation of the PRDP, as well as other matters pertaining to the development of Northern Uganda. This forum is to be formed out of the Joint Monitoring Committee (JMC) overseeing the Emergency Humanitarian Action Plan.

Management and Coordination of the PRDP will be undertaken by a secretariat within OPM. The secretariat will establish close links with the sector Ministries and Local Governments as well as DP's and NGOs operating in the North, to ensure harmonization of actions towards achieving the common objectives of the PRDP.

Sector technical planning and coordination will continue to be done by the sector Ministries and Local Governments. Hence, execution is to a large part to be performed under the regular system and procedures for implementation sector programmes and district development plans (DDP). The Chief Administrative Officers (CAO) will be responsible for the general management and coordination of the PRDP at the Local Government Level, i.e. developing implementation plans and overseeing and managing the PRDP. In each PRDP district the CAO is to appoint a PRDP Liaison Officer, whose task is to follow up on the implementation of the PRDP in close collaboration with all the stakeholders that are operating in the District.

4.3 PRDP budget and financing

The total PRDP cost is estimated at 607 million USD including 17.7 million USD costs for management and monitoring of PRDP implantation. Within several of the "programmes" additional provisions are also made for management tasks such as coordination, oversight and facilitation of programme implementation, including funding for staff positions at the central and local government to undertake these tasks.

Table 3 presents the budget with costing of PRDP components based on inputs from Central GoU ministries and PRDP districts.

Table 3 – PRDP cost estimates⁷

		In bln UGX	In mill USD	Percent
CONSOLIDATION OF STATE AUTHORITY				
1	Facilitation of Peace Agreement Initiatives	10.6	5.9	1
2	Police Enhancement Programme	103.7	57.6	10
3	Judicial Services Enhancement Programme	12.4	6.9	1
4	Prisons Enhancement Programme	21.7	12.1	2
5	Restructuring of Auxiliary Forces Programme	26.3	14.6	2
6	Local Government Enhancement Programme	85.1	47.3	8
	Sub-total	259.8	144.3	24
REBUILDING AND EMPOWERING COMMUNITIES				
7	Emergency Assistance and Internally Displaced Persons Programme	34.7	19.3	3
8	IDP Return/Resettlement Programme	70.2	39.0	6
9	Community Development Program.	412.6	229.2	38
	Sub-total	517.5	287.5	47
REVITALISATION OF ECONOMY				
10	Production and Marketing Enhancement Programme	53.9	29.9	5
11	Infrastructure Rehabilitation and Urban Improvement Programme	105.3	58.5	10
12	Land, Environment and Resource Management	93.9	52.2	9
	Sub-total	253.1	140.6	23
PEACE BUILDING AND RECONCILIATION				
13	Information Education and Communication (IEC) and Counselling Services	11.4	6.3	1
14	Amnesty, Demobilization, Reintegration of Reporters Programme(ADRP)	18.1	10.1	2
	Sub-total	29.5	16.4	3
	PRDP Management costs	31.8	17.7	3
	TOTAL PRDP COSTS	1,091.7	606.5	100

The proposed modalities for financing the PRDP as listed in the PRDP document include the following;

- Reallocation of national expenditures;
- International co-financing through direct budget support;

⁷ Source; PRDP document and detailed cost estimates by OPM.

- International co-financing through allocations at the district level;
- Establishment of a multi-donor Trust Fund;
- Parallel projects along the lines of the NUREP and NUSAF.

An underlying assumption for the PRDP document was that it would serve to mobilise additional funding to the state budget in order to increase resource allocation for Northern Uganda. Within the current fiscal framework the GoU would reallocate resources with priority for PRDP districts. However, in order to fund the planned increase in levels of activity, it is also assumed that some of the past humanitarian assistance will be reallocated by development partners as additional budget support or project tied aid to meet the additional financial requirement for the three years PRDP is initially planned for.

5 ASSESSMENT OF PRDP

5.1 Planning process

The PRDP is, according to the PRDP document, a result of a long and to a large extent participatory process. For clarity of the process the main stages (mainly as described in the PRDP) are described in the box below.

Box 1 – PRDP planning process

2005: The launch of President Museveni's 14 point plan for recovery in Northern Uganda⁸. OPM was given the responsibility to coordinate the formulation of a program taking these points into account.

June-August 2005: The establishment of an Inter-Ministerial Technical Committee (IMTC) chaired by the Permanent Secretary of OPM, tasked with analyzing the situation in the North and developing the PRDP. The IMTC was supported by a Technical Secretariat, comprised of officers from the various ministries some institutions under the respective ministries, like the Amnesty Commission. An adviser financed by the World Bank was attached to the Secretariat from 2005.

June-August 2005: IMTC collected base line data and reviewed various research and studies on the North⁹ and experiences with previous interventions¹⁰, ministerial policy statements and reports and plans from developing partners and NGOs.

August-December 2005: Three sub-regional meetings were held with local governments to prepare district recovery plans, which IMTC reviewed. Consultations were held with sector working groups as well as developing partners (November-December).

July-August 2006: Further consultations with all stakeholders in the finalization of the first draft

July 2006: GoU launched the Emergency Action Plan for Northern Uganda and the Joint Monitoring Committee to oversee this plan, later to have inspired the PRDP monitoring Committee¹¹.

September-October 2006: A first draft PRDP sent to stakeholders (Government Ministries, Development Partners and NGOs) for comments.

January 2007: The Karamoja Integrated Disarmament and Development Programme (KIDDP) was revised to adapt to changing events on the ground. It is seen as an elaboration of the Karamoja component of PRDP.

March 2007: A second draft PRDP was circulated for consultations and additional comments. Further consultations were held with local governments the following two months to check if their priorities were reflected and to ensure collective ownership of the PRDP. In parallel the Karamoja Integrated Disarmament and Development Plan (KIDDP) was developed and partially integrated into the PRDP.

August 2007: PRDP approved by Cabinet. More districts not traditionally considered part of the North were added, such as Masindi, Tororo and Mbale.

October 2007: Official launch by President Museveni

December 2007: Discussions on the PRDP financing strategy held at the National Budget Workshop.

2008: Districts asked to submit additional needs assessments – referred to as a “costing exercise”

February 2008: PRDP planning and stakeholders consultative workshop

June 2008: Funding strategy and PRDP budget presented in the National Budget Framework Paper.

The planning process was driven by the Office of the Prime Minister (OPM), which is mandated with the coordination and oversight of business cutting across Government¹². Local government officials in

⁸ Fourteen points listed in Ch. 1.2, p. 18-19, but the following text refers to twelve points. Date not specified.

⁹ Such as the Northern Uganda Survey commissioned by OPM, conducted by Uganda Bureau of Statistics (UBOS) in 2005

¹⁰ In particular Northern Uganda Rehabilitation Project (1992-1997) and Northern Uganda Social Action Fund (2003-), both funded by the World Bank, but also the process of designing the new Northern Uganda Rehabilitation Programme (NUREP) funded by the European Commission (Dec. 2006-Dec. 2010).

¹¹ The JMC was welcomed by development partners and NGOs as a forum for high level dialogue with GoU on the situation in the North. External actors pressed hard for GoU to include district representatives in the JMC. This process may have led to delays in finalising the PRDP, but may also have positively influenced GuU to involve district more in the PRDP planning.

¹² The state ministers responsible for Disaster Preparedness, Northern Uganda and Karamoja are attached to OPM.

the Acholi region have spoken approvingly of PRDP consultations held there in 2006.¹³ There is however no evidence to suggest that GoU/OPM initiated or encouraged consultation with the population in the North (including IDPs in the camps or in transition). Such consultation would have been particularly valuable in areas with minimal state and local government level functions, such as in the Acholiland and Karamoja regions. Sub-county and village representatives seem also not to have been engaged widely¹⁴.

OPM engaged directly with district authorities in the planning process, thus undermining the regular sector approach widely recognized as core to the Ugandan Government's development efforts. In spite of the establishment of the Inter Ministerial Technical Committee (IMTC), there is evidence to show that key ministries such as the Ministry of Finance, Planning and Economic Development (MoFPED), Ministry of Local Government (MoLG) and major sector ministries such as Ministry of Health (MoH), Ministry of Education and Sports (MoES) and Ministry of Water and Transportation (MoWT) were not adequately engaged at institutional level.

The PRDP document argues that earlier interventions in conflict affected areas had assumed that state authority was functioning normally and therefore was based on a regular poverty reduction strategy. An overall strategic framework appropriate for a conflict setting was lacking. It refers to wide agreement amongst stakeholders in 2005 that i) the PRDP process would acknowledge the overall resource envelope determined by Medium Term Expenditure Framework (MTEF) ceilings, but with the possibility of additional external resource mobilisation and ii) that a sector approach was not sufficient and iii) that the process was as important as the product and iv) that the needs rather than resources were the primary determinant of setting objectives and targets.

Such statements open a plethora of options, including de-link from regular planning and budgeting processes, which as mentioned had been identified as a major weakness of previous interventions. Throughout the planning period various stakeholders appear to have had different ideas about what PRDP should be, from simply more project funding for the North, to a broad master plan or an overall strategic framework. The apparent lack of a strong vision and coherent leadership throughout the process, together with the Executive's repeated statements that the LRA conflict could be solved militarily, seem to have led to unclear messages as well as doubts about high level GoU ownership to the PRDP.

High ambitions by some to present a complete solution to the North, as well as a conceptual confusion about PRDP and lack of clarity on roles and responsibilities, are likely to have led to delays in the planning process and consequently for the implementation of PRDP. Even after the plan was launched, OPM engaged districts in a new, comprehensive top-down costing exercise to identify the financial gaps to be filled in order to bring the development in the North up to the national level. The idea was to link these to the District Development Plans and the normal budget process.

Consultations with sector ministries and districts during the appraisal clearly showed that there is still no uniform conceptual understanding of what PRDP is. While some would claim it is a master-plan which the design team in OPM had been given as a task to formulate, many sector ministries claimed that PRDP was a policy framework to guide regular planning to increase priority to PRDP objectives. PRDP districts consulted including sub-county level administration understand PRDP to be a mechanism to ensure additional resources (either through regular grants or a special PRDP grant) to fund the PRDP priority projects they have been requested to present.

In conclusion, assessment of needs and priorities of the PRDP was based on a wide range of available documentation and a broad but in certain aspects limited participatory process. However, the approach

¹³ CICS – Saferworld Helpdesk 2008. Interviews by the Team in October 2008.

¹⁴ Ibid. CSOPNU Policy Brief: Voices from the LRA Affected Areas on the National Peace, Recovery and Development Plan, March 2007.

in designing a “master plan” across sectors and local governments, conflicts with the regular planning and budget process, leading to lack of clarity about roles, responsibilities and financing modalities in the implementation phase.

5.2 PRDP design

5.2.1 PRDP; a master plan or policy framework?

The PRDP is set within the framework of the Poverty Eradication Action Plan (PEAP), which provides the general policy framework to guide public sector support to eradicate poverty. It is based on a broad recognition of the four core challenges that the GoU faces in its efforts to improve welfare and promote growth in all parts of the country:

- Restoring security and dealing with the consequences of conflict and improving regional equity, with particular focus on Northern Uganda;
- restoring sustainable growth of incomes;
- enhancing human development;
- using public resources transparently and efficiently to eradicate poverty.

The PEAP responds to these needs with an explicit reference to the goal of recovery and development of the conflict affected areas in the Northern and North Eastern parts of the country. It also notes the various initiatives designed to address post-conflict needs and thus calls for the integration of these initiatives into a coherent plan and programme that addresses the needs of the conflict affected areas.

It could also be argued that without accelerated developments in the North and efforts to reduce the gap between northern and southern districts, Uganda will not be in a position to reach its overall PEAP target of becoming a lower middle income country (LMIC) by 2017.

PRDP was developed as a “master plan” which aims to establish peace, enhance security, facilitate return and accelerate development. The national and district objectives and targets in the PRDP are to contribute to the overall objectives of the PEAP.

As previously mentioned, the participatory process in designing a special effort in promoting recovery and development in Northern Uganda, identified four core issues to be addressed;

- Consolidation of state authority.
- Rebuilding and empowering communities.
- Revitalization of economy.
- Peace building and reconciliation.

These became the four strategic objectives of PRDP. Within these strategic objectives 14 key interventions (“programmes”) have been identified with more than 1000 large and small scale investments in addition to funding of regular positions within central and local government administration and service delivery units¹⁵. All the activities included in PRDP have been based on

¹⁵ This is based on the detailed programme costing spreadsheets that have been the basis for the summary budget presented in the PRDP document.

inputs from central and local government institutions, and then screened by the OPM PRDP design team, applying targets which are assumed realistic within a 3 year time frame. These targets are below the objective of the PRDP to achieve national average standards in northern Uganda.

While PRDP is presented as a “master plan”, it is not clear as to whether it includes all public sector interventions within the strategic objectives or only additional required interventions. Consultations with districts revealed that what they had presented was only additional priority projects over and above what was contained in their District Development Plans (DDP). Some sector ministries presented analysis of requirements for investments and staffing to reach current national average related to service delivery in the northern districts. The costing of the required resources to achieve this target for one sector alone in the Northern districts revealed that it would require an additional resource allocation of more than 1.5 bln. USD i.e. 2.5 times the total PRDP estimated financial requirement.

Reviewing the different programmes under the four strategic objectives, reveals that that PRDP has been designed with a mix of ongoing regular budget funding activities and new activities, without clearly identifying which are ongoing and which are additional. Furthermore, some activities are repeated under different strategic objectives, costed separately and given separate budget lines (double counting)¹⁶.

The assessment of the design process, as well as the underlying costing exercise, reveals that PRDP neither includes all public sector activities in Northern Uganda, nor additional public sector activities proposed over above what features in existing planning and budgeting documents.

In conclusion, while PRDP was conceived as a “master plan” for development of Northern Uganda, it can not serve as a comprehensive plan for implementation of recovery and development in Northern Uganda for the following main reasons;

- The process of identifying recurrent and investment needs for public sector service delivery was by many districts not linked to any specific targets at sector or local government levels. Rather, it was an exercise to identify what they require to fully implement their sector or district development plans. For some districts it was understood as a process to identify what would be required to fulfil vacant positions, upgrade infrastructure and/or meet local priority needs related to investments decided upon by Local Governments.
- The prioritisation of activities under the PRDP has been done by OPM and its design team, i.e. it does not necessarily reflect the priorities of sector ministries and districts.
- PRDP reflects a centralised comprehensive process to development which departs from the current system for planning and management where respective ministries and local governments plan and execute programmes within their own constituencies within an overall policy framework, i.e. not through a centralised approach to planning and management reducing sector ministries and local governments to service delivery units.
- PRDP took three years to develop (since 2005), was launched end of 2007 with some impact on central level budget priorities and transfers in the last two fiscal years. However, few of

¹⁶ Ref among others “Rebuilding and Empowering of Communities” and “Revitalization of the Economy” in which both contains the same interventions for support to livelihood programmes and promoting income generating activities for IDPs and, similar programmes under “Consolidation of State Authority” and “Rebuilding and Empowering of Communities” which both contains similar interventions for strengthening the judicial and justice system and increase police presence in the region through recruitment, deployment and opening new posts.

the activities stated in the PRDP are being implemented. In order to meet priority needs in a fast changing environment most of the activities and planned targets will need to be adjusted. A process of such an adjustment will require additional time in which new events will again change their justification.

- While it is called a plan, it contains few if any targets to make it an operational plan or a framework for implementation.
- On the other hand – it has an annex with a detailed budget reflecting costing of inputs identified during 2005 and 2006 from a “needs assessment” process of those districts which at that time was targeted (new has been added and some districts divided into more districts, at present counting 40 out of Uganda’s 80 districts). This costing has been challenged and led to recognition that a new costing exercise is required to get a more realistic picture of the total resource envelope to achieve the target mentioned above. Accordingly, the estimated resource requirement over the three years is also currently unknown.

Furthermore, PRDP is mostly focused on technical aspects to rebuilding central and local government institutions, improving service delivery and revitalising the economy. It does not offer comprehensive political solutions to peace building and national reconciliation. These aspects are probably best pursued by implementation of the agreement on comprehensive solutions (Agenda Item 2) drawn up in the Juba talks between GoU and LRA.

Recognising the above, PRDP should be considered as a policy framework to guide the regular planning and annual budgeting process and not be applied as a “master plan” based on a centralised planning approach to development of Northern Uganda. As a policy framework to promote PRDP objectives with additional resources to Northern Uganda it qualifies for support provided that;

- Clear political leadership is shown, e.g. final agreement between MoFPED and OPM is reached on what PRDP is and how PRDP priorities are to be implemented through the regular planning and budgeting process of the GoU.
- A definition of baseline and targets over and above regular targets are made to allow monitoring of change which can be attributed to implementation of PRDP priorities.
- That an internal GoU grant allocation mechanism is specified which will ensure an increase in resource allocation to Northern Uganda.
- That the GoU promotes the PRDP more widely as a policy framework among all stakeholders with a stronger focus on conflict sensitivity in its implementation, and
- That change in allocations in favour of the most needed districts in the north is sustained in order to reduce the gap in the short to medium term and that the outcomes of the recovery efforts can subsequently sustained.

5.2.2 Conflict sensitivity

PRDP could potentially be seen as both a peace building plan for Northern Uganda and a road map for conflict sensitive recovery and development in this part of Uganda¹⁷.

¹⁷ This section draws heavily on CICS – Saferworld’s Helpdesk analysis and comments on the PRDP and KIDDP for Sida

Peace building is commonly understood as “a broad range of measures implemented in the context of emerging, current or post-conflict situations and which are explicitly guided and motivated by a primary commitment to the prevention of violent conflict and the promotion of lasting and sustainable peace.”¹⁸ The four broad categories, socio-economic development, good governance, reform of justice and security institutions and culture of justice, truth and reconciliation are often used examples of such measures.¹⁹

The PRDP is set against the historical conflict context in Uganda and attempts to address both the consequences of violent conflict and resolving the grievances and under-development that drove past conflicts and which may give rise to new conflicts. As pointed out by the CICS-Saferworld Helpdesk, the PRDP in its conception and objectives may be seen as thoroughly conflict sensitive, with peace building objectives at its heart. But the PRDP emerges from a historical background of GoU policies and programmes towards the North that have been highly conflict insensitive. Against this background the PRDP rests on an insufficient detailed and differentiated conflict analysis, mainly focusing on symptoms rather than the underlying dynamics of the conflict. Furthermore there has been an inadequate analysis of potential connectors and dividers in peace building in a national conflict setting, and on how to avoid negative impacts of interventions and maximize positive ones.

Confidence- and peace building strategies are underdeveloped, with issues of peace and conflict narrowly defined, mainly boxed into the fourth strategic objective of peace building, recovery and reconciliation and not sufficiently recognised under the other objectives. Furthermore the fourth objective mainly focuses on the micro level, particularly individual and clan levels, and has little to offer in terms of national reconciliation²⁰. The PRDP identifies a number of assumptions²¹ on which its success will depend and which are all important in a broader peace building perspective:

- Good faith and political will to end armed hostilities by all parties;
- Continued improvement in the security situation;
- Greater freedom of movement of displaced populations within an improved security context;
- Sufficient resources for pursuit of the PRDP objectives in line with a review of current Medium Term Expenditure Framework (MTEF) ceilings;
- Continued cooperation and support of international partners for humanitarian and recovery processes within the PRDP framework;
- Reconciliation promoted by all stakeholders;
- Capacity of district local governments and service providers to implement the PRDP;
- Sector policies, plans and programmes will be reviewed and adjusted by central and local governments in light of the conflict/post conflict situation.

(11 February and 7 March 2007, May 2008), The Uganda Strategic Conflict Analysis done by Chris Dolan/Refugee Law Project for Sida (2006) and the CICS/Saferworld Appraisal of the conflict perspectives in the Uganda Justice Law and Order Sector (JLOS) (2007)

¹⁸ OECD/DAC, Guidance on Evaluating Conflict Prevention and Peace building Activities, 2008, drawn from DAC Issues Brief, 2005.

¹⁹ Ibid

²⁰ Is the PRDP a Three-Legged Table? Keynote Speech given at NGO seminar for Scandinavian based International NGOs working in Northern Uganda, Chris Dolan/Refugee Law Project, April 2008

²¹ Ch. 3.3.1 Assumptions

Great improvements are noted in the key areas of security and greater freedom of movement of IDPs. However, there are still a number of challenges and risks that PRDP faces from a peace and security perspective. These are mainly:

- Set-backs in relation to one or more the above listed key assumptions in the PRDP. A key issue relates to the “missing leg” of the PRDP, namely political aspects of peace building and national reconciliation, which has given rise to doubts about the true commitment of GoU to these areas. Furthermore, deterioration in the (perceived) security in the LRA affected areas can have a particularly devastating effect. The LRA currently pose little military threat in northern Uganda. However the potential for further LRA activity still engenders enormous fear within the population and cannot be completely ruled out in the long term. One single LRA attack can destabilize the whole North Central sub-region and lead to renewed displacement, encampment of IDPs and Uganda Peoples Defence Force (UPDF) action insensitive to the needs of the population.
- Policies, plans and programmes have to a limited extent been reviewed and adjusted by central and local governments in light of the conflict/post conflict situation. On the other hand, the key actors are assuming that confidence and peace building will almost automatically follow from implementation of the development and other aspects of the PRDP. This will probably not be the case, particularly since implementation has and inevitably will be slower than planned. This requires active GoU leadership and engagement in this area, including further development of partnerships with local representatives in each PRDP district.
- Low awareness and capacity for conflict sensitive implementation of the PRDP, at both national and local government level. A conflict insensitive PRDP implementation could result in the allocation of PRDP funds in ways that strengthen existing divisions, for example by being perceived to favour certain communities or elite networks over others. Not managing the high expectations across the PRDP districts while it is likely that some areas will be prioritised at expense of others may reinforce perceptions and realities of marginalisation, insecurity and underdevelopment amongst communities and stakeholders who feel that their areas have been neglected. This may in turn fuel existing conflict lines or create new ones.
- Land as a potential conflict source, stemming from long time displacement, loss of authoritative knowledge about actual boundaries, perceived land grabbing by army representatives and expectations of new large scale investments by outside actors as well as inadequate national legislation.
- Poor public information and understanding of the PRDP, particularly in the PRDP districts, likely to contribute to further misunderstandings or unrealistic expectations.
- Inadequate recognition of the need to ensure acceptable sequencing of interventions (in particular related to security and disarmament in Karamoja).
- Lack of coherence and co-ordination of PRDP implementation with other national plans and programs, including KIDDP and the previous West Nile development process, which resulted in a 10 year development strategy (2006-2015), the National Action Plan on Small Arms and Light Weapons Control (NAP)²².
- Limited GoU financial contributions to PRDP strategic objective four; Peace Building and

²² According to the Helpdesk the NAP provides positive elements which can be drawn to promote a balanced and civilian led approach to small arms control within the PRDP and KIDDP.

Reconciliation.

The weaknesses of PRDP from a peace and conflict perspective must be given due attention during implementation. The above suggests that the PRDP needs to be promoted more widely as a policy framework among all stakeholders and with a stronger focus on conflict sensitivity. Key immediate actions from GoU in this regard could be to promote transparency and compliance of rules and regulations, develop comprehensive communication strategies to enhance the understanding of the PRDP (as a policy framework, not a “master plan”), clearly communicate on which basis resource allocations are made, ensure revision of sector plans to improve services delivery on the ground as well as implement the provisions in the Juba agreements related to national reconciliation.

Furthermore, attention should be given to capacity building of sectors and Local Governments to enable them to deliver the best possible quality, accountable and unbiased services to the population in the North. The more detailed recommendations outlined in the various SICC-Saferworld reports should also be considered from the perspective of PRDP as a policy framework. Development partners should continue to promote tools for conflict analysis, conflict sensitive programming in addition to human rights- gender- and participatory approaches amongst all stakeholders, particularly in sectors where they already have an active engagement.

5.2.3 Gender, HIV/AIDS, environment and human rights

The PRDP guiding principles define HIV/AIDS, gender, environment and human rights as cross cutting issues to be mainstreamed in all interventions. There is however generally little description of *how* these cross-cutting issues were considered in the planning and design of the PRDP and of how one intends to ensure that mainstreaming is done. There are critical aspects related to all these issues, not the least weak capacity and competency across national and local institutions to fulfil the ambitious objectives of mainstreaming. These weaknesses are to a large extent linked to the design of PRDP as a “master plan” with mixed inputs related to both ongoing and new interventions.

As the main recommendation is to see the PRDP as a policy framework, these cross cutting issues should primarily be viewed in the context of national policies and plans, and therefore be addressed through existing national and Local Government institutions. With regards to Local Governments it is particularly important to acknowledge that the DDPs are required to include analysis and measures related to gender and women’s rights, HIV/AIDS, human rights and environment. Local Government regulations also require the appointment of amongst others gender, HIV/AIDS focal points and responsible environmental officers at all levels.

As concerns *gender*, PRDP makes hardly any reference to the different situations for women and men in the North, despite the existence of numerous studies showing patterns of female vulnerability and loss of male status and role as a problem exacerbated by displacement. Northern Uganda has the biggest percentage of women headed households in Uganda (30.8%), gender based violence is widespread and there are numerous reports that the most vulnerable members of society, women, children and former LRA abductees have problem accessing land due to the breakdown in the traditional system of land management.

PRDP has been widely criticised for not being aligned with accepted national, regional and international gender instruments, including the UN Security Council Resolution 1325 on Women, Peace and Security²³. There is furthermore little evidence of women’s participation in the planning process. The PRDP does not contain sex-aggregated data and does not reflect whether the different needs and priorities of Ugandan women and men were analysed in the design phase, such as whether

²³ The Call for Action on the PRDP by Uganda Women Parliamentary Association and the Initiative for Inclusive Security Output of a workshop in Jinja, Uganda, September 21 – 23, 2008

the interventions will affect women and men differently and which institutions are responsible for taking gender as a cross cutting issue forward in the implementation phase. Thus the PRDP has clearly missed an opportunity to lift gender and women's rights in the North to the political level.

On the other hand the policy environment is generally considered favourable as the Constitution of Uganda embodies the principle of equality between women and men, provides for gender balance and fair representation of disadvantaged groups as well as affirmative action in favour of women. Gender is already defined as a cross cutting issue in the key service delivery sectors and institutions relevant for the implementation of PRDP. Within the national framework Ministries, Local Government and other national and local institutions are already required to have gender embedded in their policies and plans. However, women specific and truly gender sensitive activities are generally under funded and not prioritized, and significant additional resources will be required to reach the objectives in the PEAP and the 2007 National Gender Policy with regards to gender equality and women's empowerment. It is therefore important to recognize, that in order for PRDP to make a difference, the regular systems and structures at National and Local Government Level must be used and strengthened.

Over and above strengthening the gender approach within the regular sectors and Local Governments, the implementation of PRDP from a gender perspective requires a particular focus on political aspects and representation of Northern women in the institutional framework of PRDP, such as the PMC, as well as in monitoring and evaluation. United Nations Development Fund for Women (UNIFEM) is together with a number of Ugandan stakeholders in the process of carrying out a more in-dept gender analysis of the PRDP, which may shed some light on how gender equality and women's rights can be further strengthened in light of PRDP.

In terms of *human rights issues*, the overall goal of the PRDP is to consolidate peace and security and lay the foundation for recovery and development in the North. By looking at the analytical framework of the PRDP and the wide range of measures identified to strengthen security, end hostilities, rebuild state institutions, strengthen basic social services and revitalize the economy it is evident that fulfilling the human rights of the population in the North was a key aspect of the planning and design process.

However, as also reflected in the previous sections on planning, design, conflict sensitivity and gender, the human rights aspects in the PRDP are weak when it comes to ensuring human rights as a cross cutting concern in regard to the implementation. Fulfilment of human rights cuts across all themes and interventions and is closely linked to aspects of participation, inclusion/marginalization, transparency, accountability – and even more so in the complex conflict setting of Northern Uganda²⁴. These aspects are not really addressed in the PRDP, although restoration of key institutions of the Justice, Law and Order Sector, which implicitly also entails a reduction of military presence, are important components of the PRDP. As for the other cross cutting issues mainstreaming will depend on how human rights concerns are reflected in all GoU programmes and policies and the availability of sufficient resources on the ground to actually implement them. It is therefore important that development partners continue to stress that GoU should adhere to the principles of participation, inclusion, transparency and accountability in all matters related to the North. The continued focus on JLOS is of particular relevance.

PRDP contains references to a number of analyses of the *HIV/AIDS* situation in the North and national policies guiding the design of the plan. To a larger extent than the other cross cutting issues, the PRDP outlines planned interventions and strategies in this area (mainly related to strategic objective two). According to the PRDP, a National Committee on HIV/AIDS in

²⁴ The Saferworld CiCS (2007) appraisal of the conflict perspective in the Uganda Justice, Law and Order Sector (JLOS) gives a more thorough discussion of these linkages

Emergency Settings (NACAES)²⁵ has been established by the Uganda AIDS Commission, OPM and other stakeholders to ensure that programmes in the conflict-affected districts incorporate HIV/AIDS in their activities. The Committee builds on the existing national framework and provides technical guidance towards delivery of HIV/AIDS services and application of coordination. It is also responsible for monitoring the implementation of the national and District plans of HIV/AIDS and fulfils its role through regular quarterly meetings and reviewing reports. PRDP also gives reference to the Health Sector Strategic Plan-II and the national guidelines for health service delivery in displaced persons camps in prioritization of HIV/AIDS together with the other major causes of mortality and morbidity.

Although the quality of the NACAES is not known and there are concerns about changes in national approaches to HIV/AIDS prevention that may with time weaken the response, it is important to recognize that PRDP builds on a long term GoU commitment to combat HIV/AIDS. Substantial earmarked off- and on-budget funding for HIV/AIDS prevention and care are flowing into the country, compared to funds available for the general health care system. There is also generally high HIV/AIDS awareness within the humanitarian actors and civil society. However, numerous reports indicate that access to HIV/AIDS testing, care and treatment is very low in the IDP return points. The major weaknesses in terms of mainstreaming HIV/AIDS concerns seems to lie in the poorly developed health care system, nationally and in the conflict affected areas compared to the rest of the country, which entails a continued focus on the re-establishment of regular and easily accessible health facilities.

Assessment of *environmental sustainability* of development programmes needs to be based on an understanding of the links between development, poverty alleviation, human rights and the environment. The PRDP shows evidence of understanding these links in the overall conceptual framework. However the measures to actually ensure that environment is cross cutting all activities are limited.

In the area of Land, Environment and Natural Resource Management Programme reference is made to specific and ongoing efforts to build district capacity for environment mainstreaming, which will be expanded²⁶. There is no clear description of responsibilities of national institutions with regards to environmental protection and mainstreaming. A main concern is the generally weak capacity of the national and local level institutions mandated to ensure that environmental laws and regulations are adhered to. Donors active in the relevant sectors should however keep an active engagement in this area related to the North.

5.3 Institutional arrangement, management and implementation

5.3.1 The Institutional framework and clarity on roles and responsibilities

The PRDP document presents the roles and responsibilities of different actors at the national and local government level. Figure 1 below summarizes the institutional framework.

According to the PRDP document, OPM, as “the government arm” that oversees and coordinates all national interventions in the north, is responsible for management and coordination of the PRDP. The Minister of State of Northern Uganda Rehabilitation is in charge of Policy and budget oversight. Hence, as PRDP entails a multi-sector approach to development in Northern Uganda, OPM has been assigned some degree of responsibility in policy areas which are traditionally the responsibility of

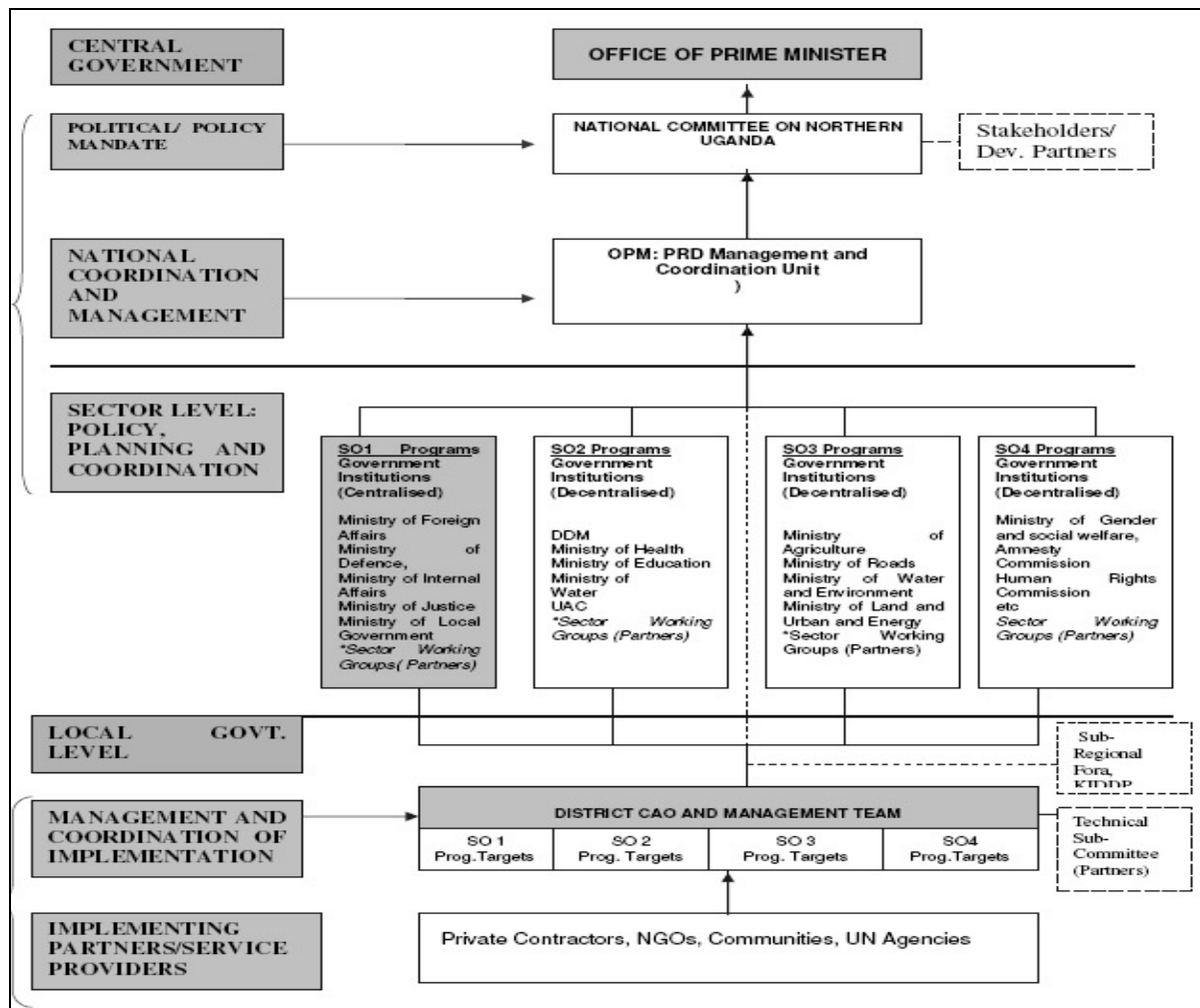
²⁵ Ch. 4.2.3: Community Empowerment and Development Programme, iii: Health. In addition HIV/AIDS prevention is cited as a priority in the Police Enhancement Programme.

²⁶ Ch. 4.3.3. Land, Environment and Natural Resource Management Programme

sector ministries and MoFPED.

The institutional structure does only in part build on the existing framework.²⁷ At policy level the Northern Uganda Policy Committee (NUPC) is established. The committee, chaired by OPM, is responsible for ensuring coherence and consistency of PRDP Programmes with national policies; and providing advice on broad government policy changes. A stakeholder committee (PMC) is to be established and to replace the Joint Monitoring Committee. At the technical level, a PRDP Coordination and Monitoring Unit is to be established to oversee the implementation of all 14 programmes. According to the document, sector ministries will continue to have responsibility for sector planning and coordination and have the mandate to review the goals, objectives and targets for Northern Uganda. Likewise, local governments will continue to be responsible for planning, budgeting and implementation of PRDP. However, the document does not explicitly discuss or clarify the role of Ministry of Finance, Planning and Economic Development (MoFPED) or the role of Ministry of Local Government (MoLG).

Figure 1 – PRDP proposed institutional framework²⁸



Though the PRDP document is comprehensive in defining the institutional structure of the PRDP, there are aspects related to the roles and responsibilities among national level institutions which remain unclear. In particular this relates to the extended role of the OPM both regarding planning,

²⁷ See Ch. 4.2 and 5.3.2 for further elaboration.

²⁸ PRDP document, page 109.

budgeting and monitoring in policy areas which traditionally is anchored in the sector ministries, MoFPED and MoLG. The proposed institutional structure does not give a clear answer to how OPM is going to exercise their role, i.e. ensuring consistency and coherence across sector policies. Hence, the proposed structure may result in overlapping roles and responsibilities which may give rise to divergences and diffusion of responsibilities and hence hamper implementation of policies.

The divergent views between OPM and MoFPED, regarding the budgeting and financing aspects of the PRDP illustrates that it remains unclear how OPM is going to ensure that line ministries and MoFPED align with OPM's conceptual understanding of the PRDP. According to OPM they are "chief whip" and may take sanctions against the line ministries, MoFPED and MoLG. However, it is not clear what sanctions can be taken or what mechanism are going to solve possible conflicts. Hence MoFPED has remained with their interpretation of the PRDP as a policy framework which is going to be implemented within the existing budget structure, which is substantially different from OPM's understanding of PRDP as something additional (and visible) to the existing planning, budget and monitoring structures.

At the District level there seems to be a shared understanding that PRDP, at least intentionally, is a mechanism for additional funding to bring PRDP districts closer or up to a national average. Accordingly, and in line with instructions from OPM, the districts visited by the appraisal team had developed lists of PRDP unfunded priority projects. The lists of unfunded priority projects were assumed to be funded from "additional" PRDP resources. One district had incorporated additional projects in their regular District Development Plan to be funded by a "PRDP grant"

The four districts visited by the appraisal team expressed that their expectations had been that additional and visible "PRDP-money" would be allocated, and they expressed dissatisfaction that no additional PRDP money had been allocated for FY 2008/09²⁹. Moreover, implementation of PRDP was according to the districts representatives still pending at local government levels. MoFPED's explanation that PRDP money was allocated through the existing grants was not perceived to be trustworthy as total level of allocations were only marginally higher than last year. They also pointed to calculations from MoFPED showing that some PRDP districts even get less in national transfers in current FY compared to last year.

In all four districts the awareness of PRDP was very low at the sub-county level. Only a few sub-counties had some knowledge of the PRDP, and only one had a copy of the PRDP document. They were not aware if and how PRDP would affect their communities and if PRDP would have any administrative implications at this level of government.

The current situation of confusion at district level as to what PRDP is, could have been avoided if MoFPED and OPM had reached a shared conceptual understanding including an agreement on the funding modalities of the PRDP, and clearly communicated "PRDP increments" to District level authorities. However, the current situation seems to be one where MoFPED and sector ministries has slightly increased allocations to most PRDP Districts through changes in allocation formulas on existing votes and vote functions, and not clearly communicating the effects to District level authorities. OPM on the other hand has argued for additional allocations in form of some type of specific PRDP budget or grant. The result of this lack of conceptual agreement at the national level seems to be increased mistrust at districts level towards PRDP, with an increasing legitimacy gap between national and local governments level in regard to PRDP.

Considering the magnitude of the different initiatives and programmes in Northern Uganda, on and off budget, a more clear division of roles and responsibilities between OPM, MoFPED, MoLG and sector ministries appears to be required with a uniform conceptual understanding of PRDP across all levels

²⁹ Similar views were expressed by district representatives at the PMC Technical Meeting in Kampala on 2 October 2008.

of government. This will require stronger political leadership and involvement in the PRDP than what has been experienced thus far.

5.3.2 Institutional capacity

The PRDP may not necessarily create additional tasks for those involved in its implementation, but it will increase the workload given its objective to implement activities over and above the regular levels of investments and service delivery. As indicated in the previous section, the main actors at the central level include the PMC; OPM; and sector ministries which will be responsible for policy oversight; management, coordination & monitoring; and sector planning, budgeting, supervision & monitoring respectively.

The PMC is yet to be fully operational and it is therefore difficult to assess its capacity to execute its tasks. It will be composed of a range of stakeholders from the line ministries, policy makers, local politicians, development partners and civil society. Preparations for the first meeting of the PMC have been characterized with delays and postponements which could point to a co-ordination problem which if not resolved early, could undermine the effectiveness of this committee.

The Office of the Prime Minister is in the process of establishing a PRDP Unit (secretariat) which will support its oversight, coordination and monitoring functions. Two Commissioners, one of whom will be based in the North, have been appointed. However the structure of this Unit in terms of specific roles and responsibilities, additional staffing and its interface with other stakeholders is still in the early stages of discussion. A Northern Uganda Data Centre to support the monitoring function is also being established.

In the interim, OPM's functions related to PRDP are being managed by the Permanent Secretary's office. This has posed serious challenges for the OPM in the execution of its tasks given its limited staffing and resources and has led to delays in many processes. OPM has a result sought external assistance, especially during the preparatory stages of the PRDP. The frequent changes in persons responsible for the PRDP have had implications for *ownership* and the provision of strong leadership.

Another challenge that appears to have affected OPM's effectiveness in the execution of its tasks is the apparent lack of clarity on its co-ordination role. It would appear that OPM has invested more time in programme planning than in articulating the PRDP and fostering a partnership approach towards its implementation. OPM has during the preparatory process of the PRDP taken on planning functions for which it lacks sufficient capacity to undertake and which should otherwise be left to the sector ministries. The concept of developing a master plan across all sectors for 40 districts, including national and district level interventions in one overall comprehensive plan with 14 multi-sector programmes sub-divided into more than 1000 interventions, which neither are comprehensive nor understood by those in charge of regular planning and execution (sector ministries and local government authorities), serves to illustrate this. The consequences are also visible in the gaps in the monitoring mechanisms and especially the PRDP results matrix.

All the sector ministries have capacity to execute their mandated roles, although the capacity varies depending on resource allocations at the centre. Many ministries have in recent years noted a decline in their budgetary allocations. This has subsequently affected their ability to sufficiently address the recovery activities in Northern Uganda. It has been noted that the reduction in resources has undermined the level of interaction between the sector ministries and the district local government staff in terms of technical support, quality assurance, supervision and monitoring of service delivery. This is particularly critical for the conflict affected districts whose capacity is extremely weak.

The district local governments are directly responsible for implementation of the PRDP which involves several tasks including: planning, identification of activities, procurement, supervision, coordination, monitoring and accounting. The District local governments are to that extent the

vanguard of the PRDP and yet the majority of them are some way off in terms of capacity to manage the recovery process.

Whereas local governments all over the country experience staffing constraints, the situation in the north has been exacerbated by over two decades of conflict. Staff attrition is extremely high and the average staffing capacity in the region ranges between 35% - 55% of the approved positions³⁰. Many critical positions in both the administrative and technical cadre remain unfilled. The situation is even worse at the lower local governments where many positions of Sub county and Parish chiefs remain unfilled and where they are, are frequently occupied by persons in acting capacity. Among the technical departments, the health sector is the worst affected given the acute shortage of health workers in the region. An assessment conducted in December 2006 indicated that the Acholi region had 63.2% staffing gap; West Nile sub-region 56.1%; Lango – 51.1% , Teso 44.6 % and Karamoja 50% gap³¹.

In addition to low staff numbers, many local governments in the conflict affected districts also lack basic office facilities, equipment and logistics to support their operations. Because of the security threats, poor living conditions, lack of social infrastructure, office lack of basic amenities and low local revenue the districts continue to experience difficulties in attracting and retaining qualified. Staffing gaps in some districts have also been attributed to the creation of new districts which have further depleted the older districts of their staff complement.

As a result of these problems, and due to lack of funding, the local governments in the North have persistently delivered a level of services below national average and this is reflected in their poor performance in the National Local Government Assessments, with many of them such as those in Gulu, Kitgum, Lira, Pader, Nakapiripirit and Katakwi are failing to meet minimum conditions for accessing the Local Development Grant (LDG)³². Skills in planning, budgeting and financial management especially at sub-county levels are lacking.

A number of measures are being undertaken to improve institutional capacity of the district local governments including the planned interventions responding to one of the PRDP objectives. MoLG is supporting the newly established District Service Commissions with the recruitment of staff in addition to implementing its capacity building plan for all local governments. The plan aims at developing capacities in budget formulation, financial management and control, procurement, financial reporting and training in use of Management Information Systems (MIS). Sector Ministries for example the MoH has under the NUMAT programme embarked on the recruitment of health workers who will receive a 30% top up to their salaries as an incentive. A number of development partners are also providing resources to the districts for the construction and renovation of offices and staff houses, purchase of office equipment and vehicles

Given the capacity constraints, it is anticipated that wherever necessary, the districts shall subcontract the services of private contractors and NGOs to implement recovery activities.

5.4 Budget and financial management

In the following an analysis of the PRDP budget and allocations for FY 2008/09 is presented. Due to lack of reliable data on the national budget votes, the analysis is limited to *on-budget* allocations for the PRDP districts.

³⁰ Averages derived from statistics on pg 54 of PRDP 2007

³¹ "A Rapid Assessment Study For Support to Local Governments In Northern Uganda," Ministry of Local Government, December 2006.

³² The National Local Government Assessment 2005. Ministry of Local Government.

The analysis below serves as a basis for assessing the implementation of PRDP in 2008/09 and for identifying possible weaknesses in the budget and transfer system which must be addressed to reach the overall goal of the PRDP.

5.4.1 The PRDP budget and additionality

As part of developing the PRDP a very comprehensive costing exercise has been done by the OPM which has resulted in the budget presented in the annex to the PRDP document. As previously mentioned, this budget is based on detailed calculations contained in a series of spreadsheets which presents inputs and outputs in quantities, associated unit costs and distribution of costs in a three year time frame assuming implementation will start at full scale from the first year of launching PRDP. The costing exercise involved detailed needs analysis linked to baseline and targets within all four objectives summarised into total costs for implementing the PRDP over a three year period.

According to the PRDP budget, implementing proposed interventions under PRDP is estimated to cost 606 million US dollars over a three year period. There has been discussion both within government and between government and development partners the last months on the need for a new costing exercise, as current estimates indicates that the costing grossly underestimated the actual need for additional resources³³. Further, there are disagreements between different actors on whether the costing is an estimate of the need for total additional funding or the need in total including current allocations.

From consultations with central level stakeholders who were undertaking the costing exercise the estimates in the PRDP budget appears to be requirements in addition to existing allocations. However, the PRDP document is not clear on this as it leaves to MoFPED to establish the finance gap for the PRDP activities, obtained through an assessment of the existing resource flows and projections to Northern Uganda³⁴.

The discussion on the need for a new costing exercise and the question of additionality reveals the complexity of introducing a cross sector program as a “master plan”, with parallel planning and monitoring structures. A new costing exercise may be useful for analytical purposes, i.e. obtaining further knowledge on the lag of the PRDP regions compared to the national average. However, such an exercise undoubtedly requires substantial resources both at national and district level, and it may be questioned what additional value this may have in providing sector ministries and MoFPED additional information into the budget process and regarding monitoring. The potential benefit of such an exercise should be measured against the information already available through existing structures for sector ministries, MoFPED and MoLG, which currently serves as inputs into the budget process in Uganda and is used for monitoring purposes.

5.4.2 PRDP resource allocation

In the budget for 2008/09 there are no new votes and budget heads for PRDP allocations. Rather, the “on-budget” share of the PRDP budget is implemented through the existing votes and budget heads. This strategy was perceivable already from November 2007, as MoFPED in the first Budget Call Circular (BCC) instructed line ministries to integrate PRDP in sector plans. In the second BCC of April 2008, line ministries were asked to indicate resources available for scaling up activities linked to PRDP strategic objectives. Among the main changes that may be attributed to PRDP at present, affecting both national and local government budget heads, are the following:

- The Ministry of Health (MoH) made a special provision when allocating grants for Primary

³³ Ref. section 5.2 regarding calculations done by sector ministries far exceeding the total cost estimate for PRDP.

³⁴ PRDP document p.90

Health Care (PHC) both in the fiscal year 2007/08 and 2008/09 with a 10 percent “bonus” for 17 PRDP districts.

- The Ministry of Water and Environment made an extra 5 bln. UGX allocation for Northern Uganda in the 2008/09 budget.
- The Ministry of Education and Sports (MoES) made special needs assessment which resulted in a change of priorities and new “quality interventions” for Northern Uganda.
- The strategic plan for Justice, Law and Order Sector (JLOS) targets 40 percent of investment in the North.
- In order to better adjust their resource allocations to emerging needs, the PRDP districts are allowed to reallocate 50 percent of total conditional grants received between the different sectors (except for education grants).

In addition to the above, the Office of the Prime Minister (OPM) has received an initial special allocation for supporting stand-alone interventions to create visibility; i.e. to “pilot” PRDP interventions.

5.4.3 Distribution of resources between PRDP and non-PRDP districts

Annex 6 to the BFP reveals that some sectors individually have changed allocation formulas for distribution of funds to Local Governments.³⁵ These changes imply redistribution on certain votes from non-PRDP districts to PRDP districts. In the analysis below we have analysed the changes in distribution between PRDP and non-PRDP districts from 2007/08 to 2008/09. This is done to establish to what extent PRDP districts has been prioritized on Local Government budget votes in 2008/09.

The first column in Table 4 below shows estimated nominal growth in allocations from FY 2007/08 to FY 2008/09 for PRDP districts and non-PRDP districts in total transfers from national government. According to the estimates, PRDP districts receives in average a nominal growth of 12 percent, 9 percentage points higher than non-PRDP districts. Among the PRDP districts, districts in the Karamoja region receive the highest growth with 19 percent nominal growth, whereas districts in the North West and North East receive lowest growth with 10 percent.

Table 4 - Percentage change in total conditional and unconditional national transfers FY 2007/08 to 2008/09 to Districts, adjusted for population growth³⁶.

District	Nominal growth	Real growth
North West Districts	10	2
North Central	14	6
Karamoja	19	10
North East	10	2
<i>All PRDP Districts</i>	<i>12</i>	<i>4</i>
NON - PRPD Districts	3	-5
<i>All Districts</i>	<i>6</i>	<i>-1</i>

The second column in Table 4 shows growth in real terms from 2007/08 to 2008/09, controlled for

³⁵ Ref. section 5.4.2.

³⁶ Projected rate of inflation for 2008/09 is 8 percent. Population growth estimate 3.2 percent.

population growth. PRDP districts receives in average a 4 percent increase in allocations from 2007/08 to 2008/09, whereas non-PRDP districts receives a negative growth of 5 percent. Hence, the above mentioned changes in allocation formulas seem to have had a redistribution effect in favour of PRDP Districts at the cost of non-PRDP districts.

Table 5 below shows estimated per capita transfers to districts in 2007/08 and 2008/09. The table reveals that PRDP districts already in 2007/08 received UGX 1000 more per capita in allocations than non-PRDP districts. The distribution of resources further changes in favour of PRDP districts in the 2008/09 budget. According to budget 2008/09 PRDP districts will in average receive 40 000 UGX per capita, compared to 36 000 UGX per capita for non-PRDP districts. In real terms however, the increase for PRDP Districts is only UGX 1000 from FY 2007/08 to 2008/09, controlled for population growth. Non PRDP districts receive a reduction in allocations of UGX 2000 in real terms.

Among the PRDP regions, Districts in the North East region receives in average the highest allocations. Karamoja still receives below the national average, despite being the region with highest growth from 2007/08 to 2008/09.

Table 5 - Transfers Per Capita to Districts in UGX 1000, adjusted for population growth³⁷

District	Per Capita 08/09	Per Capita 07/08	Per Capita 07/08 at 08/09 prices
North West Districts	36	33	36
North Central	41	36	38
Karamoja	37	31	33
North East	42	39	42
<i>All PRDP Districts</i>	<i>40</i>	<i>36</i>	<i>39</i>
NON - PRDP Districts	36	35	38
<i>All Districts</i>	<i>38</i>	<i>35</i>	<i>38</i>

The above calculations confirm an overall redistribution of resources to PRDP district from non-PRDP districts on budget lines allocated to the Districts.³⁸ This is in line with MoFPED's request in the BCC. However, as the calculations do not include local revenue collections it should not be concluded that PRDP Districts have higher or equal revenues as non-PRDP districts. In general it is reason to believe the local revenue basis in PRDP districts is considerably lower than in non-PRDP Districts. Data obtained from the districts visited by the appraisal team supports this presumption.

5.4.4 Prioritization of local government sector in national budget

The analysis above shows that PRDP districts are being prioritized compared to non-PRDP districts from 2007/08 to 2008/09. However, redistribution of resources is not a sufficient condition to ensure an overall incremental increase in PRDP district allocations. Increments also depend on to what extent the local government sector is being prioritized in the national budget. The analysis below shows to what extent the PRDP districts have received an increase in allocations compared to the overall increase in the national budget from 2007/08 to 2008/09.

Based on figures received from MoFPED and on figures presented in the Budget Speech June 2008,

³⁷ Projected rate of inflation for 2008/09 is 8 percent. Population growth estimate 3.2 percent

³⁸ Despite the above calculations, none of the Districts visited during this appraisal had yet observed any change in overall resource envelope which could be attributed to PRDP.

table 6 shows estimated growth in transfers to Districts compared to growth in the overall national budget from 2007/08 to 2008/09.

The estimates indicate that the PRDP districts will benefit from a nominal growth in allocations, however this growth is 6 percentage points less than the overall growth in the budget. Growth for non-PRDP districts is 14 percentage points less than the overall nominal growth in the national budget.

Table 6 - Estimated Growth in transfers to Districts compared to growth in National Budget

Allocation	Total transfers UGX '000		Nominal Growth	
	2008/09	2007/08	UGX '000	Percent
National Budget ³⁹	6 109 000 000	5 057 600 000	1 051 400 000	21
PRDP Districts	490 276 997	424 674 808	65 602 189	15
NON - PRDP Districts	661 985 575	624 242 358	37 743 217	6
All Districts	1 152 262 573	1 048 917 166	103 345 406	10

Table 7 shows that the total share of national budget allocated to the Districts is decreasing by 1.9 percentage points from FY 2007/08 to 2008/09. Whereas allocations to all districts in FY 2007/08 accounted for 20.7 percent of total outturn in 2007/08, the total share of budget for 2008/09 is estimated to 18.9 percent. Allocations to PRDP districts account for 8 percent of total national budget in 2008/09, down 0.4 percentage point from last budget year.

Table 7 - Share of National Budget allocated Districts in percent of total budget and percent change from fiscal year 2007/08 to 2008/09

Districts	Share FY 0809	Share FY 0708	Percent change FY 07/08 – 08/09
PRDP	8.0	8.4	-0.4
Non-PRDP	10.8	12.3	-1.5
All Districts	18.9	20.7	-1.9

Considering the central role of local government sector as implementers of the PRDP, the decrease in share of budget allocation to PRDP districts is not consistent with ambitions to reach the overall goals of the PRDP.

5.4.5 Allocation according to poverty level and expenditure needs

As documented in the needs/costing analysis conducted by OPM, the need for capital development investments is in general much higher in PRDP districts than in non-PRDP districts. Hence, PRDP districts most likely need substantially higher revenues than non-PRDP over a longer period in order to be able to provide services of equal standard as non-PRDP districts.

A pre-condition for equality in opportunities for local governments to provide services of relatively equal standard, is that the national transfer system (allocation criteria) ensures distribution of resources according to differences in expenditure needs and production costs. Normally, local needs and costs vary considerably depending on population characteristics, poverty levels as well as social and geographic characteristics. An assessment of to what extent the distribution of resources reflects differences in needs and production costs between districts in Uganda is a task which requires comprehensive data and analysis, which was outside the scope of this appraisal.

³⁹ Estimated on basis of figures given in Budget Speech.

However, differences in poverty level is most likely an indicator which to some extent gives an approximation to differences in expenditure needs between districts, as it is likely to be highly correlated with need for services provided by local governments as for example health care. Table 8 shows estimated transfers per capita 2007/08 and national poverty level 2005.

Table 8 - Transfer per capita 2008/09 (in UGX) and share of population below national poverty line 2005 in PRDP and other districts

Districts	Transfer per capita 2008	National Poverty level 2005 (%)
PRDP-districts	40	51
Non-PRDP district	36	21
All districts	38	31

Table 8 reveals that differences in national transfers are relatively small compared to the significant difference in poverty levels. The second column in the table shows a 30 percentage points difference in poverty level between PRDP and non-PRDP districts. However, PRDP districts only receive UGX 4,000 more per capita (11 percent).

Figure 2 below shows the correlation between estimated resource allocations 2008/09 and poverty level 2005 at disaggregated level. The figure confirms the weak correlation between poverty level and resource allocations. In fact, the three districts with highest estimated allocations in 2008/09 are non-PRDP districts with relatively low score on the National poverty index (2005).

Figure 2 - Transfer per capita 2008/09 (in UGX) and share of population below national poverty line in PRDP and other districts 2005

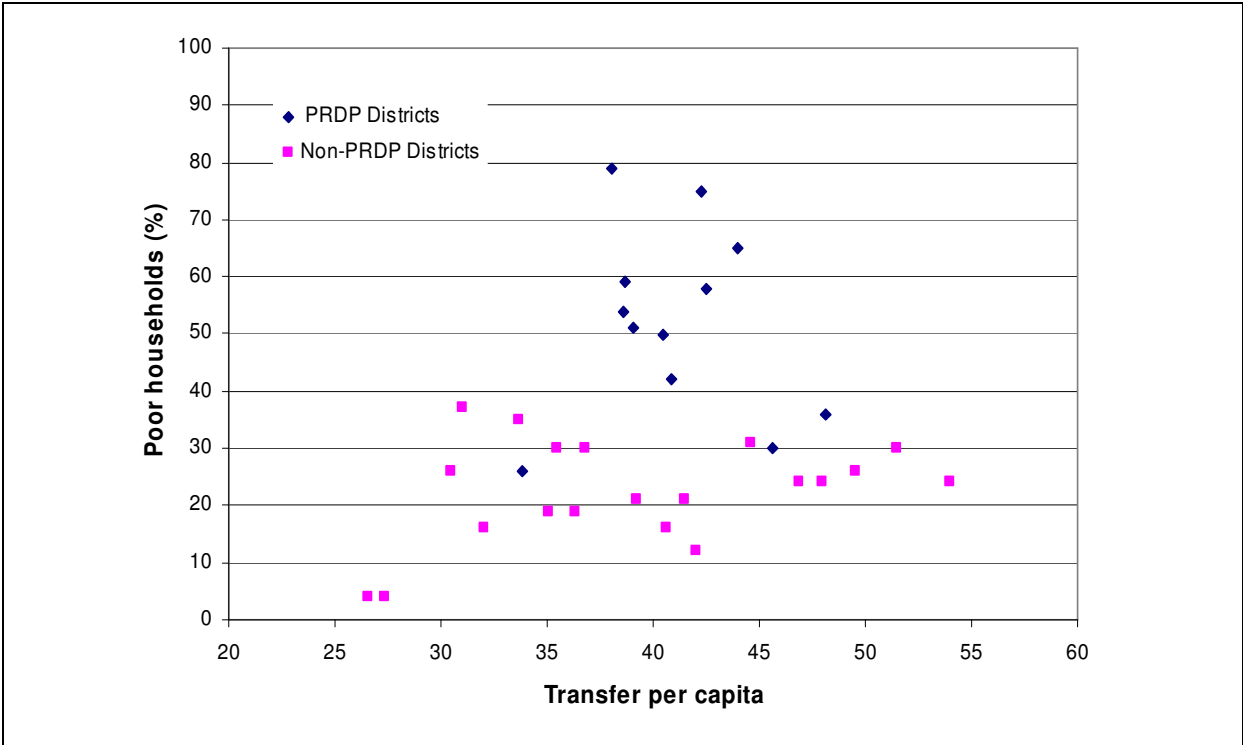


Table 5 and figure 2 indicate that the local government transfer system do not compensate for differences in expenditure needs between local governments. These findings, combined with the OPM analysis, which demonstrated the substantial needs for capital investments in PRDP districts, shows that it is not sufficient to change allocation criteria on certain votes if PRDP districts in the medium to long term are going to achieve service delivery of the same standard as in non-PRDP districts. It is

also important to keep in mind that the above calculations do not include local revenues (taxes and user fees), which would show that differences in allocations are even more significant.

The above analysis reveals that a more comprehensive reform of the transfer system may be needed to ensure increased equality in service delivery in the long term. However, as it is very challenging and requires comprehensive data and analysis to design national transfer system which takes into consideration problems specific only to some districts, it is in addition necessary to include specific interventions aimed at ensuring that PRDP districts catch up with the rest of the country in infrastructure developments. A non- sector specific *development grant* to PRDP districts is therefore recommended in addition to a reform of the transfer system and allocation formulas. Such a grant mechanism should be in place until the gap in infrastructure development is significantly reduced, irrespective of recurrent and development transfers through the regular transfer system.

5.4.6 Overall assessment of PRDP budget and transfers to local government

It is our assessment that the PRDP has served as a framework for redistribution of resources on some budget lines allocated to the Districts. Some additional funds have already been provided for PRDP districts by changes in prioritisation within national level sector allocations (like water, health, transport, justice, law and order). The level of grants to PRDP districts has also increased from 2007/08 to 2008/09 with 12% in nominal terms or 4% when adjusted for projected inflation and population growth (an increase of approximately 34.5 million USD)⁴⁰. Adjusted for inflation there has been a reduction in grants to non-PRDP districts. This reflects a priority change between PRDP and other districts. However, this has not been sufficient to serve as required and significant change in resource allocations the PRDP districts in 2008/09.

Considering the sizeable needs in many of the PRDP districts compared to the national average, it is not likely that redistribution from non-PRDP to PRDP districts on certain budget votes will be sufficient, neither in the short nor longer term, to lift service delivery services in these districts close to the national average. To achieve an equalisation in the standard of service delivery, and of living conditions, a more comprehensive reform of the allocation system will be needed. It is therefore our recommendation that the local government transfer system, not only certain votes, should be reformed in order to reflect differences in expenditure needs and production cost. A local government transfer system which clearly reflects the differences in needs is in our view the only long term solution which may ensure equalisation between districts and regions and at the same time may be perceived as legitimate in all of Uganda's current 80 districts.

Our understanding is that it is the ambition of the Fiscal Decentralisation Strategy, and MoLG, to reform the allocation system. However, the reform has been postponed for several years due to opposition from some line ministries and possibly due to some political resistance. Hence, a clear political will to ensure a fair transfer system giving all districts equal opportunities, needs to be demonstrated if one is to achieve the PRDP objectives in the longer term. Accordingly, donors should work with the GoU to move forward on the Local Government Commissions draft allocation criteria suggested in 2004, which to date has not been forwarded to cabinet for approval. Further, the draft formula system should be reviewed in order to ensure it reflects current variances in expenditure needs. Particular attention may be given to distribution of development grants, which currently to some extent are distributed on basis of performance based criteria, rather than criteria reflecting differences in expenditure needs. Performance based allocation systems may, under certain conditions, have the strength of increasing efficiency. However, they also have a serious constraint in not reflecting local needs and not giving equal opportunities to all local governments, which in our opinion is a serious matter of concern in a post-conflict situation.

⁴⁰ Comparing 2007/2008 releases with 2008/09 approved budget.

Irrespective of flaws in the Local Government transfer system, to achieve the goals of the PRDP it is also necessary to increase the total resource envelope to local government sector. The above assessments demonstrate that it is not sufficient to redistribute from non-PRDP districts to PRDP districts to achieve substantial increments. It is therefore our opinion that GoU, both in short and longer term, needs to demonstrate political will to prioritize local government budget lines. If redistribution measures are not coupled with an overall increase in local government allocations, one will not meet the goal of the PRDP neither in the short or longer term. At the same time one runs the risk of increased dissatisfaction among non-PRDP districts and its citizens, which may have social as well as political implications.

In addition to the suggestions above, to reform the transfer system and increase overall share of spending on local government budget votes, GoU should consider the possibility of establishing a non-sector specific PRDP development grant. A PRDP grant mechanism may ensure that PRDP districts are allocated resources to finance immediate infrastructure investments necessary for PRDP-districts to provide services of equal standard as non-PRDP districts. In addition, a PRDP grant creates visibility and may give GoU and donors a leverage to specifically target the PRDP-districts in most need for development.

A PRDP grant will increase the total number of grants further, but it has the benefit of being a distinct political grant in support of a policy framework, and can therefore be targeted according to political preferences and local needs. However, it should be based on transparent criteria when determining allocation level. Without comprehensible and transparent criteria a PRDP grant may not be perceived as a legitimate and fair grant at the Local Government level.

5.4.7 PRDP and national level budget votes

It has not been possible to calculate increase in allocations on national budget lines to PRDP regions, i.e. transfers to police, roads, prisons, judicial services etc. The reason for this is difficulties MoFPED has encountered in collecting information from the sector ministries, and possibly the difficulties sector ministries encounter in calculating the share going to PRDP regions. Figures released in BFP, annex 5, currently are not valid for making reliable estimates.

However, on some of the national budget lines MoFPED has been able to calculate the share allocated to PRDP regions. Of particular interest is budget lines with a large increase from 2007/08 to 2008/09, i.e. national roads (works & transport sector) which has an increase of more than 70 percent from the 2007/08 budget to the 2008/09 budget. The Works & transport sector is in the 2008/09 budget the largest sector and accounts for approximately 19 percent of the total national budget, most of which is allocated to national roads. The data made available to the appraisal team revealed a reduction in absolute terms of transfers to the PRDP region.

Hence, it is important to be aware that the above estimations only accounts for a part of the changes in resource allocation to the PRDP regions. It is likely that the overall changes of allocations to the PRDP regions are substantially different when national votes are included. One main reason for this is that the large increase in allocations to national roads in the national budget for 2008/09 which is not favouring the PRDP regions.

As indicated above, it is our understanding that MoFPED and sector ministries are working on establishing the share of national votes allocated to PRDP. We recognize that this is a complicated task and may be difficult to accomplish on certain votes. What is needed is first and foremost a clear political will to prioritize PRDP, also on national budget votes. Considering the serious constraints in the North it will not be sufficient to only increase allocations on District votes alone if the overall goal of the PRDP is to be reached.

5.4.8 Proposed expenditure tracking mechanism

In BFP the GoU proposed a “PAF like mechanism” to monitor PRDP expenditures. The “PAF like mechanism” is a listing of budget votes and vote functions which according to the government is related to PRDP expenditures. The updated “PAF like mechanism” received during the mission showed changes made in which votes to include as PRDP votes compared to the one presented in the BFP in June.

A “PAF like mechanism” may imply an agreement between DPs providing on budget support and GoU on votes to monitor in an agreement on PRDP on-budget support. As the discussion above has revealed, some of the national votes may be difficult to agree on as it is difficult to establish the share of the votes that are being allocated to the PRDP region. However, this may be resolved, provided an agreement is reached on how to measure development on the selected votes.

What is lacking in the proposed “PAF-like mechanism” is a clear definition of the Votes in PFM terms. This implies how to monitor development on the different votes (against releases, expenditures etc), against clearly defined baselines and targets. In addition it needs to be clarified the votes which are to be included and the reason for including/excluding certain votes (similar to discussions on what votes to be included under PAF).

5.5 Program monitoring

The PRDP document provides a brief overview of the proposed systems and procedures for monitoring and evaluation (M&E), the modalities of which are still being worked out. Except for some additions, the PRDP will largely be monitored through the regular GoU monitoring systems i.e. annual work plans, quarterly progress reports, annual sector reviews, budgets, public expenditure reviews, and financial reports and in accordance with sector and government regulations.

The PRDP will be monitored at three levels: policy; technical and programme levels.

1. *Policy level monitoring* will be undertaken by the PRDP Monitoring Committee (PMC) which will have an oversight role on the implementation of the PRDP.
2. *Technical monitoring* i.e. tracking progress and performance measurement will be managed by the different sectors at the central and district level in accordance with sector standards and indicators.
3. *Programme monitoring* will be under the ambit of the Coordination Unit in the OPM in collaboration with the district local governments and will entail monitoring implementation of the PRDP priority programmes and particularly the achievement of results in line with the sector objectives. A PRDP results matrix template has been developed and distributed to the districts to support reporting against the PRDP strategic objectives. It is expected that each district will liaise with the relevant sectors and define its indicators and targets.

Monitoring of the PRDP is to be supported by a MIS system – the Northern Uganda Data Centre (NUDC) - currently under development, which will be responsible for collecting, collating, storing and disseminating information related to development processes in the region. The system will be linked to, and will draw information from the Uganda Bureau of Statistics (UBOS) and sector information systems – thus acting as a *one stop* information centre for the Northern Uganda districts. The existence of this parallel system has been rationalized in terms of its contribution to: harmonization; evidence based decision-making; resource allocation and programme development for the PRDP districts.

There are a large number of institutions with sometimes overlapping or unclear mandates for monitoring local authorities, working with little or no coordination among them. At the central government level, MoFPED, through the Treasury Inspectorate Department at the Treasury is responsible for collecting fiscal data and overseeing specific local government grants; the Ministry of Local Governments is responsible for policy design, and for monitoring the adherence of the local authorities to their laws and regulations; the Auditor General is legally vested to inspect the local authorities' accounts. Auditing, scrutinizing and follow-up of the local accounts and performance are also under the mandate of the Local Government Public Accounts Committees (LGPAC) and the Parliament's Local Government Accounts Committee (LGAC). The Local Government Finance Commission has an advisory role, responding directly to the President on revenue issues.

It is apparent that the proposed M & E systems endeavour to use the existing procedures in order to minimize the creation of an additional workload for those responsible for reporting. This approach also promotes the mainstreaming of the PRDP within the normal sector programmes.

Despite some additional transactional costs, the multiple levels of monitoring including the policy level are in the interim justifiable, given the need to raise the profile of the PRDP; to lobby for affirmative action; to ensure that additional resources are allocated and that responses to emerging issues are sufficient and timely.

There is also some merit in the inclusion of the District Results Matrix and the Data Centre – both of which will support the overall assessment of outcomes and not just outputs; as well as an external review of the contribution of the different stakeholders/ sectors to the achievement of results. The results matrix could thus be used to hold the different sectors accountable as well as facilitate district-level coordination among the different implementing partners.

The effectiveness of these mechanisms however relies on the existence of commonly agreed indicators and targets, which do not appear to have been agreed upon. A perceived weakness in the development of the monitoring system has been the limited involvement of planning departments of the different sectors in the planning processes, establishment of baseline data and determination of sector recovery targets. Discussions with different sectors have revealed variances in the level of awareness, appreciation and inclusion of specific PRDP activities in their sector plans. This may be attributed to the confusion surrounding the PRDP i.e. as to whether it is business as usual or otherwise. There is a risk that if an understanding of what PRDP is and how it is to influence planning and resource allocation, some sectors might not consider the additional needs of the PRDP districts, particularly in light of the scarce resources and MTEF ceilings.

Although not explicitly stated, it is likely that the different monitoring levels will depend on each other for their information requirements in order to avoid duplication. For example, the PRDP Results Matrix requires inputs from district officials and the sector working groups. It is however not clear how information will flow and the feedback mechanisms will operate, i.e. who will be given what information, when and for what purpose. It should be noted that late reporting is common at the district level due to capacity constraints.

In order to increase the effectiveness of the M & E systems for the PRDP, it is important to clarify and strengthen the co-ordination role of the OPM with regard to its monitoring role. It is also important at this stage of the process to:

- to establish baseline data against which progress shall be measured;
- to define realistic and commonly agreed upon sector targets;
- to agree with stakeholders on the specific sector indicators for inclusion in the PRDP results

matrix;

- share information on the types of data needed and where it can be obtained; and
- to clarify the roles and responsibilities for M & E.

5.6 External funding

5.6.1 Choice of aid instrument

In terms of external funding arrangements there are in reality two options; “on budget” (and state accounts) funding arrangements and “off budget” (and accounts) although in some cases commitments made by donors captured by the state budget are still disbursed outside treasury management systems and thus not captured by the state accounts (“on budget” but “off accounts”). “On budget/accounts” means in reality that donor commitments are captured in the budget process and funds disbursed through state Treasury system in order to be captured by state accounts.

In Uganda, DPs and GoU uses the terminology “direct budget support” to describe external transfers through the Bank of Uganda to be credited the MoFPED Treasury revenue account and makes a distinction between general and earmarked budget support. Furthermore, they use the term SWAp also to describe a disbursement arrangement (not only as a programming concept) for sector support as different from “budget support”. However, the important distinction from a public financial management perspective is the extent to which the funds are transferred through Treasury and thus managed through the regular transfers system of GoU and captured by the regular public accounts or if they are managed through separate arrangements of the development partner (project tied aid).

Since PRDP should be regarded as a policy framework for allocation of additional resources to the districts of Northern Uganda, but planned and executed under the regular planning and budgeting process, it is not a particular programme or plan to be subject for funding but rather a change in public sector resource allocation for the districts of Northern Uganda, and within those a change towards those which falls within the key priority areas of PRDP⁴¹. This change can be met by:

- Change in resource allocation within existing resource envelope.
- Change in resource allocation by additional resources committed i.e. an increase in the total resource envelope.

In consultations with GoU officials it appeared that PRDP was seen as an opportunity to shift “off budget” funding by the development partners for humanitarian interventions during past decades to “on budget” resources, allowing GoU to increase its overall resource envelope and as such accommodate additional resource requirements for PRDP. This implies it was foreseen that the PRDP could serve to generate additional resources for the GoU state budget. Although some donors have indicated increased transitional and development funding to the North, and thereby their total allocations for Uganda, there is already evidence in Northern Uganda of financial “gap” in the transition from humanitarian assistance and long term development funding. For most of the development partners, the “off budget” humanitarian assistance, among others mobilised through United Nations Office for Coordination of Humanitarian Affairs (UNOCHA) consolidated appeals, stems from global allocations by the respective development partner headquarter specifically allocated for humanitarian operations and not for country based development programmes or

⁴¹ The PRDP districts currently count 40 but within them they have highly diversified needs and challenges.

policies⁴².

As these humanitarian operations gradually are being phased out, most donors will not transfer these funds to conventional “off- or on-budget” development assistance. Accordingly, GoU should assume that prioritisation of resources for Northern Uganda under the framework of PRDP will *primarily* have to take place within the current resource envelope. However, the UN Consolidated Appeal Process (CAP), as well as other humanitarian efforts, may be able to bridge some of the funding gaps for recovery until the regular GoU budget process becomes the main means of supporting additional requirements for PRDP districts.

When deciding on a donor funding arrangement, it requires first of all a definition of what is to be funded. PRDP should be regarded as a policy framework for allocation of additional resources to the districts of Northern Uganda which is planned and executed under the regular planning and budgeting process. It should not be regarded as a “master plan” or conventional programme. The success of PRDP should be measured against *change* in overall GoU priorities in favour of PRDP objectives.

The actual results of PRDP can be measured by absolute and relative change in resource allocation for national programmes benefitting PRDP districts and additional resources transferred as unconditional and conditional grants to PRDP districts (process indicators). It can be measured by change in outputs (changes in sector specific service delivery infrastructure like increase in number of classrooms, health posts, pupil teacher ratios, kilometres of roads, number of new boreholes for potable water, police per capita, etc.) or outcomes (changes in welfare indicators like infant mortality rates, school enrolment and completion rates, etc). For output and outcome targets however, it requires an understanding of the counterfactual, i.e. what would have happened without additional resources stemming from prioritising PRDP.

The key indicator (or target) should be change in resource allocation for PRDP districts (for national programmes and PRDP district budgets) under the assumption that more public sector resources for PRDP districts will result in higher levels and better quality service delivery, which eventually will further improve general welfare indicators. This is despite that the counterfactual can not be determined, and even if attribution of change only to public sector interventions is questionable.

PRDP is intended as a public sector instrument for increased resource allocation to PRDP districts. It thus requires also a resolve of how resources are to be allocated in favour of PRDP priorities. For national programmes (sector ministries) it should be incorporated in the regular budget process as an additional consideration to be made when deciding on intra-sector allocations (as the case has already been for some sector ministries). For local governments it should be made visible through establishing a new grant which is additional to existing grant allocations for districts. This will ensure visibility and respond to expectations created and improve transparency to monitor that PRDP actually generates additional resources. The actual increase can be used a target for external funding arrangements.

For the national level programmes, the actual increase in allocation benefitting PRDP districts will be more challenging to assess. Donor support also linked to increase in national programme allocations benefitting PRDP districts require that a procedure for estimating the PRDP districts share of these resources are agreed to with the GoU. The actual “formula” for how to estimate PRDP districts share of national programmes was outside the scope and timeframe for this appraisal mission. As an approximation, however, it could be defined as district allocations share of overall public spending or

⁴² The sustained “gap” in transition from humanitarian and development assistance are among other documented in “Mind the gap! UNHCR, Humanitarian Assistance and the Development Process,” by Jeff Crisp, New Issues in Refugee Research, Working Paper no. 43, Geneva, “Filling the Gap: Lessons Well Learnt by the Multilateral Aid” Astri Suhrke and Arve Ofstad, CMI, WP14: 2005 and OECD/DAC Development co-operation report, several issues.

by detailed estimations for each sector or programme (like share of number of police, teachers, medical personnel or km of roads). The important issue is to reach an agreement between DPs and GoU on which formula to apply keeping in mind that the more detailed and specific calculations the formula require the higher the transaction cost in doing so.

The aid instrument to support this would be “budget support” i.e. a Treasury model for disbursement. As previously mentioned, there is likely not any additional donor funds available for GoU over and above current direct budget support, sector program funding and project tied aid. The argument for opening a “second window” linked to PRDP prioritisation would be reducing the risk associated with general budget support.

Aid to Uganda in general, and general (direct) budget support in particular, is highly volatile⁴³. This justifies a specific arrangement for support to recovery and development in Northern Uganda (PRDP budget support window) to reduce the risk of being subject to general policy conditions which frequently put general budget support allocations on hold. It could be an arrangement in which DPs enter into an agreement with GoU providing direct budget support through a “second window” which is linked to actual changes in resource allocations in favour of the districts of northern Uganda and/or specific targets related to PRDP priorities. It could be a form of “earmarking” in the sense that the actual growth in resource allocation exceeds the total allocation from the DP (notional earmarking similar to sector budget support).

Accordingly, this appraisal proposes to open a PRDP “budget support window”. It will be an arrangement in which DPs enter into agreement with GoU providing direct budget support linked to actual changes in resource allocations in favour of PRDP districts and/or specific targets related to PRDP priorities. It could be a form of “earmarking” in the sense that the actual annual growth in resource allocation should exceed the total allocation from the DP (notional earmarking similar to sector budget support). For the current fiscal year, the former condition will be met when comparing current pledges made of approximately 7.5 million USD (by Norway and Sweden) with growth in actual resource allocations for PRDP districts (approximately 34.5 million USD).

5.6.2 Joint Financing Arrangement

Some donors (Norway, Sweden and Denmark) have started on a process to elaborate a joint financing arrangement (JFA⁴⁴) for support to PRDP. Based on the observations from this appraisal and review of the draft JFA, the current JFA needs to take into account the following;

- It needs to define PRDP in PFM terms; i.e. reach an agreement with GoU on which district and national level votes are to be included as PRDP votes (similar to the PAF arrangement) and how to estimate PRDP share of votes funding national programmes.
- It needs to define clearly the reference document that states PRDP targets and which reports are to serve monitoring of PRDP against these targets. As stated in observations above, the M&E system is still under formation but is assumed to draw on existing progress performance reports at sector and district levels. However, how this information is to be consolidated and reported on remains unclear.

⁴³ “Joint evaluation of general budget support 1994–2004 – Uganda Country Report” May 2006, IDD

Birmingham UK and, “How Volatile and Predictable Are Aid Flows, and

What Are the Policy Implications?”, Bulir, Ales and Hamann, Javier, ,IMF Working Paper 2001.

⁴⁴ Joint Financing Arrangement is a legal instrument developed jointly by a group of donors to serve as a “Memorandum of Understanding” between donors and recipient governments for a harmonised support. It is intended as a tool to ensure a common definition among development partners of what to support, a joint procedure for monitoring and common disbursement arrangement

- The JFA needs to specify what systems and procedures will be applied for external oversight in respect of performance reporting on PRDP, i.e. who will conduct external verification and if the Auditor General will be given a specific task to examine financial (and physical progress) reports related specifically to PRDP related revenues (like change in grant allocations for PRDP districts), expenditures (activities funded under PRDP votes including PRDP shares of national votes) and outputs (actual versus planned targets in accordance with OPM’s proposed performance matrix).
- Finally, the JFA needs to specify how funds will be disbursed by donors (if jointly a common account/pooling arrangement/basket funding may be considered), the exchange rate to apply for the transfers, any commissions or fees accruing to Bank of Uganda and/or correspondent banks holding the DP contributions, how and when a schedule of fund releases from DPs will be presented, how funds will actually be released including triggers and/or prior conditions for release, reconciliation of fund releases with actual expenditure if “earmarked” for PRDP expenditures, if additional releases will be reconciled with actual utilisation from previous period, etc.

The above should be considered as an arrangement which may serve to promote a harmonised and coordinated approach also by several donors jointly.

For donors like Norway and Sweden, the process of designing and negotiating a JFA has already started. Several of the above elements should be addressed if the JFA is to serve as a multiyear multi donor framework. If an agreement on the above issues can not be reached before the end of the donor’s current fiscal year (calendar year), disbursements within the current fiscal year of Uganda could be guided by regular bilateral agreements. It will still be recommended that each donor reach an agreement with GoU on a target for resource allocation in favour of PRDP districts, which votes that constitutes PRDP, what information to be provided by GoU to serve as evidence of change in actual resource allocation, how this information will be verified and how funds are to be disbursed in favour of a treasury revenue account.

5.7 Risk factors and mitigation efforts

5.7.1 Fiduciary risks related to on-budget support to the PRDP

Providing on budget support to the PRDP implies transferring money, through the Bank of Uganda, to the national treasury. The fiduciary risks are therefore in general similar to those of providing general budget support.

The most recent Public Expenditure and Financial Accountability (PEFA) Assessment for Uganda was published in July 2006. The assessment concluded that many of the elements of a functioning PFM system are in place, but that weaknesses remain. According to the appraisal of Norwegian budget support to Uganda⁴⁵, the budget process and procedures were described as fairly sound, transparent and participatory. It was however observed that weaknesses remain such as inadequate reporting on expenditure data, and reduced credibility of the budget process due to overruns and in-year supplements and reallocations. One particular important achievement during the FY 2006/07 was the regular reporting on expenditure through the quarterly Budget Performance Reports. However, local governments and institutions not integrated in the Integrated Financial Management System (IFMS)

⁴⁵ “Appraisal report - Norwegian budget support to Uganda. New agreement for 2007/08 – 2009/10”, Norwegian Embassy in Kampala, Uganda, 20 June 2007.

reporting system is still reporting on transfers rather than on actual expenditures.

During the last year a Poverty Reduction Support Credit (PRSC) appraisal mission and an Interim-Joint Assessment (I-JAF) was conducted in Uganda. Both assessments concluded that some progress has been achieved on budget and PFM issues during the last fiscal year, and that the progress has been sufficient to continue providing budget support. The I-JAF assessment concludes that progress has been steady but slow and currently insufficient to warrant a significant improvement in the PEFA scores. In particular the lack of progress on procurement, internal controls and follow-up of non-compliance cases are stressed as pressure on the fiduciary risk environment.

Both assessments stress the importance of the comprehensive Financial Management and Accountability Programme (FINMAP) designed to address these weaknesses was launched in December 2006. In the I-JAF assessment it was pointed out that it could still benefit from a more prioritised approach. The GoU together with DPs are currently working on improvements in the programme.

Corruption is still considered a considerable risk in Uganda. Though GoU has made good progress in creating the basic legal and institutional framework required to fight corruption, questions are raised concerning the political will to follow up on actions necessary to pursue cases of corruption. According to the I-JAF assessment there is some evidence that government agencies are held to account for mismanagement however, the qualifications by auditors are only occasionally followed up with administrative action and criminal prosecution. The lack of progress in the case involving the misuse of funds from Global Fund to fight Aids, Tuberculosis and Malaria (GFATM) has raised particular concerns among the DPs, as it raises questions about the government's political commitment to addressing corruption.

5.7.2 Potential PRDP specific fiduciary risks

Local governments are expected to be the most important implementers of the PRDP, and monitoring of PRDP will focus on development on District and sub-county level. Subsequently, issues regarding fiduciary risks at local government level needs to be given particular attention. In our opinion there are particularly two aspects which potentially may increase fiduciary risks;

- 1) the complexity of the transfer system and
- 2) the capacity constraints at local government level

Contrary to the ambitions of the Financial Decentralisation Strategy, the national grant allocation system to local government in Uganda is very complex with at total of 39 conditional and unconditional grants. Internationally, it is a general assumption that increased complexity of local government transfer system increases transaction costs. This is due to the requirements both at national and local level to administer the transfers both in terms of allocation, accounting and reporting procedures.

In general a complex conditional grant allocation system is perceived to give small incentives for local governments to be cost efficient, as local government have less incentives to reduce costs (can not spend money on other items) than with a general grant system. Further it is often associated with low level of allocation efficiency as local governments are not able to allocate resources according to local needs, but rather according to national priorities. On the other hand a detailed grant allocation system may increase accountability, provided that proper reporting and monitoring systems are in place.

In sum, on- budget funding to local government through the national allocation system is likely to be

associated with relatively high administrative costs, and relatively poor cost- and allocation efficiency. These risks may, to some extent, be reduced if the increment is provided as discretionary / unconditional grant to local governments. This alternative is however associated with higher risks for misappropriation if certain minimum PFM requirements are not in place which ensures accountability at the local government level.

The last years, and in particular since the abolition of the graduated tax in FY 2006/07, local governments in Uganda have been constrained by lack of financial and administrative resources. In particular, for new districts and conflict affected districts in the north, staffing levels have been severely affected. According to I-JAF, the effective staffing levels in LGs stood at about 35% of the staffing establishment, and some of the affected LGs in Northern Uganda had some of the core staffing positions unfilled. According to PRSC7 staffing levels in LGs have now increased to 63 percent. However it did not specify to what extent staffing levels have increased in the PRDP districts. Furthermore, a prior action concerning financial reporting, i.e. consolidating actual expenditures by districts and municipalities based on the monthly returns submitted to MoLG about the utilization of transfers from central government, was not considered met in PRSC7.

The appraisal teams visit to four Districts and six Sub-counties confirms to a large extent that the problems identified in PRSC7 remains a key challenge. Staffing levels remains low, particularly in new districts which have particular challenges related to staff recruitment. The challenges relate both to service delivery institutions (in particular health sector) as well as administrative staff in positions of importance to internal control functions like internal auditors and “examiners” (ref. section 5.4.2 and annex IV on District level findings). At sub-county level the lack of key administrative staff was even more severe in all sub-counties visited with key positions vacant.

The lack of key staff does in some Districts affect their capacity to effectively execute financial management tasks, such as budgeting, consolidating expenditures, undertaking internal audits and following procurement regulations. This was in particular evident in one of the new districts visited by the appraisal team, where neither infrastructure nor human resources were in place to conduct administrative functions at a minimum required level.

At District level, the capacity constraints seems to be a more problematic in the new established districts. Hence, splitting of districts seems to have had severe capacity impacts, spreading already constrained human resources in areas which have difficulties in attracting staff. Splitting of districts severely increases fiduciary risks and must be avoided until capacity levels have reached a reasonable level in all of the existing PRDP districts. On the other hand, at least one sub-county and one district were of the opinion that the establishment of a new district had been of great advantage for service delivery in remote areas.

5.7.3 Overall risk assessment

The PRDP document presents some risks related to implementation of the programmes within the four strategic objectives. These risks can be summarised into the following:

- Return to violent conflict, continuing hostilities and insecurity, lack of commitment to national peace building and reconciliation and conflict insensitive policies and implementation;
- Inadequate resources and investments;
- Inadequate coordination of PRDP programmes and investments due to a non-adherence to the institutional framework;

- Non-compliance by Development Partners to work within national policies and guidelines established within the PRDP programmes;
- Inefficient use of public resources; and
- Capacity constraints at point of delivery in local governments

The PRDP document states that mitigation strategies will be part of the implementation process but it may also be considered that PRDP itself is intended as a mitigation instrument in terms of the first set of risk factors; related to conflict, security, peace building and reconciliation. As discussed in the section on conflict sensitivity this is true, but at the same time entails a number of challenges in ensuring that interventions are done in a conflict sensitive manner.

The overriding risk is related a return to violent conflict in the North Central region, increased insecurity especially in Karamoja and conflict insensitive implementation of PRDP related activities, including lack of adherence to the key cross cutting principles of gender,- human rights and environment. In addition this appraisal has identified three additional risks factors related to the PRDP:

- sustainability related to long term GoU commitment;
- the low awareness and capacity for conflict sensitivity in planning and execution; and
- low public sector management capacity levels prevailing in the PRDP districts including specific fiduciary risks associated to these capacity constraints.

From a donor perspective the main risk factors and mitigating options should be considered as the following;

- Reversal into violent conflict/increased insecurity; several official documents perceive this risk as low. However, there are few if any preparedness/contingency plans (in sectors or at Local Government level) in the event it actually happens although the emphasis on some of the strategic objectives of PRDP is a mitigating factor. Donors should raise this concern in all relevant sectors and processes in which they have an active engagement.
- The risks linked to sustainability is among others related to GoU sustaining its commitment to PRDP priorities beyond the limited three year time frame of PRDP, including the extent to which the grant allocation systems are perceived as fair and targeting the districts with highest needs. The mitigating action from a donor perspective would be to ensure that the grant system serve to allocate additional resources in accordance with PRDP priorities and serve to shift total allocation to targeted districts in the medium term.
- Public sector management risks including fiduciary risks; these are the same as for GBS (direct budget support). Several reviews of PFM issues related to GBS and other process point to the main risk factors and report on continued improvements in GoU PFM systems and procedures. However, some risks observed by this mission do not appear to have been fully addressed by them;
- Low staffing levels and ability to retain qualified staff du to lack of basic facilities and amenities have adverse impact on key functions like internal audit and control as observed in the districts visited.

- While Districts and even sub-counties visited shows evidence of producing comprehensive three year rolling plans guiding the annual budgets, questions can be raised to the justification for the complexity and resource requirement for these plans which are significantly under funded and which focus the limited institutional capacity on comprehensive planning processes on account of execution.
- In several of the Local Governments visited planning appeared to have taken place in a “participatory” process and by applying SWOT analysis, Human Rights Based approaches and other tools for planning. However, in the final prioritisation and annual budget process some councils included additional funding for expenditure entertaining them in the form of allowances and other benefits, which sometimes far exceeded resources initially intended for development projects identified through the initial planning process. In the end, resource constraints made implementation fall far behind planned targets and only few planned interventions were actually considered, in particular those identified at sub-county and lower levels.
- The issue of fiscal discipline remains an issue, in particular when judging from the observations from districts and sub-counties visited. The budget approved does not serve as a fair approximation to actual outturns since several changes in allocations with overruns in some sectors and types of expenditures are observed on account of less than targeted expenditures in others. This may be attributed to highly optimistic revenue forecasts as concerns local revenue with realisation between 20% and 50% in the districts visited. It may also be attributed to grant releases from central GoU not being received (deviations were observed between what MoFPED reports as transferred and districts reports as received). Part of this may also be attributed to weak internal control systems that for some districts resulted in significant amounts of unauthorised expenditures⁴⁶.
- In some districts and sub-counties it was also observed “innovative” approaches to utilisation of conditional grants. In one district, a sub-county was charged the expenditures of district level expenditures from the Local Development Grant (LDG) thus reducing its own resource envelope for own priority expenditures. It was justified under the assumption that at least part of the investment charged to the sub-county LDG would benefit the sub-county even though the type of investment clearly falls under the responsibility of the district. In another district, funds for investment in a school were actually used for district administration i.e. the function of the building changed when investments were completed. This issue was also highlighted in the report of the external auditor and resulted in a qualification although an opinion was issued despite that there were several examples observed of a similar nature.
- The quality of external oversight varies significantly; while external auditors conduct timely audits of district level accounts, they have a backlog of 3 years concerning sub-counties when judging from those visited by this appraisal team. Of the districts visited one district received an adverse opinion (the major share of expenditures were not authorised through the budget), despite this there was now evidence of follow up by the council. This was probably the case since most of the qualifications made was actually related to expenditures incurred directly by the council. In another district, the external auditors issued an opinion with several qualifications despite that the management report presented observations that suggested that the financial statement did not present a fair

⁴⁶ In one district the external auditor presented an adverse opinion since a major share of accounted for expenditures were charged to items not being authorised though the budget process. In another district, the management report revealed the same and several expenditure claims without vouchers or other evidence to verify the amounts; despite this the auditor presented an opinion although with several qualifications.

picture (should have been an adverse opinion).

When compared to the reports from the various PFM reviews conducted, the above suggest that the fiduciary risk are either above national average in PRDP districts and/or that the focus of previous reviews as been more on planning, budgeting and reporting processes and less on actual execution, quality of accounting and external oversight. In any case, the above observations calls for specific attention to quality of external audits and actual follow up by councils to audit qualifications, an issue which may be linked to progress in capacity building at local government levels, sensitisation of local councils as well as quality requirements of external auditors.

ANNEX I – TERMS OF REFERENCE

Terms of Reference (TOR) for appraisal of earmarked on-budget contribution to the PRDP

1. Background

In October 2007, the President of Uganda launched the Peace, Recovery and Development Plan (PRDP) for Northern-Uganda. The PRDP is a comprehensive framework for reconstructing Northern Uganda that has four strategic objectives:

1) Consolidation of state authority, 2) Rebuilding and empowering communities, 3) Revitalization of the economy, 4) Peace building and reconciliation. The Minister of State for Northern Uganda has the political supervision of the PRDP and the Office of the Prime Minister (OPM) will have the overall coordination of the implementation of the PRDP. The local governments are expected to carry the main responsibility for management and implementation of the PRDP, as well as coordination of the different actors.

The government has requested for donor support for the plan i.e. in the president's foreword to the plan. In the Budget workshop on December 6, 2007, the Minister of Finance and the State Minister for Northern Uganda specifically asked for on-budget contribution to a PRDP-mechanism in the budget.

2. Purpose (description of the main purpose of the appraisal)

The general purpose of the appraisal is to assess the relevance, feasibility and potential risks and sustainability of on budget support for the PRDP through the PAF⁴⁷-like financial mechanism established by the Government of Uganda (GoU) for the implementation of the PRDP. The main focus of the review should be on the adequacy of the financial mechanism as proposed by GoU, including in the budget for 08/09, for on budget support to the PRDP. Institutional capacity, financial management systems and corruption are among the aspects which need to be addressed.

3. Scope of work/priority issues

The following issues should be assessed:

1. The quality of the planning process and the involvement of stakeholders in the process.
2. The quality of the design elements (goal, purpose, outputs and inputs).
3. Effectiveness and efficiency of the public financial management system relevant for the proposed PRDP PAF-like mechanism, including fiduciary risk, transparency and accountability.
4. Relevance and efficiency of the mechanism seen in light the four strategic objectives of the PRDP
5. The quality of the indicators and means of verifications seen in the light of the regular reporting on budget support (mechanisms at central and district/local level), as well as additional reporting to the Policy Monitoring Committee of the OPM.
6. If relevant propose additional actions as regards anti-corruption measures that the DPs should follow in the PRDP implementation.

⁴⁷ Poverty Action Fund

7. Sustainability elements such as institutional capacity, gender, environment, HIV/AIDS, conflict sensitivity and human rights.
8. Donor coordination; roles and responsibilities, alignment with partner's systems and procedures. The coordination with the general budget support mechanisms and if seen as relevant larger off-budget programs for the north such as NUSAF and USAID activities.
9. Risk factors and mitigating actions.
10. The Appraisal team will identify additional information needed, if any, and give advice to the Embassy on any identified areas of potential improvement to the programme design so that the Embassy and other development partners (DPs) can bring these issues to the dialogue with the other development partners and the Government of Uganda.
11. Give a proposal on areas that the Embassy should follow up, taking into consideration the priority areas of Norwegian development policy and available competence.
12. Where relevant give advice to the formulation of the Agreement with Government of Uganda (bilateral or Joint Financing Agreement (Nordic+ template)).

4. Implementation of the Appraisal

- *Source of Information and methodology to be applied*

It is recommended to have an initial desk appraisal of the PRDP and other documentation. All the documentation shall be availed to the Appraisal team by the Embassy. The team should furthermore spend ten days in Kampala and Northern Uganda to gather necessary information, including on linkages between the PRDP, districts plans and sector priorities. The team should visit at least two districts in Acholiland and meet representatives of district authorities responsible for the implementation of the PRDP. Meetings should be held and consultations carried out with Central Government officials, the OPM and Ministry of Finance in particular, as well as with development partners in Kampala. The appraisal should be done in close consultation with the embassies of Sweden and Denmark in Kampala and.

- *Team composition and Leadership*

The Appraisal shall be carried out by Norad, Oslo, Department of Peace, Gender and Democracy. The Appraisal Team should demonstrate knowledge about the budget process and public financial management systems in Uganda, the PRDP and the situation in Northern Uganda in general. Competency on the Ugandan local government/ the decentralised management system is required. Norad may decide to include external consultants in carrying out the appraisal.

- List of some of the relevant documentation
 - i. PRDP
 - ii. The national budget of Uganda for FY 08/09
 - iii. PRDP concept note by MoFPED/Tim Williams
 - iv. Relevant UN assessments
 - v. UNDP/FAFO livelihood surveys
 - vi. Strategic conflict analysis done for Sida in 2006
 - vii. Other relevant DP appraisals and assessments
 - viii. Draft Joint Financing Arrangement concerning support for the PRDP

5. Reporting

- A debriefing meeting will be held with the Embassy at the end of the field work.
- A debriefing meeting will be held with the Northern Uganda Recovery and Development Group at the end of the field work.
- The final Appraisal report will be submitted within October 20, 2008.
- The Appraisal Report shall contain a summary of the main conclusions and recommendations.

ANNEX II – LIST OF PERSONS CONSULTED

Name	Organisation
Mr. Gjermund Saether	Norwegian Embassy
Ms. Rita Furusetth Sandberg	“
Ms. Helen Holm	Embassy of Sweden
Mr. Kenneth Mugambe	MoFPED
Mr. Robert Okudi	“
Mr. Imran Aziz	“
Ms. Flavia Waduwa	OPM
Ms. Elizabeth Allimadi	“
Ms. Mary Amajo	“
Mr. Mackay Emaru	“
Mr. Raphael Lubega	“
Mr. James Kaweesi	MoWES
Mr. Godfrey A. Dhatemwa	MoES
Mr. Godon Mukasa	
Dr. Francis Runumi Mwesigye	MoH
Mr. Wandera	MoWT
Mr. Patrick Mutabwire	MoLG
Mr. Charles Uma	Gulu DLG
Ms. Santa	“
Ms. Jane Akello	“
Mr. Alphonse Oboni	“
Mr. Anyeko Ojera	“
Hon. Olara Joy Okumu	Lalogi S/ County
Mr. Nyeko	“
Mr. Ojok	“
Mr. Ojwee Thomas	“
Hon. Okello Lukw	“
Mr. Julius Ocan	“
Mr. Stephen Okello	“
Mr. Seraphine Alia	Amuru DLG
Mr. Ben Lukwamoi	“
Mr. Jimmy Odera	“
Mr. Silver Onyait	Amuria DLG
Mr. Andrew Opus	“
Mr. Peter Atwaru	“
Ms. Helen Atai	“
Mr. Kenneth Otikal	“
Mr. Emmanuel Akellem	“
Mr. Joseph Opio	Kapleybong S/ County
Ms. Jessica Apiyo	“
Mr. Joseph Elyatu	“
Mr. Franco Ejur	Lira DLG

Name	Organisation
Mr. George Adoko	“
Mr. Joel Awio	“
Mr. Richard Adong	“
Ms. Cecilia Agwang	“
Mr. Kenneth Otima	“
Mr. Richard Enon	“
Mr. Peter Ajungo	“
Mr. Peter Okello	“
Mr. Terence Awar	“
Mr. Tom Okabo	“
Mr. Ongol Joseph	“
Ms. Liberata Omach	“
Mr. Jacob Oweta	“
Mr. Tom Etil	“
Mr. Stephen Odongo	Ogur S/ County
Mr. William Okello	“
Mr. Tim Pitt	UN OCHA
Dr. Michael Lukwiya	WHO
Ms. Ingrid Buli	Norwegian Embassy
Ms. Christine Aigner	GTZ
Ms. Mary O’Connor	Irish Embassy
Ms. Deborah Ossiya	UNDP
Mr. Sergio Rezi	Italian Cooperation
Mrs. Gørild Mathisen	Norwegian Embassy
Mr. Randy Harris	USAID
Mr. Lars Rimmer	Danish Embassy
Ms. Esther Loeffen	Netherlands Embassy
Ms. Susanne Grange	FAO
Dr. Abimola Odomosu	UNICEF
Mr. Kees Kingma	World Bank
Ms. Elke Wish	UNDP
Mr. Reint Bakema	NUREP
Ms. Lotte Grauballe	Norwegian Refugee Council
Mr. Lamin Manjang	“

ANNEX III – SELECTED REFERENCE DOCUMENTS

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ANNEX IV – PRDP AND DISTRICTS VISITED

GULU DISTRICT

Background

Gulu District covers a total land area of 3,449.08 sq km, making 1.44% of the national land area. The projected population of Gulu District as of June 2008 is 353,663 people of which 60 percent live in rural areas.

The District is made up of 11 Sub-counties and 4 Divisions. Other administrative units include 2 counties; each under the administration of an Assistant Chief Administrative Officer and 1 Municipality under a Town Clerk. There are 69 parishes in the rural sub counties and 291 villages.

Gulu Municipality has the largest population among the counties with a total number of 141,488 people, which is 40 percent of the entire District Population. This is due to insecurity that brought many people to get protection and access to social services like education, health services, goods, clean water and other social amenities.

The share of Gulu district to the National population at 2 percent has been reduced to 1.2 percent after creation of Amuru District in July 2006 while the population density increased from 23 persons per square kilometre to 103 persons per square kilometre. The combination of high population density and return of displaced population have resulted in increase of land disputes

The population settlement pattern in the district has changed from natural resource endowment potentials and income determinants to security concerns. Currently, about 60 percent of the populations are still in the IDP camps while 30% are on the verge of return to their villages and 10% have fully settled to their original homes and villages.

District Planning/ budgeting and link to PRDP

The District Planning Unit coordinates and supervises the revision of the Lower Local Governments and District Development Plans through a consultative and participatory process that starts with, dissemination of guidelines and policies to various stakeholders and active involvements especially of those with established planning organs at all levels of the Local Government. All the LC Is reviewed and updated village-planning information and prepared action plans. The STPCs facilitated parish meetings and assisted PDCs in undertaking the review of the background information for the parishes, analysis of SWOT, poverty, HIV/AIDS, livelihoods, environment, gender, and goals setting for the medium term. Villages' priorities were re-prioritized during the parish consultation meeting, and based on theses analysis, Community Actions Plans were revised for 104 parishes.

The final parish "priorities" were then forwarded to the sub-county technical planning committee, which compiled these into the sub-county plans. The STPCs reviewed performance of their Plans, background information for the LLGs, analyzed Local Government challenges through a SWAP type process including poverty dimensions, impact and relationship of HIV/AIDS pandemic in the development process, livelihoods, environment issues, gender relation, and goals setting for the medium term. Parish priorities were "re-prioritized" based on theses analysis.

At the district level, the District Budget desk organises a workshop for all heads of departments, heads of sections, chairperson of sector committees and the District Executive members to orient them on the Fiscal Decentralization Strategy and the required planning formats under the Fiscal Decentralization Strategy (FDS). At the workshop, participants were required to identify their sector goals, objectives, activities and priorities in view of the national priorities, local priorities,

communicated budget ceilings and sub-county/LLG demands. These were prepared in the FDS formats

The budget conference was organized as a stake holder's forum that brought together the district line departments, LLG representatives, the elected district leadership, members, of district boards and commission, district development partners and CSOs. At the conference, all stakeholders shared their achievements against plans, the constraints met in implementation and lessons learnt. The district line departments incorporated the needs and demands from lower local governments and support from partners for consideration in the different sectors.

In 2005 participated together with 4 other Acholi districts in a PRDP needs assessment workshop. This resulted in a comprehensive list of required inputs and investments both within and in addition to the DDP.

The district was involved in an intermittent consultative process that began in 2005 with the submission of PRDP work-plans and more recently, lists of unfunded priorities extracted from the DDP to OPM. It is worth noting that whereas there were efforts to adopt a bottom up planning process, officials at the s/county level were only vaguely aware of the PRDP and as of October 11, 2008, had not even received a copy of the Plan. In 2008 (as attached to the current DDP) an updated list of priority interventions not funded under the DDP was developed and presented to OPM as PRDP projects they would require additional funding for (ref. table below).

To date no additional funding has been released over and above regular unconditional grant, equalisation grant and conditional grants allocated through the regular budget process i.e. the additionality concept of PRDP has not yet been realised.

District authorities perceive the PRDP as a 'grand plan' or framework aimed at supporting recovery efforts for the region. There was however different views on what it entails. One view perceived the PRDP as including all the activities being undertaken in the affected districts; while the other understood the PRDP to constitute *additional* activities arising from the 'unfunded priorities' and hence bringing in additional resources.

Conceptually the Gulu District considered the PRDP as a framework through which they could expect additional funding for priority projects. The DDP and additional projects are in total considered to be PRDP since the PRDP concept is broad and regardless of PRDP their emphasis would be on reinstating service delivery capacity in return areas as well as general capacity improvements for the District at large. The only influence of PRDP is larger focus in regular DDP on need to construct "humanitarian" access roads.

CCIs are integrated and considered in DDP priorities, but not influence by PRDP. Security is a national task. Issues like gender (due to shift from specific impact by insurgencies of LRA to domestic violence in campus and lack of facilities which specifically impact women both a service deliverers and IDPs) have been addressed in sector plans.

PRDP Management at district level

Perceive PRDP activities as part of normal development activities that will be implemented through the normal district and sector management structures i.e. District Technical Planning Team. The District Disaster Management Committee (DDMC) is expected to maintain its co-ordination role and will be supported where necessary by the Disaster Risk Reduction and Recovery Officer, particularly in relation to IDP assistance.

The District and S/Counties will maintain their implementation roles as per regulations of the Local Government Act. The only anticipated changes will be in the rehabilitation of infrastructure i.e. roads

and bridges, where are to be taken up by the district due to the S/counties limited capacity to rehabilitate many of the Community Access Roads and bridges.

Similarly responsibility for some of the district roads i.e. Gulu to Pabbo will soon shift to the Central government on account of their new classification as national roads.

Challenges related to financial management

Gulu District local government low local revenue base and generates less than 3% of its revenue requirements locally. The rest is obtained through central government transfers and donor support. However trends in Non-Governmental Organisations (NGO) activity suggest a decline in donor support.

PRDP was expected as an additional source through the regular transfer system (conditional grant) to implement unfunded priority projects but no additional funding yet provided.

Electronic data transfers ensure timely release of money, however, delays due to information on allocation of transfers between the different grants needs to be obtained from MoFPED (visits to Kampala) since this information is not surrendered simultaneously with releases. Releases are quarterly, but due to some districts delaying submission of financial statements for additional quarterly releases the face problems in fully utilising conditional grant allocations for the total year (last quarter).

Gulu District Administration has an external auditor and since current fiscal year “examiners” in charge of internal oversight and control reporting to the Council.

External audits have been conducted on time and include value for money audit. Last audit conducted for 2006/07. Last FY final accounts to be submitted before 30 October. Last AG opinion contained two qualifications of which one related to one major road rehabilitation project (approx 30% of total investments), for which payments were made to the contractor but without contractor completing investments satisfactory. No other major qualifications.

Challenges related to institutional capacity for implementing PRDP priority areas

There are eleven Departments within the district Administration. Staffing in administration as well as service units of the District is severely constrained. The major issue is attracting staff with the current level of incentives (both monetary and non-monetary like staff houses and transport) and retaining staff employed due to perceived security situation by employees. Significant number of vacancies exist with one exception; education. The administration considers they have the financial resources to fill vacancies but not the means to attract qualified staff.

Staff levels as of 30 June 2008

Total positions	Approved	Filled	Vacancies	%
Health	625	90	535	14 %
Eduaction	1,131	1,040	91	92 %
Other	164	114	50	70 %
Total	1920	1244	676	65 %

In terms of staffing, the district has experienced some improvements and approximately 65 % of the approved positions for the district are filled. However staffing capacity still varies greatly between departments and the sectors which are responsible for service delivery. For example, while staffing within the education sector stands at 92%, only 14% of the positions in the health sector are filled.

Key positions within the administration and in some of the critical service areas are not filled. The district lacks a Chief Finance Officer, Internal Auditor, District Engineer, Planner and doctors.

The district has experienced challenges in attracting and retaining qualified staff partly due to persistent concerns about the security; inability to pay competitive salaries as well as the lack of the basic facilities i.e. accommodation. The problem was compounded by the absence of the District Service Commission which only began its work last year.

The Ministry of Health has recently under the NUMAT programme supported the district in the recruitment of an additional 100 workers to recruit more health workers. The Ministry will also add a 30% salary top-up as an incentive for health workers.

PRDP's contribution was assumed to be fulfilling required capacities

Monitoring and Coordination

The District has an elaborate M & E system for the DDP. They have sector plans/reporting formats and report to the different sub committees within the district council. Technical planning is implemented by heads of department and internal monitoring takes place through quarterly meetings with the CAO. There is no specific arrangement for monitoring of PRDP priorities or PRDP "programmes".

The DDMC which is convened once every two months, has been managing and co-ordinating the various agencies in the district. They also convene monthly sector working group meetings where district officials and donor agencies/NGOs meet. While the DDMC serve as venue for coordination and information sharing, priorities of the local government are not always adhered to by donor agencies that sometimes pursue interventions contrary to local government priorities.

Conclusion

PRDP was expected as a vehicle for additional resources given the specific challenges in reconstruction and reconciliation in a "post war" setting but to date only been a policy framework not translated into any tangible action or benefits for the district.

Main constraint at district level is capacity (in health service), basic infrastructure for transport, schools, health posts and water and facilities and monetary incentives to recruit and retain staff, in particular education and health.

AMURU DISTRICT

Background

Amuru is a new district, established in July 2006, upon decision by President without consultation with the population. The district is large; 9028 square km, constituting 2/3 of former Gulu district. Amuru is considered very fertile and has potentials for mineral extraction (incl. oil – exploration team was already on the ground we were informed).

Amuru district borders Sudan. The main road from Kampala to Juba passes through the district. There's no electricity, no banks, no tarmac or gravel roads at all in the entire district.

Administratively Amuru is divided into 9 Lower Local Governments (LLGs), 8 sub-counties and one town council. The District administration has been working out of Gulu Town and still does a lot of work from there (has a small data centre in Gulu). In the beginning a number of staff were seconded and then later transferred from Gulu District. District Administration (offices etc), established in Amuru (in February 2007) and has to be built up from scratch – far from nearest trading centre and IDP camp. The sub-county officials also have to go to Gulu for all major business, but have no offices there. The Atiak sub-county administration is dependent on the services of secretarial bureaus in Gulu town.

Estimated population of Amuru is 203.000 (Projections from 176.000 as per census in 2002). 95% of the population and all schools were displaced at the height of insurgencies (until 2006).

In 2006 there were 34 camps. In 2008 there are 118 satellite camps (and many IDPs are still outside the district), approximately 60.000 / 35% IDPs have gone home. 3.000 extremely vulnerable people are still in the camps. Poverty level has increased from 64% in 2003/4 to 68% in 2007/8-

During interviews districts and sub-county officials listed return and resettlement of IDPs, provision of basic services and roads as major challenges for PRDP (in line with existing development plans). According to district officials land disputes was not a problem in Amuru as there was plenty of land in the eastern part of the district, where no one had lived since 1903 due to previous problems with tsetse flies.

District planning/budgeting and link to PRDP

Districts and sub-county officials had knowledge of PRDP. Limited copies of PRDP had been distributed to the district, the district planner and CAO each had one. Sub-counties were not provided with any. Atiak did not have copy of plan, but Pabbo had a photocopy provided by an NGO.

Districts had been asked to align District Development Plans (DDP) with PRDP, but did not actively participate in the development of PRDP (could also be because Amuru is a new district).

The DDP is developed and revised through a consultative and participatory process spearheaded by the District Planning Unit in cooperation with Local Councils and established planning organs at all levels of local government. Parishes also make 3 year rolling development plans based on village meetings/plans and various stakeholder inputs (women, youth, People Living with Disabilities, elderly), which are submitted to sub-counties, who also develop 3 y rolling plans feeding into the DDP⁴⁸. Planning is based on indicative figures from the centre, and from districts to lower levels.

District officials and sub-county officials met confirmed that there was full compatibility between

⁴⁸ Cha.1.6 of the DDP gives a detailed overview of the planning process

PRDP and the three year rolling DDP and sub-county plans. The CAO perceives PRDP as a plan, not a project. Atiak officials saw PRDP as a GoU's attempt to alleviate/redress problems, to equalize Northern Uganda with the rest of Uganda. It was recognised that development was below national level even before the insurgencies.) In Pabbo the DDP has specified PRDP as a potential source of funding.

Unfunded priorities are listed in the DDP. These are huge, for education only as much as 5.1 bill. UGX.

According to FY 2008/9 budget frame work paper, the priorities of Amuru district shall remain the same as that for FY 2007/2008, namely "*re-orienting public expenditures towards resettlement of the IDPs.*"

According to the Amuru DDP the priorities of the District Council for FY 2008/2009 are:

- Return and resettlement of the IDPs in the face of the Juba Peace Talk that was not concluded (ratified)
- Road rehabilitation to improve accessibility to all parts of the district so that services can reach the people timely
- Provision of safe water, especially to return sites as most of these sites are without safe water facilities (safe water coverage is only 57%)
- Rehabilitation and reopening of closed health units, including operationalisation of many idle facilities constructed by partners
- School facilities (classrooms, latrine stances, teachers' houses) need to be increased. In particular, emphasis would be placed on drainable pit latrines (...)
- Transition from subsistence farming to farming as a business for sufficient food security and improved household income
- Environmental mitigation through promotion of agro-forestry and woodlot development
- Local revenue enhancement through initiation and development of industrial parks at Bibia (Elegu) in Attiak sub-county and Latoro in Purongo sub-county in addition to the establishment of markets at those two locations

These priorities are confirmed in the overall theme in the district budget for FY 2008/2009 of "*re-orienting public expenditures towards resettlement of the IDPs*" Specific priorities under recurrent expenditures are community development, health, production and productivity, environment and roads. Under development expenditure priorities are water and health. The same priorities are reflected in the two sub-county and one parish plan shared with the team.

Cross cutting issues such as gender, HIV/AIDS, environment and poverty are addressed in the plans and budgets. The revision of the 2008/9-2010/22 plan was revised using a human rights based approach to programming (HRBAP) and results based management and planning methodology. Challenges related to peace building and reconciliation are to limited extent reflected in the DDPs and LLG plans and are generally referred to the political level.

Districts and sub-county officials confirmed that there are generally huge gaps in funding compared to plans. And it's generally a problem that there is no feed back from the Centre to district administration and parishes as to which funds will be realised, making implementation of plans extremely difficult. Slow release of funds for development is a further constraint.

Officials met did not expect additional PRDP funds from the Centre for PRDP, but expected some gaps to be filled by development partners. (With the exception of one sub-county which had been advised by an NGO to list PRDP as a possible source of funding in the budget.) If additional funding would come from the Centre to districts it was assumed that normal channels would be used. Some preference to conditional grants was expressed to facilitate planning for district officials. The 50 % flexibility between existing conditional grants (except in education) was considered very useful. For

FY 2008/9 Amuru did not expect a major increase in transfers. The biggest increased grants were from NAADS, and some for rural water and sanitation (because of priorities in national budget).

The lack of local revenue, particularly since the removal of the graduated tax and inadequacy of compensatory measures from the centre, is a major challenge. Amuru only managed to raise 4% revenue last year.

PRDP management at district level

No special management set-up is planned for PRDP (as PRDP integrated with DDP). The District Disaster Management Committee (DDMC) still meets every second.

Challenges related to financial management

The Electronic Funds Transfer system has been a significant improvement for timely release of funding. But both district and sub-county officials have to travel to Gulu to withdraw funds as there are no banks in Amuru (the explanation being that insurance for banks were too high as Amuru was still considered a risk area). Carrying cash meant increased risks. Electronic transfers are made from the Centre with no information indicating from which grant/budget line. The district accountant therefore had to go to Kampala to get the details before funds could be spent.

Only one internal auditor in place out of a team of six (including two examiners). Amuru therefore has difficulties complying with regulations that require auditor/examiners examination of each payment before they are authorised and verify supplies. The chief finance officer is in place, but the district still lack four out of eleven accountants. The District Contracts Committee came into place in July-08.

According the DDP poor performance of LLGs is a major challenge. Five of the nine LLGs failed to meet the minimum conditions and performance and could not access Local Development Grants, whereas six of them scored a penalty.

The Auditor General was not in a position to issue an opinion on the financial statements for FY 2006/7 do to serious accountability issues. The Amuru district accounts for FY 2007/8 are closed and submitted to the Auditor General.

For the two sub-counties visited the last external audit report covered FY 2003/2004. In one sub-county visited the former CAO had embezzled 30% of grants received which was subsequently not translated into investments and services. In another sub-county, their Local Government Development grant was paying for road construction contracted by the District Administration i.e. saving the District administration costs of investments which should have been charged to their budget thus reducing the sub-county opportunities for funding activities for what the LGDF was intended for.

Challenges related to institutional capacity for implementing PRDP priority areas

A one-off grant of UGX 100 million was provided from the Centre. Over and above that there are no special grants for establishing a new district local government and administration and functioning lower level local governments. The President's pledge for funding of a new administration block had not yet been fulfilled.

Some conditions for enhanced implementation of the DDP have improved. The FY 2007/2008 saw the constitution and operationalisation of the statutory organs – District Service Commission, District Land Board, Local Government Public Accounts Committee and the District Contracts Committee (according to the DDP), but there are some delays in actual operationalisation. During interviews it was informed that the District Service Commission was only now getting in place.

There are enough funds for recruitment of staff. The biggest problem is staff retention, due to poor living conditions and generally lack of incentive structures for staff.

An overview of vacant positions is lacking. However according to the DDP “Since the inception of Amuru on July 1, 2006, no recruitment has taken place. The staff seconded from the “mother district” of Gulu is the ones manning the district. In some units, like the Planning Unit, the Planner has been alone and performing duties meant for six staff. “

Monitoring and evaluation

PAF-monitoring is carried out, but there are delays due to lack of fuel and allowances. Regular reports are given to the various committees of the District Local Council.

External verification is done by the Auditor General once a year and the Inspector General of Government (IGG) related to specific complaints. During interviews it was informed that regional officers from Ministry of Education and Sports also perform monitoring and verification on a regular basis.

Coordination with others

Coordination of external partners is done through the DDMC and sector meetings. So far the district has not considered contracting NGOs to carry out specific activities. There is a general agreement with NGOs that they will assist in filling gaps. Sub-counties some times find coordination challenging as some partners have MoUs directly with the districts, but most are familiar with DDP and LLG plans and most comply with them. Some NGOs pay for staff in the health sector, which is a major unfunded priority. There's a recent decrease in NGO funding and activities as many humanitarian organisations are pulling out and focusing more on Sudan.

Overall conclusion on PRDP at district/sub-county level

District participation in the formulation of PRDP has been low, but could be explained by the fact that Amuru is a new district. PRDP is however integrated into the DDP priorities and LLG plans and can be implemented by scaling up regular activities. PRDP was initially expected to bring additional funds to the districts, but this hasn't happened. The war and long term displacement of the population has led to low levels of economic activity and lack of local revenue. Return and resettlement of IDPs is identified as the main challenge in the DDP, in particular providing basic social services. Challenges related to peace building and reconciliation are to a limited degree reflected in the DDPs and LLG plans and are mainly dealt with at the political level.

The main constraint in Amuru district is staff capacity at all levels, in service delivery sectors in particular. Substantial infrastructure investments are needed, for roads, health, education and district administration. There are inadequate systems for monitoring and control of public spending and fiduciary risks are high. Systems for coordination with external partners are established and working well. NGOs and other external partners continue to pay a pivotal role in maintaining service delivery and enhancing infrastructure.

AMURIA DISTRICT

Background

Amuria District is located in North Eastern part of Uganda, bordering Katakwi (east), Soroti (south), Kaberamaido (west) , Moroto and Lira (North). Amuria District was established in July 2005, and was originally a part of Katakwi District. Estimated population is 291 000 and the total area is 2 613 square kilometres. More than 90 percent of the population depend on agricultural cultivation and livestock keeping.

Amuria district comprises two counties, Amuria and Kapelebyong. The district is administratively separated into 10 Lower Local Governments (LLGs), 9 sub-counties and one town council. The District administration is located near Amuria town. When the district was set up it moved into localities which was previously Amuria- Sub County, and most of their staff was previously employed by Amuria Sub-county.

According to the District Development Plan 2007/08 – 2009/10 (DDP), about 50 percent of the population is living below the national poverty line. The region has experienced continues insecurity, with cattle rustling being a major problem from the 1980's until today. The incursion of the LRA rebels from 2003 led to disruption of activities and large proportions of the population moving into camps. Some settlements are now becoming permanent urban centres, though about 95 percent of the population are now living outside the camps. The insecurity have had major impact on households and worsened the poverty situation in the region.

Understanding of PRDP and institutional set up

The district representatives had knowledge about the PRDP. However none of the administrative staff in the District Council had a copy the PRDP plan and they were not very familiar with the specific content.

The PRDP was by District Officials perceived as an all encompassing and sector wide programme to help conflict affected districts catch up with the national average by improving living conditions and service delivery. The understanding was that PRDP was currently being implemented. However, it was expressed that the plan was unclear with regard to implementation and financing, and due to lack of a clear government policy the PRDP had not had any impact in Amuria District this far. The administration was not sure what to realistically expect from the PRDP, though it was expressed that the understanding and the hope was that additional funding should follow the PRDP to help the districts recover.

In the District Council the planning officer was appointed as the PRDP focal person. However, as the PRDP was integrated into the DDP, the PRDP had no implications on the institutional structure in the District Council.

In Kabelebyong Sub-County the administration was not familiar with PRDP. The Sub-county chief had only been in position for three months and during this period he had not heard any talk of PRDP.

District planning, budgeting and monitoring and link to PRDP

Amuria district Council has a bottom up planning process where the district plan is developed on basis of sub-county priorities, which in turn is based on the parishes' priorities. For 2008/09 Amuria district Council has not prioritized any specific sector, rather it was explained that the District plan is a response to the most pressing needs in different sub-counties and parishes in the district.

Cross Cutting issues such as gender, environment and HIV/Aids is embedded in the DDP. It was

explained that the PRDP therefore has not yet had any impact on cross cutting issues in the planning or budgeting process.

Following instructions from the OPM, a PRDP prioritization plan and monitoring framework had been developed. The PRDP plan was based on the DDP, and consisted of a list of unfunded projects in different sectors. Thus, the PRDP was by the administrative officers described as being embedded in the DDP. In each sector the projects was prioritized, though this was not evident from the overall 'PRDP plan' shared with the appraisal team. It was explained that the monitoring framework was based on the existing sector and PAF monitoring framework.

It was further explained to the appraisal team that the PRDP had not affected policies or budget in the District. The reason given was that the District had not received any additional allocations as a result of the PRDP. Possible future PRDP funding was not expected to change this as PRDP was to be based on existing planning, budget and monitoring framework.

Both Districts and sub-county officials confirmed that there are huge gaps in funding compared to plans. The district faces vast challenges in most sectors, and the current priorities include roads, education, health and water and sanitation. However, late transfers and lack of fund releases from national government was explained as major problems making both the planning process and in particular the implementation of plans very difficult. Some sectors are in reality left out of the budget despite dire needs.

Raising local revenue was also described as a main challenge as the local revenue base remains very low. The increased flexibility on use of conditional grants was described as useful.

Institutional capacity and challenges to financial management

Amuria district has been facing the same challenge as other newly established districts with high level of unfilled key administrative positions and high levels of unfilled positions at service delivery level. However, district officials described the development the last two years as very positive. At administrative level 90 percent of key positions are currently filled. One assistant COW and a Senior Procurement Officer are lacking. At service delivery about 60 percent of positions are currently filled, up from about 40 percent last year. The positive development was explained by additional funds allowing for topping up of salaries in the health sector, and by an active and competent recruitment policy by the District Service Commission. However, accommodation to staff was still considered a serious constraint in attracting staff.

The description of improved capacity levels was also reflected at sub-county level. Substantial increases in filled positions were reported. However, retention of staff was still described as a serious problem.

During FY 2007/08 quarterly internal audits had been conducted. Moreover, the internal audit function is conducting both pre- and post audits. However, the audit report for FY 2006/07 discovered that some funds were diverted for other uses and some funds not accounted for. Except from those statements a fair opinion was delivered. The administration was however of the opinion that these findings later was accounted for in the response letter from the District Council. The external audit for 2007/08 has been conducted, but the district has not yet received the opinion of the Auditor General.

As perceived by the District Council the biggest challenge regarding PFM is late and lacking releases from national government which makes planning and implementation difficult. Late releases of funds gives challenges regarding fully utilising funding, and provides challenges in submission of financial statements. This in turn has a negative impact on the Districts performance which determines releases of the LGDP grant. It was also pointed out that there are challenges regarding procurement, though stressed that substantial progress have been achieved the last two years.

According to the administration they currently have the entire infrastructure needed in place to perform improved service delivery in the district. It was further pointed out that this remains to be tested due to lack of funding.

At sub-county level the situation seems to be considerably bleaker. For example, the sub-county administration was not able to provide neither budget or audit reports on request. However, it was explained that substantial progress in capacity had been achieved the last year, partly due to a competent recruitment policy and partly due to professional mentoring and guidance by the District Council.

Coordination with LLG's, national government and NGOs

The District council perceived their involvement in PRDP planning process as minimal. According to district officials the PRDP had been developed without any substantial involvement from the district, and as long as no money were following the plan their role was only to make PRDP plan on OPM's request.

It was explained that the sub-counties had not been involved in any PRDP planning activities. As the role of the sub-counties was implementation of plans, it had not been perceived as practical to involve lower levels of government in the planning process.

At the district level it is currently no formal structures for coordination with NGO's. It is expected that NGOs as partners align to the DDP, but explained that this was not always achieved. At sub-county level it was explained that coordination with certain NGO's has been a problem. Despite calling for coordination meetings, not all NGOs were attending. However, most NGOs align with the sub-county plan and play a vital role for community development.

Conclusion

The expectation was that PRDP should be a plan targeting conflict affected areas to help districts to catch up with the rest of the country, and that additional resources would follow. However, due to lack of a clear policy on organizing and implementing the plan, the PRDP had no impact at district level to date.

Though capacity constraints are certainly evident, and seem to be still quite severe at sub-county level, significant improvements have been achieved. According to LG's officials a greater constraint to development than capacity constraints is the severe lack of revenues.

LIRA DISTRICT

Description of district

Lira District covers a total area of approximately 515,666 km². The district has an estimated population of 626,500 as of June 2008. The share of the Lira District population living below poverty line is 67%. The district is made up of 4 Counties¹⁹, Sub-counties, 103 Parishes and 1,558 Villages.

Lira Local Council faces many of the same challenges as other districts of Northern Uganda with a high number of IDPs and declining local revenue. Even Central Government revenue fell short of budget in the last fiscal year with transfers only 64.7% of the amount budgeted.

On the other hand revenue received from donors/NGOs for humanitarian relief has more than compensated for low local revenue and constituted as much as 30% of total central government grants. This form of support is however being scaled down during recovery from years of conflict without being compensated with similar increases in domestic revenue and central government grants.

District planning/budgeting and link to PRDP

The District Planning Unit coordinates and supervises the Lower Local Governments and District Development Plans through a consultative and participatory process. The planning process of the districts included inputs from the lower levels of government by the application of the Harmonized Participatory Planning Guide for Parishes. The process resulted in 50% % of the parishes producing PDPs and 25% of the sub-counties had for the first time a Budget Conference.

At the district level, the District Budget desk organises a workshop for all heads of departments, heads of sections, chairperson of sector committees and the District Executive members to orient them on the Fiscal Decentralization Strategy and the required planning formats under the Fiscal Decentralization Strategy (FDS). At the workshop, participants were required to identify their sector goals, objectives, activities and priorities in view of the national priorities, local priorities, communicated budget ceilings and sub-county/LLG demands. These were prepared in the FDS formats

The District has prepared its 9th comprehensive 3 year DDP covering the years 2008/09- 2010/11. The DDP makes references to PRDP for some specific planned interventions in some sectors; mainly agriculture, livestock and fisheries. It presents these interventions under the assumption that PRDP will provide funding through a conditional grant mechanism or specific earmarked programme funding. The District claimed that OPM ensured that additional funding would be included in existing grant mechanisms; however, the approved level of grant from last to current fiscal year has in fact declined in real terms.

PRDP management and monitoring at district level

A special PRDP coordinator has been assigned at the District Level, but without any funding forthcoming to implement interventions assumed to be funded by PRDP there is limited coordination and supervision actually taking place.

A more relevant forum for coordination has been the District Disaster Management Committee with participation of all main NGOs lead by the CAO directing NGO activities to priority areas of the District, but the District authorities sometimes face challenges in coordinating NGOs and other donors to respond to their priorities. It was claimed, that one NGO had actually received PRDP funds for its own projects contrary to the understanding of the district that PRDP funds would be provided for local government as public transfers under district level management.

Regular monitoring takes place through administration reports to sector committees of Council with quarterly meetings. Related to PRDP there are not monitoring taking place since, according to the District (as well as sub-county visited) there are no known PRDP funded interventions taking place in the district.

Challenges related to financial management

The District faces challenges in as much as local revenue does not compensate for reduced donor funding, and government grants have only marginally increased in nominal terms (reduced in real terms). It also phases challenges in several areas of internal control and external oversight. The audit report for the fiscal year 2006/07 also highlights a number of issues to be addressed. Many of them been has been mentioned also in previous audits but without follow up.

The major qualifications concern a yearly accumulation of unsettled advances and excess expenditure over approved budget votes – the latter constituting as much as 22% of total expenditure. In addition, the cash balance could not be confirmed. The Local Government Public Accounts Committee had not responded to the previous years management letters and subsequently not allowed any assessment of follow up by the external auditor. Despite these findings, the external auditor issues an opinion while it may be questioned if the financial statement actually qualifies for an opinion considering among others that the cash balance could not be confirmed.

Challenges related to institutional capacity for implementing PRDP priority areas

For Lira district, the MoLG Capacity Study found the human resource situation with serious understaffing. Approximately 56% of the district staff was in place both at the higher and lower Local Governments in 2006. The wage bill gap stands at 50.3%. The current situation appears to indicate improvements in one sector; education, however a deteriorating situation in others.

The district faces significant resource gaps to accommodate staffing requirements, and like other districts experience high number of vacancies with one exception, education. In other sectors, in particular health, more than 51% of approved positions are not filled and at district management levels only 48% of the positions are currently filled, and even less for sub-counties. The main cause of attracting and retaining staff is considered due to lack of funds to provide adequate staffing facilities.

Overall conclusion on PRDP at district/sub-county level

Lira is a district has a well established council and administration. It faces however significant challenges from many years of conflict in which a high share of the population has been displaced. PRDP to them would have been a welcomed step to establish infrastructure, administration and service delivery in its many sub-counties and parishes but has instead created expectations that have not been met. In fact their overall resource envelope has declined because local revenue cannot substitute reduced humanitarian relief and central level grants have also declined in real terms. The district also faces significant challenges related to fiscal discipline and financial management in general judging from the external audit reports.

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