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ECONOMIC, SOCIAL AND CULTURAL RIGHTS

**Effects of structural adjustment policies and foreign debt on the full enjoyment
of human rights, particularly economic, social and cultural rights**

**Report submitted by the independent expert on the effects of structural
adjustment policies and foreign debt on the full enjoyment of all human
rights, particularly economic, social and cultural rights Bernard's Mudho**

Addendum

Mission to Uganda* **

* The summary is being circulated in all official languages. The report itself, contained in the annex to the summary, is being circulated in the language of submission only.

** The reason for the late submission of this report is the need to reflect the latest information.

Summary

At the invitation of the Government of Uganda, the independent expert on the effects of structural adjustment policies and foreign debt on the full enjoyment of all human rights, in particular economic, social and cultural rights, undertook a country mission to Uganda from 26 to 30 May 2003 to study the effects of the burden of foreign debt and the policies adopted to face them on the capacity of the Government to adopt policies and programmes for the enjoyment of economic, social and cultural rights in accordance with his mandate.

Uganda is one of the first countries to benefit from the World Bank Heavily Indebted Poor Countries (HIPC) Initiative since 1997, which is aimed at ensuring deep, broad and fast debt relief with a strong link to poverty reduction. Uganda is expected to receive debt relief amounting to approximately US\$ 2 billion from the HIPC initiative, and has established the Poverty Action Fund (PAF) to channel proceeds from HIPC relief to protect social expenditures.

Uganda has often been showcased by the World Bank and the International Monetary Fund as a success story in the reorientation of their policies - from structural adjustment to country-driven, pro-poor and participatory policies. Uganda's Poverty Reduction Strategy Paper (PRSP) is based on its own national comprehensive strategy for fighting poverty, the Poverty Eradication Action Plan (PEAP) that was elaborated in 1997 through an extensive consultative process. In order to increase the predictability and country-driven planning of external assistance, the Government has made considerable efforts in articulating a clear framework for Government-donor collaboration in the form of budget support and opening up its budget process to stakeholder participation. The shift from project-based aid to direct contributions to national budgets is increasingly being supported by donors and the World Bank, which has enabled a significant improvement in the budget predictability, and in the transparency of the budget process, which should in turn contribute to a higher quality of budget planning and execution. Building capacities of the Government in public expenditure management, and of the Parliament and stakeholders in the budget process, are of critical importance in ensuring the success of this initiative.

The independent expert found these initiatives noteworthy and commends the important achievements that the Government has made in terms of attaining universal primary education and combating HIV/AIDS, among others. Uganda, however, remains heavily dependent on external resources to compensate for its large fiscal deficit, and strict expenditure ceilings have been set by the Government to maintain macroeconomic stability. The continued revenue shortfalls may lead to cuts in the areas not protected by PAF, including in expenditures on sectors related to public administration and justice, which are important for civil and political rights, as well as for economic, social and cultural rights. Furthermore, the independent expert found that PEAP/PRSP, while a commendable initiative in itself that takes into account some important human rights principles such as equity and participation, could have benefited from more explicit references to the Constitution or many important human rights instruments ratified by Uganda.

The independent expert concludes the report with the following recommendations:

- (a) More expanded and explicit linkages could and should be made between the country's development goals and human rights, in particular economic, social and cultural rights;
- (b) The Government and donors should further explore ways to reduce dependence on external resources and its adverse implications for poverty reduction and other programmes that are designed to contribute to the realization of economic, social and cultural rights;
- (c) Support to the HIPC initiative should be further deepened and non-Paris Club creditors should be actively encouraged to provide additional support;
- (d) As the principal government programme for poverty reduction, PEAP should contain explicit links to Uganda's basic law, the Constitution, and to the country's commitments to human rights and corresponding obligations under its domestic laws and the international instruments it has ratified;
- (e) The participation and consultation process in PEAP should be further deepened to allow more comprehensive and substantive inputs from all stakeholders, including the Uganda Human Rights Commission;
- (f) Monitoring mechanisms for PEAP should be further strengthened, in particular its Pillar 2 on good governance and security, for which the goals and targets have yet to be fully developed. The Government may wish to consider seeking assistance from the United Nations country team and the Office of the High Commissioner for Human Rights in developing an appropriate indicator framework, with the possible involvement of the Uganda Human Rights Commission and other relevant stakeholders;
- (g) The Government of Uganda should be urged to expedite the submission of its overdue reports to treaty bodies, in particular the Committee on Economic, Social and Cultural Rights.

Annex

**REPORT OF THE INDEPENDENT EXPERT ON THE EFFECTS
OF STRUCTURAL ADJUSTMENT POLICIES AND FOREIGN
DEBT ON THE FULL ENJOYMENT OF ALL HUMAN RIGHTS,
PARTICULARLY ECONOMIC, SOCIAL AND CULTURAL
RIGHTS, BERNARDS MUDHO, ON HIS MISSION TO UGANDA
(26-30 May 2003)**

CONTENTS

	<i>Paragraphs</i>	<i>Page</i>
Introduction	1 - 6	5
I. BACKGROUND AND CONTEXT	7 - 12	6
II. LINKING DEBT RELIEF TO POVERTY REDUCTION	13 - 22	7
III. GOVERNMENT POLICIES AND PROGRAMMES FOR THE REALIZATION OF HUMAN RIGHTS, IN PARTICULAR ECONOMIC, SOCIAL AND CULTURAL RIGHTS	23 - 32	9
IV. INTEGRATING HUMAN RIGHTS IN THE BUDGET PROCESS	33 - 37	11
V. CONCLUSION AND RECOMMENDATIONS	38 - 43	13

Introduction

1. At the invitation of the Government of Uganda, the independent expert on the effects of structural adjustment policies and foreign debt on the full enjoyment of all human rights, particularly economic, social and cultural rights undertook a country mission to Uganda from 26 to 30 May 2003. In accordance with Commission resolution 2000/82, which established the mandate of the independent expert, the general objectives of the mission were to: (a) examine the effects of the burden of foreign debt and the policies adopted to face them on the capacity of the Government to adopt policies and programmes for the enjoyment of economic, social and cultural rights; (b) engage in dialogue with the Government, United Nations bodies and specialized agencies and the civil society in their efforts to secure these rights; (c) follow up on relevant concluding observations and recommendations from the treaty bodies; and (d) recommend measures and actions that could be taken to alleviate such effects.

2. In the context of his mandate, the independent expert also paid particular attention to the situation of HIV/AIDS in the country, bearing in mind Commission resolution 2003/21, in which the Commission urged States, international financial institutions and the private sector to take urgent measures to alleviate the debt problem of those developing countries particularly affected by HIV/AIDS, so that more financial resources could be released and used for health care, research and treatment of the population in affected countries.

3. The independent expert met with senior officials from the Ministry of Finance, Planning and Economic Development (MFPDE), the Ministry for Gender, Labour and Social Development, the Ministry of Justice and Constitutional Affairs, the Ministry of Education, the Ministry of Health and the Central Bank. He also had meetings with the Chairperson of the Sessional Committee on Finance, Planning and Development of the Parliament, the Chairperson of the Standing Committee on HIV/AIDS and Related Matters of the Parliament, and the Chairperson of the Uganda Human Rights Commission.

4. The independent expert held briefing and substantive meetings with the United Nations Resident Coordinator/Resident Representative of the United Nations Development Programme (UNDP). He also met with representatives of the United Nations Children's Fund (UNICEF), the United Nations Joint Programme on HIV/AIDS (UNAIDS), the World Bank, the International Monetary Fund (IMF), the Department for International Development (DFID) of the United Kingdom and the Danish Agency for Development Assistance (DANIDA).

5. The independent expert held further meetings with a range of representatives of academic institutions, non-governmental organizations and civil society groups relevant to his mandate, including the dean of the Faculty of Law and Human Rights Peace Centre of Makerere University and representatives of the Carter Center and the World Vision Uganda.

6. The independent expert wishes to thank the Government of Uganda and all those organizations and individuals who provided valuable information, and in particular the United Nations Resident Coordinator for the assistance and support provided for the mission. He is especially grateful to Ambassador Harold Acemah of the Ministry of Foreign Affairs for his advice and critical role in facilitating his visit.

I. BACKGROUND AND CONTEXT

7. Uganda has often been showcased by the World Bank and IMF as a success story in the reorientation of their policies from structural adjustment to country-driven, pro-poor and participatory policies. Among them, the Government of Uganda has long set poverty reduction as its overriding policy objective. For example, Uganda's first national comprehensive strategy for fighting poverty, the Poverty Eradication Action Plan (PEAP) was completed in 1997 after an 18-month long participatory process involving key stakeholders. PEAP has since been extremely instrumental in guiding the government policy and preparation of sector-wide approaches to policy reform and investment programming, and improving the focus of the Government's three-year rolling Medium Term Expenditure Framework (MTEF) in the fight against poverty. PEAP was subsequently revised in 2000, taking into account, inter alia, of the findings of the Uganda Participatory Poverty Assessment Project (UPPAP). The summary of the revised PEAP was eventually endorsed by the World Bank and the IMF as the country's Poverty Reduction Strategy Paper (PRSP) in May 2000.

8. Uganda is also one of the first countries to benefit from the World Bank's Heavily Indebted Poor Countries (HIPC) Initiative since 1997, which is aimed at ensuring deep, broad and fast debt relief with a strong link to poverty reduction. Uganda is expected to receive debt relief amounting to approximately US\$ 2 billion from the two HIPC initiatives (US\$ 0.6 billion from the first HIPC in 1997 and US\$ 1.3 billion from the Enhanced HIPC in 2000).

9. The Government established the Poverty Action Fund (PAF) to channel proceeds from HIPC debt relief to supplement the Government's education and health budgets. As a result, Uganda has been able to increase its expenditures in these and other priority areas. PAF, which is an earmarked fund within the budget, is administered with full openness to and substantial participation of Ugandan civil society organizations coupled with some parliamentary oversight. Yet, any future increases to the PAF contribution to the national budget are dependent upon additional flows of debt relief proceeds. All debt relief under HIPC is channelled to PAF.

10. From the perspective of the mandate of the independent expert, these developments, attributable as they are both to initiatives of the Government as well as to those of international financial institutions, merit close attention and critical analysis, with a view to showing whether consequent programmes and policies adopted by the Government have, in fact, contributed to the enjoyment of human rights by ordinary Ugandans. In this context, it is noteworthy that Uganda has ratified all seven main international human rights treaties, as well as the first Optional Protocol to the International Covenant on Civil and Political Rights and the two Optional Protocols to the Convention on the Rights of the Child. At the time of writing, however, Uganda had 11 overdue reports in respect of four treaty bodies, including the Committee on Economic, Social and Cultural Rights, to which Uganda has never reported. In the absence of such reports, any assessment of the human rights dimension of the programmes and policies so adopted must necessarily be incomplete.

11. Consequently, despite admittedly commendable progress made so far by Uganda on the socio-economic front, the country still faces specific human rights challenges, notably on account of the ongoing conflict in the north, which contributes to significant loss of life and the abduction of thousands of children, as well as to an estimated 1 million internally displaced persons and food insecurity, not to mention reports of widespread violence against women.

Thus, when the Committee on the Elimination of Discrimination against Women examined the third periodic report of Uganda, it expressed concern that gender-insensitive privatization and the implementation of structural adjustment policies were among the causes of widespread poverty among women in Uganda, despite the country's development strategy, the Poverty Eradication Action Plan, for improving the livelihoods of all Ugandans, including women (A/57/38, para. 149).

12. On the whole, however, Uganda has made important strides towards achieving the Millennium Development Goals of income-poverty reduction, universal primary education, gender parity in primary education, combating HIV/AIDS and increasing access to safe water. Yet, substantial challenges remain in ensuring gender parity in secondary education, combating infant, under-5 and maternal mortality, reducing malaria, and improving environmental sanitation. In this regard, the fourth World Bank Consultative Group meeting convened by the Government with its donor partners in May 2003 identified the need to address gender equity issues, especially in the areas of land ownership and human rights, as a twin cross-cutting issue.

II. LINKING DEBT RELIEF TO POVERTY REDUCTION

13. In the early 1980s, the debt problem in Uganda was compounded, among other things, by the absence of relevant institutional infrastructures to effectively assess and manage the scale of debt. As a result, structural adjustment policies that were first introduced in 1981 failed to take effect. At that time, the Ugandan economy was characterized by high inflation, at an annual rate of 240 per cent, and high dependence on coffee as a single export crop, accounting for almost 70 per cent of its export earnings. Since the change in political leadership in 1986, the new Government, with the support of the international community, has implemented economic and structural reforms aimed at restoring and maintaining macroeconomic stability and improving Uganda's economic, social and institutional infrastructure. During the 1990s, the economy expanded, with real GDP growing at an annual average rate of 6 per cent, and the inflation level was contained at 4.7 per cent.

14. The economic growth of the 1990s and the subsequent macroeconomic stability enabled the Government to increase its public expenditure, from 8.6 per cent of GDP in 1986-1987 to 25 per cent in 2001-2002. In 1987, the Government launched the Universal Primary Education (UPE) Programme as a part of the Government's policy to provide free primary education to four children in every family, including orphaned and disabled children. As a result of the overwhelming response nationwide, government spending on primary education doubled from 11 per cent of expenditure in 1995 to 22 per cent in 2000.

15. Such rapid growth in government expenditure, in spite of slower revenue growth, has been made possible through an increase in donor support to the national budget. For UPE, the World Bank supported this effort through an Education Sector Adjustment Credit, which was designed to assist the Government in dealing with the immediate challenges arising from the UPE policy. Its objective was to ensure that the public resources needed to sustain UPE were available and that there was improved allocation and more efficient use of these resources.

16. As in the education sector, Uganda remains heavily dependent on external resources to compensate for its large fiscal deficit, which has resulted from a significant decline in internal revenue, and in the face of an increase in government expenditure. Discussions with the

responsible officials and representatives of the Government revealed that currently, inflows represent around 58 per cent of the budget, equivalent to 12 per cent of GDP. At the same time, the share of total spending earmarked for poverty reduction through PAF has continued to increase and reached 35 per cent in 2001-2002.

17. Therefore, although the Government of Uganda has enjoyed significant donor support to address the country's PEAP priority targets, the long-term sustainability of over-reliance on external resources remains a major concern and a threat to gains Uganda has so far made. The fiscal deficit, excluding grant assistance, peaked at 12.8 per cent of GDP in 2001-2002. The Government has consequently adopted a fiscal deficit reduction policy over the medium term, supported by the IMF, to minimize pressure on the exchange rate and private sector credit arising from the size of the fiscal deficit, while maintaining its annual 5 per cent inflation objective.

18. Financing of large fiscal deficits through increased donor support has implications for key macroeconomic indicators such as inflation, exchange rates, and export-sector competitiveness. In this context, Uganda is following the old recipe of structural adjustment policies to tighten fiscal discipline, and the policy of the MFPDE to strictly respect expenditure ceilings and control unwarranted expenditures. Public expenditure has also come under pressure by unexpected increases in defence spending because of the situation in northern Uganda.

19. Overall, based on the consideration of information submitted and consultations with officials with relevant expertise, the independent expert identified at least three areas in the current macroeconomic and fiscal situation in Uganda that give cause for concern in terms of their implications for human rights. The first, and perhaps main one, is that the pressure to reduce public expenditure may lead to cuts in the human rights budget in general. Since PEAP/PAF is not explicit on human rights, the continued revenue shortfalls may lead to cuts in the unprotected non-PAF areas, including public administration, justice, and civil and political rights areas.

20. Secondly, the need to reduce the fiscal deficit and to keep the Government's expenditures under control has led it to exercise caution with regard to the adverse effects of excess inflows on macroeconomic stability. There seems to be a conflict between the macroeconomic objectives advocated by MFPDE and the recent discussion in the international community to make additional resources available to the country to help it achieve the Millennium Development Goals. A clear example of this was the reported reluctance of MFPDE and IMF to approve an additional US\$ 52 million, which Uganda requested from the Global Fund to Fight AIDS, Tuberculosis and Malaria, unless reductions of an equivalent amount were made in other parts of the health budget.

21. Thirdly, the continued growth of public expenditure, and consistently high levels of external financing in the form of grants and concessional loans would obviously lead to a serious concern regarding the position of Uganda's debt sustainability. As originally envisioned, the level of debt relief extended to Uganda under the HIPC initiative was judged sufficient to deliver a debt to export ratio of 150 per cent or less over the medium term. However, in reality, as a result of weaker than expected export earnings due to the decline in the world coffee price, Uganda's debt to export ratio is currently over above 200 per cent. Moreover, Uganda's debt

stock has increased in recent years, from US\$ 3.4 billion in June 2001 to US\$ 3.9 billion in December 2002. Despite two HIPC initiatives, some non-Paris Club creditors do not support HIPC, and some commercial and bilateral creditors have sued the Government for non-payment, resulting in additional expenditures to pay excessively high awards to creditors.

22. The sustainability of debt, the *raison d'être* for the HIPC initiative, remains a critical issue in Uganda, particularly as it has important implications for macroeconomic stability and the availability of resources to finance government poverty programmes under PEAP which are designed to lead to the realization of human rights and in particular economic, social and cultural rights. Success in achieving this goal would depend not only on the availability of resources, but also on the efficiency and productive use of available funds for the implementation of government programmes. This calls for a critical review and observations from human rights perspectives on the design and implementation of government programmes, in particular PEAP, and the approach taken by the Government to encourage donors to shift their assistance from projects-based support to more general budget support, which is described in the next section.

III. GOVERNMENT POLICIES AND PROGRAMMES FOR THE REALIZATION OF HUMAN RIGHTS, IN PARTICULAR ECONOMIC, SOCIAL AND CULTURAL RIGHTS

23. The commitment and obligations of the Government of Uganda to human rights arise not only from the international instruments it has voluntarily ratified, but also from its Constitution and various national laws. The 1995 Constitution of Uganda defines a number of national objectives and principles of State policy. In the Preamble, under the General Social and Economic Objective XIV, the Constitution states that the State “shall endeavour to fulfil the fundamental rights of all Ugandans to social justice and economic development and shall, in particular, ensure that: (i) all developmental efforts are directed at ensuring the maximum social and cultural well-being of the people; and (ii) all Ugandans enjoy rights and opportunities and access to education, health services, clean and safe water, work, decent shelter, adequate clothing, food security and pension and retirement benefits”.

24. Furthermore, Uganda's commitment to economic, social and cultural rights is demonstrated in chapter 4 of the Constitution where economic, social and cultural rights are elaborated along with civil and political rights and which guarantees all persons equality and freedom from discrimination in all spheres of political, economic, social and cultural life. The right to education is recognized in article 30, and article 45 explicitly states that those fundamental human rights and freedoms specifically mentioned under this chapter should not be regarded as excluding other such rights and freedoms not specifically mentioned.

25. The current PEAP, which was revised in 2000 and subsequently endorsed by the World Bank and the IMF as PRSP, may be deemed to be the principal government instrument and a basis for partnership with donors, for the realization of relevant provisions on human rights enshrined in the Constitution and international instruments which the country has ratified. But while PEAP is a commendable initiative that takes into account important human rights principles such as equity and popular participation, it does not seem to contain explicit references to the Constitution or to the many important human rights international instruments ratified by Uganda.

26. The revised PEAP is structured around four pillars: (a) a framework for economic growth and transformation (Pillar 1); (b) good governance and security (Pillar 2); (c) increased ability of the poor to raise their incomes (Pillar 3); and (d) enhanced quality of the life of the poor (Pillar 4). According to the Uganda Human Rights Commission, “although its overall objective is relevant to the realization of economic and social rights, the PEAP lacks an explicit, deliberate and targeted human rights orientation that is essential for the implementation of a rights-based approach”.¹

27. It is noted that without such explicit references to underpin government actions and public pronouncements with respect to the promotion and protection of human rights, the extent of the Government’s commitment to the overall realization of human rights may be put in question. Nevertheless, lack of such references notwithstanding, PEAP is generally acknowledged to be a radical departure from traditional structural adjustment policies (SAPs). Unlike the old “one size fits all” approach of SAPs, PEAP in Uganda was based on country-owned and participatory processes. Indeed, it is widely considered that the PEAP process constituted a significant breakthrough in the relationship between civil society and the Government. The revised PEAP also benefited from the Uganda Participatory Poverty Assessment Project (UPPAP) in 2001, which sought to bring the perspectives of ordinary Ugandans, through consultations, into the formulation and the implementation of policies and planning for poverty reduction at both district and national levels. Although the original PEAP is said to have been formulated as a result of a broad consultative process - involving central and local government, civil society and the private sector - some sections of the poor ordinary Ugandans, for whom the Plan was developed, contend that they were not consulted. UPPAP was established to provide a mechanism for linking the perspectives of the poor to the policy formulation processes.

28. In this regard, several civil society groups remain concerned about what they perceive to be serious limitations of the PEAP process and its outcomes, particularly of Pillar 1. For instance, according to a study by ActionAid, civil society organizations were invited to provide inputs on the development of the poverty reduction goals but not on the nature of the macroeconomic policies to achieve them. It would appear that, during the PEAP consultations, civil society organizations and representatives of the poor had not given their informed consent to privatization of banks, water services and agricultural extension services, nor tight fiscal controls and further trade liberalization in multiple sectors, the full implications and ramifications of all of which are only now beginning to dawn on them. “Our own government officials would not allow us to diverge from the neoliberal policies”, said a civil society group coordinator. “They would say that we can not diverge from the existing policy framework because the donors would not accept it.”²

29. Moreover, PEAP does not seem to have devised specific mechanisms and detailed institutional arrangements through which the poor can be effectively facilitated to participate at different stages of decision-making bearing in mind that the majority of the vulnerable social groups do not have the necessary or basic skills to understand complex economic and social policies. In Uganda, these groups include, but are not limited to, internally displaced persons (IDPs), women, minorities and indigenous peoples.

30. In order to improve the accountability framework, the Pillar 2 on good governance and security needs to be particularly strengthened. Out of the 47 goals listed in the matrix of the Uganda's PEAP/PRSP, only 19 are provided with targets. For Pillar 2, which includes activities that affect the rights of the poor the most, there is only one targeted goal. The other 11 goals are provided with no targets at all. These include security, democratization, transparency, law and order, the delivering of efficient and honest public services, prisons and criminal justice. DANIDA and UNDP are understood to be assisting the Government to develop a matrix on political indicators with the view to strengthening accountability mechanisms and reducing corruption substantially.

31. While decentralization and democratization of local governance could enable the poor to monitor government activities that have an immediate and direct effect on the realization of their economic, social and cultural rights, so far, however, potential benefits of decentralization are being hampered by two major constraints. Firstly, it is increasingly evident that the implementation of the decentralization policy is creating tensions between the priorities determined at local level and those developed at the national level through sector-wide approaches (SWAs). Secondly, because of the lack of adequate human capacity at local level, the efficient management of funds cannot be ensured. As a result, faced with the likelihood of wasteful spending by district administrations of funds intended for the delivery of services, the central Government has limited the discretion of local government, providing 80 per cent of its funding in the form of highly conditional grants. On the other hand, strict application of the principle of full accountability would require that adequate support for capacity-building be given to the poor so that they would be able to exercise greater influence over local and national institutions.

32. Civil society can and should perform an independent monitoring role. It is, therefore, fitting and proper that the Uganda Participatory Poverty Assessment Project is managed by the Oxfam Uganda Programme, together with other civil society groups, and currently involves 67 communities in 9 pilot districts. It is increasingly developing its participatory mechanisms. It has, for example, opened a web site (www.uppap.or.ug) on which are displayed a wide range of information on Uganda's PRSP. This is an area that is potentially critical for the right to information and participation in the human rights monitoring mechanisms.

IV. INTEGRATING HUMAN RIGHTS IN THE BUDGET PROCESS

33. There is an emerging consensus on mutual commitment and partnership between developing and developed countries on how best to reduce poverty, as evidenced in recent global conferences such as the International Conference on Financing for Development and the World Summit on Sustainable Development. Based on a growing awareness and recognition that developing countries must take ultimate responsibilities for their future, there has been a renewed call for a reform of the way multilateral and bilateral donors provide development assistance, towards greater support for local ownership and transparency. PRSP and HIPC initiatives are examples of new initiatives based on an emerging consensus on development partnership. Strong and participatory budget formulation and monitoring processes at country level are critical to greater international support for local ownership and transparency.

34. Since 1997, Uganda has made considerable efforts in articulating a clear framework for Government-donor collaboration in the form of budget support and opening up its budget process to stakeholder participation. The Government, towards this end, launched two important recent initiatives. The first is that the Government has shifted its preferred mode of external support from traditional project-based aid to general budget support. The integration of external assistance into the national budget framework should improve the predictability and strengthens local ownership by linking aid more closely to national priorities for poverty reduction defined in PEAP. Some new development partners have fully joined the support mode, while others, including the World Bank, are increasing their share of budget support from less than a third to almost a half. Consequently, budget support as a share of GDP has increased to about 7 per cent.³ This has enabled a significant improvement in budget predictability, and in the transparency of the budget process, which has in turn contributed to the higher quality of budget planning and execution.

35. Secondly, in 2001, Uganda enacted the Budget Act, which clearly outlines the country's budget process timetable and provides new tools to strengthen budget management and involve Parliament in the budget preparation process. In coming years, it would be essential that the Government, development partners and all other stakeholders safeguard and strengthen Parliament's effective participation in the budget cycle, and that their awareness be raised on human rights including economic, social and cultural rights. Furthermore, the participation of external stakeholders throughout the budget process, in particular civil society groups, needs to be deepened further by shifting focus from getting people involved to producing quality improvements through participatory dialogues. The contributions of civil society groups and non-governmental organizations such as the Uganda Debt Network, which have been actively involved in the Public Expenditure Review, UPPAP and HIPC-tracking studies, should be further encouraged. The independent expert would venture to encourage the Uganda Human Rights Commission and other human rights groups to actively contribute to this process.

36. The independent expert welcomes these steps taken by the Government and the increased support by development partners towards meeting priority national development goals despite fiscal constraints. While the shift towards budget support should further improve predictability and accountability issues, it does not solve the fundamental question of continued dependency on increased donor inflows to meet the budget deficit and thereby, the continued threat to macroeconomic stability and SAP-like conditionality to scale back the fiscal deficit by limiting overall public expenditure. To date, Uganda has been able to prevent budget cuts in social sectors through PAF, which has evolved from its initial focus on channelling HIPC resources to poverty reduction goals into a primary source of central Government's transfers to local governments. Notwithstanding its impressive performance, there is a caution that sectoral earmarking within PAF and narrow interpretation of the concept of poverty may undermine the original PEAP objective of comprehensive development and local ownership, and crowd out critical cross-cutting issues such as human rights.

37. The foregoing analysis and considerations point to the need for raising more awareness on human rights, in particular economic, social and cultural rights, in the budget process. Such awareness raising should include, but not be limited to, popular participation in its formulation and scrutiny of its implementation by all stakeholders including government officials, parliamentarians, civil society groups and donor representatives. Integrating human rights into the budget process would also contribute to improving budget efficiency, quality of government

programmes and their impact. It is clear that with increasing fiscal constraints, one of the ways of ensuring the progressive realization of economic, social and cultural rights must be to ensure that the limited public resources are utilized effectively and in ways that promote human rights, not only in terms of overall goals but also by integrating human rights norms and principles in the process of design and implementation.

V. CONCLUSION AND RECOMMENDATIONS

38. **That Uganda has made impressive strides in the human development of its people cannot be gainsaid. These positive developments are exemplified by the commendable progress the country has made towards achieving the Millennium Development Goals in general and in the fight against HIV/AIDS in particular, with the consequent progressive realization of economic, social and cultural rights. Nevertheless, the independent expert appreciates that Uganda still faces significant challenges in fully meeting those social objectives while maintaining the necessary macroeconomic stability and debt sustainability, in spite of the innovative approaches taken by the Government and the partnership developed with the international donor community. Hence, in general, the independent expert finds that more expanded and explicit linkages could and should be made between the country's development goals and human rights, in particular economic, social and cultural rights. Towards this end, the independent expert respectfully submits the following recommendations to the Government of Uganda and other concerned parties.**

39. **While welcoming and further encouraging the trends towards increased general budget support by donors, the independent expert urges the Government and its development partners to explore ways to reduce dependence on external resources and its adverse implications for poverty reduction and other relevant programmes that are designed to contribute to the realization of human rights, in particular economic, social and cultural rights. The independent expert would note, in this regard, the important speech by President Yoweri Kaguta Museveni of Uganda at the Third Tokyo International Conference on African Development (TICAD III) 29 September 2003, in which he made a powerful call for more equitable trade arrangements and market access as a development stimulus, both relevant and timely, especially in the light of the failure of the World Trade Organization trade talks in Cancún, Mexico.**

40. **In view of the deterioration in debt sustainability, the independent expert recognizes the need for deepening support to the HIPC initiative and recommends that creditors, in particular non-Paris Club creditors, be actively encouraged and urged to provide support to the HIPC initiative.**

41. **As the principal government programme for poverty reduction, PEAP should make explicit links to Uganda's basic law, the Constitution, and to the country's commitments to human rights and corresponding obligations under its domestic laws and the international instruments it has ratified.**

42. **The participation and consultation process in PEAP should be further deepened to allow more comprehensive and substantive inputs from all stakeholders. For example, the Uganda Human Rights Commission, in particular, could play a more active role in the PEAP process.**

43. Monitoring mechanisms for PEAP should be further strengthened and considerations for human rights need to be integrated. In particular, the indicator framework for Pillar 2 should be elaborated. In this context, the independent expert recommends that the Government consider seeking the assistance of the United Nations country team and the OHCHR in developing an appropriate indicator framework, with the possible involvement of the Uganda Human Rights Commission and other relevant stakeholders. Such collaboration between the Government and other stakeholders could be beneficial to the former in preparing periodic reports for the treaty bodies. In this context, the independent expert urges the Government of Uganda to expedite the submission of its overdue reports to treaty bodies, in particular to the Committee on Economic, Social and Cultural Rights.

Notes

¹ Uganda Human Rights Commission, "Towards a strategy for promoting human rights-based development in Uganda", 2002, p. 20.

² Warren Nyamugasira and Rick Rowden, "Poverty reduction strategy and coherency of loan conditions: do the new World Bank and IMF loans support countries' poverty-reduction goals? The case of Uganda", ActionAid, April 2002, p. 7.

³ World Bank, The Republic of Uganda Public Expenditure Review, 2002, p. 18.
