An Evaluation Of The Implementation Of Decentralization Of The World Bank's Operations on Poverty Reduction in Uganda

Jacqueline Jane Okiria-Ofwono

Submitted in fulfilment of the requirements for the degree of Doctor of Philosophy

In Development Studies at the

Nelson Mandela Metropolitan University

April 2012

Promoters: Prof. Richard Haines
Co-Promoter: Prof. Hendrik Lloyd

Declaration

I, Jacqueline Jane Okiria-Ofwono (207059782), hereby declare that the thesis for students' qualification to be awarded is my own work and that it has not previously been submitted for assessment or completion of any postgraduate qualification to another university or for another qualification.

____

Jacqueline Jane Okiria-Ofwono

Dedication

Nelson Ofwono, my husband, for always encouraging me to spread my wings and fly. Jeremy and Jordan, my sons, you are the wind beneath my wings.

Acknowledgements

My parents, Mathias and Gladys Okiria, for believing in me; my friends, colleagues and mentors: Imelda Musana, Chika Chime, Thandiwe Tshukudu, Edes Tairo, Vincent Omingo, Emmanuel Acuc, Kate Onyeanakwe and Suleiman Namara for keeping me sane.

The World Bank management for providing a work environment that encourages eradication of intellectual poverty.

Prof. Haines & Prof. Lloyd, my promoters, who walked with me every step of the rugged road and brought me through to this day. Thank you!

Amanda Van den Berg, who provided invaluable support to move the thesis along through four tough years, I am in your debt.

To all the unsung heroes, far and wide, who have not been mentioned here.... and above all, to my glorious and incredible God who brought me out of darkness into His marvellous light!

Let all the earth fear the Lord
Let all the people of the world revere Him
For He spoke and it came to be! (Psalms 33:8)

Table of Contents

List of Tables and Figures

Abstract

Continued debates on economic development, poverty eradication and the growing skeptism concerning the paradigms proposed through many decades, has led to a continued search for a paradigm that would, finally, resolve the issue of pervasive poverty in the Sub-Saharan Africa. Having implemented decentralization within government entities without any significant contribution to poverty eradication, the focus has now turned to the development agencies themselves. What are the inefficiencies in these agencies which if addressed might enable them deliver development aid more efficiently thus, providing more resources for development from being lost in the attrition of overheads?

It is, therefore, argued that decentralization of development agencies will improve the efficiency and effectiveness of IFIs in delivering development aid. At the same time, decentralization reforms have been proposed as a response to the failures of highly centralized states (or organizations in this case). Empirical evidence, strongly, suggests that physical proximity and more 'face-time', promotes better results-on-the-ground, delivered by staff who are better attuned to local conditions and have a better understanding of the client and their development agenda.

But, will decentralization alone solve the issue of pervasive poverty? This research recognises that the factors affecting poverty are diverse and intricate and isolating just one part of the puzzle is not enough. Nevertheless, it is argues that decentralization, has a positive impact on poverty reduction thus, this study presents both practical and theoretical considerations from which policy measures can be derived.

This thesis focused on establishing how the World Bank, changed its strategies through the implementation of decentralization of its operations as proposed in the 'Strategic Compact', renewed the way it worked in order to maintain its relevance in the development world. The World Bank President, James Wolfensohn, proposed the Compact as a solution to the organization's self diagnosis that it was in distress, in a state of possible decline and was not fulfilling its mission of poverty eradication.

This research, using Uganda Country Office as a case study, undertook, mainly, a qualitative review of the overall strategy of decentralization and its implementation organization wide and specifically, in Uganda. The research examined how the implementation of the strategy impacted on poverty trends in Uganda.

This research found that the decentralization strategy was, fundamentally, the right one to deliver better results of the Bank's mission of 'fighting poverty for lasting results' and its vision of 'A World Free of Poverty'. Contrary to the popular notion that the World Bank has been, largely ineffective in the delivery of its mission and its decentralization strategy just another one of its 'shams', this research established that the implementation of the strategy, although not having a direct or causal relationship, did have positive impact on poverty alleviation in Uganda.

This study, therefore, makes a case for decentralization of donor organizations as a means of better delivery of the poverty eradication agenda in the developing world. The benefits though hard to measure in monetary terms are, nevertheless, real in terms of faster and better quality engagement with the clients which in turn, result into better delivery of services and programmes.

List of Abbreviations

AAA	Accra Agenda for Action
AAA	Analytic and Advisory Activities
ACS	Administrative Client Support
ADF	Allied Defence Forces
APL	Adaptable Program Loan
BBC	British Broadcasting Corporation
BWI	Bretton Woods Institute
CAS	Country Assistance Strategy
CCR	Citizen Card Reports
CD	Country Director
CDF	Comprehensive Development Framework
CD4	Country Department 4
CET	Common External Tariff
CEM	Country Economic Memorandum
CER	Cost Effectiveness Review
CIA	Criminal Investigation Agency
CM	Country Manager
CMS	Christian Missionary Society
CO	Country Office
COMPAS	Common Performance Assessment Report
CPI	Corruption Perception Index
DAC	Development Assistance Committee
DFID	Department for International Development
EAC	East African Community
EPRC	Economic Policy Research Centre
ERP	Economic Recovery Programme
ESW	Economic Sector Work
EU	European Union
FY	Fiscal Year
GDP	Gross Domestic Product
GNP	Gross National Product
GNI	Gross National Income
GoU	Government of Uganda
HDI	Human Development Index
HIPC	Highly Indebted Poor Countries
HIV/AIDs	Human Immunodeficiency Virus/ Acquired Immune Deficiency Syndrome
HR	Human Resources
IBRD	International Bank for Reconstruction and Development
IDA	International Development Agency
IEG	Independent Evaluation Department
IFC	International Financial Corporation
IFIs	International Financial Institutions

IFR	Interim Financial Reporting
ILO	International Labour Organization
IMF	International Monetary Fund
IRIS	Integrated Records and Information Service
IRS	Internationally Recruited Staff
LEN	Lending
LIL	Learning and Innovation Loan
LRS	Locally Recruited Staff
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries
MDGs	Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
MFPED	Ministry of Finance and Economic Development
NCS	New Compensation System
NDP	National Development Plan
NEPAD	New Partnership for Africa's Development
NGO	Non Governmental Organization
NLS	None Lending Support
NPA	National Planning Authority
NRM	National Resistance Movement
NUSAF	Northern Uganda Social Action Fund
MDB	Multilateral Development Bank
MFDR	Managing for Development Results
MoFPED	Ministry of Finance, Planning & Economic Development
OECD	Organization of Economic Cooperation and Development
OED	Operations Evaluation Department
OETF	Organizational Effectiveness Task Force
OPCS	Operations Policy and Country Services
OPM	Office of the Prime Minister
PAF	Poverty Action Plan
PEAP	Poverty Eradication Action Plan
PETS	Public Expenditure Tracking Survey
PD	Paris Declaration
PFM	Public Financial Management
PNOWB	Parliamentary Network of the World Bank
PPDA	Public Procurement & Disposal of Public Assets Authority
PPP	Purchasing Power Parity
PRSC	Poverty Reduction Support Credit
PRSP	Poverty Reduction Support Programme
QAG	Quality Assurance Group
RCS	Revised Compensation System
RDP	Rehabilitation and Development Plan
SA	Staff Association
SAP	Structural Adjustment Programmes
SIL	Specific Investment Loan
SPN	Supervision
SSA	Sub-Saharan Africa

SSPL	Subjection Poverty Line
SWS	Staff Weeks
TA	Technical Assistance
TAL	Technical Assistance Loan
TPRB	Trade Policy Review Board
UBOS	Uganda Bureau of Statistics
UJAS	Uganda Joint Assistance Strategy
UN	United Nations
UNDP	United Nations Development Programme
UNHS	Uganda National Household Survey
UPPAP	Uganda Participatory Poverty Action Plan
USA	United States of America
USAID	United States Agency for International Development
VP	Vice Presidency
WBG	World Bank Group
WDI	World Development Indicators
WDR	World Development Report
WTO	World Trade Organization

CHAPTER ONE

INTRODUCTION

1.1 INTRODUCTION

> The World Bank is an overstaffed, ineffective, bureaucratic institution…It has ... dedicated professionals … committed to development and poverty relief. Yet by its own admission, half its projects are unsuccessful, and the failure rate is even higher in the poorest countries. The Bank's management should stop its current public-relations flimflam and start improving its effectiveness in reducing poverty (Meltzer 1999).[i]

> The World Bank is a highly bureaucratic dinosaur, charging out an assembly line of its products, delivered by its business class flying staff who are deficient in their knowledge of how to actually deliver results on the ground (Hooke 2007).[ii]

> Our Poverty is a World Full of Dreams (Weaver 2002).[iii]

Claims that the World Bank's decentralization strategy, defined in the Strategic Compact[iv], in promoting poverty eradication in Uganda has been a dismal failure are not supported with strong empirical evidence. On the contrary, the evidence seems to suggest that laying the blame, on the World Bank, for failures to reach the 'Promised Land' of a 'World Free of Poverty', proclaimed by the World Bank mission, outlined in the MDGs, detailed in Uganda's Poverty Eradication Action Plan (PEAP) and other initiatives, constantly promised by Uganda's twenty five year old regime, is not entirely justifiable. Although it is difficult to prove a direct and causal relationship, a careful analysis of the evidence suggests a positive impact on poverty reduction. Certainly, although there are so many areas of the decentralization strategy that may have required improvements, the strategy and its implementation have had some positive impact in the country and, this thesis examines both aspects and suggests areas of remedial actions in order to enhance the process of obtaining greater development impact. Following the implementation of the decentralization strategy, the World Bank made the prerequisite changes in its systems and structures, policies and procedures and culture, in order to make significant strides on the delivery of its mission of poverty eradication.

Some critics argue that World Bank has, generally, been ineffective in most of strategies (50 Years is Enough 1994; Wade 2001; Easterly 2002 & Hooke 2007) aimed at achieving its poverty eradication mission and have, conveniently, disregarded the multidimensional factors that affect poverty, many of which are not even within the jurisdiction of the Bank. The critics have with some merit, questioned some of the Bank's policies but have not themselves promised or even proposed viable strategies of resolving the poverty dilemma. It is well and easy to jump into the bandwagon of 'World Bank bashing' but where are the viable alternatives to the World Bank programmes and indeed, to the organization itself? Granted, the organization has made some serious errors and has some areas of significant inefficiencies, but does this make all its contributions null and void? This research argues that the Bank, despite its inadequacies and inefficiencies still has a leading and significant role to play in the poverty arena. The question then should be on how to leverage its comparative and competitive advantages and take remedial action for what does not work.

A close examination of the World Bank decentralization strategy shows that whereas, it has had some unintended consequences, there has been some positive impact thus, making the case for decentralization of develop307ment agencies as one way of promoting development effectiveness and poverty eradication. Defining poverty is complicated to the extent that there are many definitions of poverty. Poverty is fundamentally to do with lack of well-being (Dasgupta 1993). Lack of well-being implies some combination of inability to act and enforced misery, implying severely curtailed human capabilities (Sen 1993: 1997). In Uganda, the concept of poverty takes several dimensions and in 1997, at the launch of the first PEAP, Government for policy purposes defined poverty as lack of access to basic necessities of life (food, shelter, clothing and other needs like education and health) (Uganda Poverty Eradication Action Plan 1997).

Decentralization is the policy of delegating decision-making authority throughout an organization, relatively away from a central authority. Some features of a decentralized organization are fewer tiers to the organizational structure, wider span of control, and a bottom-to-top flow of decision-effecting ideas, giving its structure a flat appearance (Chang 2006). The definitions of decentralization are numerous thus, creating a challenge in analyzing merits and demerits and other issues pertaining to the concept. However, there is hardly any debate as to the overwhelming benefits of decentralized organizations in comparison to centralized ones.

Decentralization has been advocated by donors because it is an important factor in broadening citizen participation and improving local governance thereby promoting poverty reduction from the bottom up. An unambiguous link, however, between decentralization and poverty reduction cannot be easily established[v] (Jutting, Kauffman 2004; Vedeld 2003:195 et al) (Quoted by Earle & Scott (2010). There is often a disjunction between neat theoretical constructs and messy projects on the ground. Pretorious (2010), for example, lists multiple theoretical approaches to poverty alleviation, from the 'income-based' strategies of the World Bank, through 'structural' (marginalization), 'progressive' (empowerment), and 'systemic' (vicious-cycles) approaches to the focus on the Human Development. Despite such theoretical attention, however, the storyline of poverty alleviation is one of pervasive failure (Hurst 2010).

There are several arguments to support decentralization (OECD 2004; Chang 2006; Robino 2009; World Bank 2003 & 2008 et al):

1. Allocative efficiency and efficacy;
2. Decisions being made by those who have the most knowledge about local conditions;
3. Greater managerial input in decision-making having a desirable motivational effect;
4. Managers having more control over results;
5. Response to failures of highly centralized organizations;
6. Response to clients and better understanding of local conditions
7. Political and economic benefit;
8. Legitimacy and ownership of implementation and;
9. Platform for bringing beneficiaries into arena.

Central state authorities usually lack the ‘time and place knowledge’ to implement policies and programmes that reflect people’s ‘real’ needs and preferences. If properly managed, decentralization is seen as a way to improve allocative efficiency, (Hayek & Ostrom 1993, Musgrave 1983 quoted by OECD 2004) thus, addressing some of the failures of centralized organizations. It is also noted that more political and economic benefits accrue to decentralized organizations as opposed to the centralized ones due to ownership by both the implementers and the beneficiaries.

The World Bank Client Surveys (2003, 2008) indicated that there had been improvements in response time by the decentralized staff who were better attuned to the local conditions and who had more ‘face-time’ with the beneficiaries. Based on the feedback from client interviews, the country office was rated to be generally effective. However, clients noted that the country office could be more effective if it had more staff to support implementation of projects and programmes. They also noted that some programmes delayed because of the country office having to always seek clearance from Washington D.C. Clients suggested that the country office hire more staff, but also be given more freedom to make some decisions without seeking approval from the Bank’s headquarters in Washington, D.C. This was an improvement on the 1999 survey in which the Bank was considered less than effective in adapting their knowledge to the Uganda specific context, among other things.

McClelland (1961) and achievement theorists argue that the achievement, authority and power motive can be achieved by learning. On one hand, a manager can raise achievement need level of his subordinates by creating a healthy work atmosphere, provision of reasonable freedom to subordinates, provision of more responsibilities and by making tasks more interesting and challenging. Even reward and appreciation of high performance of subordinates is useful for raising their achievement need level. This is how motivation of employees is possible by developing the desire for higher achievement in their mind. Such achievement motivation is necessary and useful for the success of an enterprise. This can be achieved through decentralization and delegation of authority and responsibility. On the other hand, it gives the managers more control of the results and provides for both parties, a sense of ownership of; in this case, development results by the country office staff and their clients.

However, there are some costs of decentralization including:

1. Managers having a tendency to look at their division and lose sight of overall company goals;
2. Costly duplication of services and;
3. Costs of obtaining sufficient information increase (Chang 2006).

The definition of decentralization and poverty are a contested field and have led to many debates amongst development practitioners and scholars and many proposals and counter proposals of different and sometimes contradictory paradigms, all seeking lasting solutions. However, there is no such debate as to whether or not decentralization within donor agencies is a key ingredient for delivering better poverty reduction results, through efficiency gains, better understanding of the client's needs and faster response time.

This research, therefore, investigates the extent to which the World Bank has implemented its decentralization strategy in Uganda and the resultant impact on poverty eradication. As already stated, due to the multiplicity of the factors contributing to poverty and the reality of the complexity theory, it is not possible to establish a causal or direct relationship between decentralization and poverty reduction. The relationship between decentralization and poverty eradication is neither straightforward nor is it self-evident. In this study it is argued that though this interplay cannot be divorced from the broader issues of the political economy, the environment and macro context within which these factors interact, a positive impact has been established. This thesis recognizes and harnesses the unprecedented window of opportunity to analyze decentralization in development agencies and, the resultant impact on poverty eradication. There is vast scholarship on the issue of decentralization and poverty eradication. However, there is scarcity of scholarship examining the relationship between the two and, this thesis bridges that gap, thereby, making a significant contribution to the body of knowledge.

1.2 MOTIVATION FOR THE STUDY

Despite the consensus amongst development theorists and practitioners on the value of decentralization in promoting poverty reduction, there is limited, systematic, historical and empirical analysis of the relationship between decentralization in International Financial Institutions, development partners inclusive, and poverty reduction. Thus, the problem statement of this research is based on the premise that such a relationship exists.

The rationale for undertaking this study, therefore, is informed by several considerations. In the first instance, there is a general disenchantment with the failure of various development theories despite the numerous searches for alternative and appropriate paradigms to solve the continued problem of extreme poverty in, particularly, Sub-Saharan Africa (SSA). One of the major premises of the Compact was that through decentralization, the Bank would achieve its goal of poverty eradication and enhance sustainable economic development by devolving power and resources to the country offices. This is consistent with the generally accepted notion that decentralization reforms are a necessary response to the failures of highly centralized states[vi]. In assessing the decentralization paradigm, this thesis examines the broader theoretical content and concepts that are pertinent to the subject under review, including an extensive review of the development theories in chapter two, within the Uganda country context, detailed in chapter three, as a framework within which the case for decentralization as a means of means of contributing to poverty eradication, is discussed. At a broader and more practical level, the findings contribute to an understanding of the role and place of decentralization in the context of the global development arena.

Secondly, there is increasing global attention to development effectiveness, as evidenced in the growing body of literature[vii], global summits to address the issues and the proposals of various paradigms, all trying to explain why poverty has so far eluded the development world and proposing an antidote for the pervasive poverty prevailing in most of SSA. In the wake of the requirement for decentralization in government programmes and the dismal results, focus is shifting to the development agencies themselves being queried about inefficiencies in their own organizations. It is argued that too much of the funds meant for poverty eradication is being used to maintain large, bureaucratic and ineffective organizations and that the opportunities for efficiency gains would result in to more availability of funds (50 Years is Enough 1994; Meltzer 1999; Wade 2001; Easterly 2002; Goodman 2006 & Weisbrot 2006).

Thirdly, there are very few case studies that explicitly explore these linkages, much of the literature being on decentralization and moreover, decentralization in government systems and separately, poverty eradication. Whereas these researches lend a great deal to building the body of knowledge, there is hardly any research that correlates the two factors. This thesis, therefore, seeks to bridge this gap. Despite the implementation of decentralization strategy of the Strategic Compact, the correlation between implementation and poverty eradication have been difficult to measure and to complicate issues, there is limited empirical research to demonstrate or provide guidance on how to do this. Furthermore, it is noted that due to the multiplicity and complexity of issues affecting poverty, it makes it difficult to draw unqualified conclusions as to the impact of decentralization in poverty eradication but given that these concepts that constitute a complexity-paradigm are not entirely new to development practitioners, this research still demonstrates a positive impact.

Finally, this research is expected to provoke more critical inquiry and debate about decentralization and poverty eradication. The outcomes of this study are anticipated to contribute to approaches to poverty eradication through decentralization. This research also seeks to establish why decades of ‘throwing money at the problem’ has not resolved the issue of poverty. It is, therefore, in the context of these issues that this research has been carried out to, systematically, explore the linkages between decentralization and poverty eradication with Uganda as a specific case study and to build theory from which other development agencies, practitioners and theorists can learn what works and what does not thus, adding to the body of knowledge and making a case for decentralization of development agencies. This study develops a general framework that enables the evaluation of the strategy, recognizing the influence of the political economy and providing a context. This study argues that, fundamentally, the decentralization strategy has very strong merits and that, perhaps, addressing some of the policies and implementation shortcomings would deliver better development results.

1.3 RESEARCH OBJECTIVES AND QUESTIONS

This research thesis identifies some of the major theories of development, the development paradigm, the decentralization strategy and the impact on poverty eradication and to test them through a case study of the World Bank programme in Uganda, and to make contributions to both theoretical interpretations and applied policy. There is limited, systematic, historical and empirical analysis of the relationship between the World Bank's decentralization of its operations and how this has impacted on poverty eradication in Uganda. The research has not been able to establish theories built from case study research that makes a case for poverty alleviation in Uganda and Africa at large, through the decentralization of IFIs. It is argued that there is a case for this as is demonstrated throughout this thesis. Granted, there are areas where it didn't work well or as anticipated, either due to design or implementation problems. This, however, does not negate the fact that on the whole, the strategy is essential and contributes, positively, to poverty eradication in Uganda.

In order to address the problem of, virtually, non existence of empirical research on the subject, the research sought to describe and examine decentralization as defined in the Strategic Compact, in relation to the World Bank over the period 1995 to 2008, both institute wide and Uganda office, specifically and, to evaluate the impact of this implementation in Uganda, which the study sphere. In decentralizing the organization, the changes in terms of the Bank's strategies, structures and systems, policies and procedures and culture, as defined in the Strategic Compact, have been examined thoroughly. This study also examined how decentralization was implemented in the Uganda office and how this impacted on the trend of poverty in Uganda by asking pertinent questions.

1.4 RESEARCH METHOD AND DESIGN

When undertaking research on the relationships between decentralization and poverty eradication, a variety of research and assessment criteria have been employed to ensure accuracy and objectivity. The main data collection method used is the secondary data and triangulation of various methodological approaches has been employed.

Although triangulation is often used to refer to 'cross-checking' using various methodological approaches (methodological triangulation) it can also be used to refer to the different data sources used (data triangulation) which in this research, range from the World Bank documents, the Government of Uganda, other development practitioners and theorists. According to O'Donoghue and Punch (2003), data triangulation is a 'method of cross-checking data from multiple sources to search for regularities in the research data'.

The triangulation of various sources of information is essential to do justice to the complexity of the subject of discussion (Babbie & Mouton 2001; Bless & Higson-Smith 2000; Davids et al 2005; Mouton 2001; Wood 2001b, O'Donoghue & Punch 2003; Bogdan & Biklen 2006). Both qualitative and quantitative research has been combined and triangulation was applied beyond validation of findings by using it also to achieve innovation of conceptual frameworks (Flick 2004). Scholars propose that this strategy often leads to multi-perspective meta-interpretations (Olsen 2004). Triangulation and pluralism both tend to support interdisciplinary research (Flick 2002 & Olsen 2004), such as this research is. The use of appropriate assessment criteria in research of this kind is fundamental to shedding light on a highly politicized and much debated and ideological issue. However, triangulation has its own shortcomings (Blaike 1991); its usage has been plagued by a lack of awareness of the different ontological and epistemological assumptions associated with various theories and methods. However, despite these problems, it has strong advocates (Blaike 1991 & Altrichter 2008), and its use is strongly advised.

This thesis mainly concentrates on qualitative methods whose research studies typically require considerable more time to design, collect, and analyze data and to report the results than do quantitative studies (Savenye & Robinson 2003). This is the appropriate approach because the research problem and the resultant objectives and questions dwell on establishing 'what exists' and 'why it exists' rather than 'how much of it is there' (Maier, 1994:3, quoted by Sendikandiwa 2007). Consequently, this research established what the Strategic Compact is, why it was initiated and what the resulting decentralization strategy and objectives are and the impact on poverty eradication in Uganda.

The most compelling case for this research to be grounded in the assumptions of the qualitative research paradigm is that there is limited, systematic and empirical analysis of the relationship between the implementation of decentralization and poverty eradication in Uganda. Qualitative research assumes the value of context and setting, and searches for a deeper understanding of the participants' lived experiences of the phenomenon, in this case, economic development and poverty alleviation. The discovery of theory in this research has been done mainly through the analysis of secondary data. Quantitative methods have also been used to investigate, systematically, quantitative properties, poverty trends in this case, and their relationship.

1.5 RESEARCH PROBLEMS

This section provides a brief outline of the main problems and drawbacks encountered in this study. The key obstacle for this study was determining and isolating the relevant information and narrowing down the area of study and focusing the research.

The research also found that within the World Bank, the information on the decentralization of the organization was, generally, complied at organizational or regional level (in this case, the Africa Region) thus, making it difficult to establish the Uganda specific data.

There is also limited literature examining the interplay between decentralization and poverty reduction or indeed, the relation between the World Bank's decentralization and the decentralization programmes within the client governments.

Although the Strategic Compact itself and other documents are now in the public domain and indeed, accessible from the World Bank's external web, some of the information in the thesis may not thus, obligating the researcher to abiding by the non-disclosure policies and exposing her to possible disciplinary action, if found to have, inadvertently, breached the rules. The researcher has, however, exercised extreme caution and ethics in using the information, within the confines of the organization's rules.

The physical distance between the researcher in Uganda and the university was a minor problem which was addressed through email communication but the benefit of 'face-time' was lost.

1.6 RESEARCH LIMITATIONS

The research also encountered some limitations but most of them are merely indicative of the areas that provide opportunities for further research, which is further discussed in the concluding chapter. This thesis, is by no means, an exhaustive research, it has only focused on, mainly, just one of the several strategies arising from the World Bank's Strategic Compact and furthermore, it does not examine the interplay between the decentralization strategy and the other strategies that were proposed in the Compact.

It is a recognized fact that the problem of poverty is multidimensional, with so many and sometimes, conflicting factors in play. Thus, this study has not examined, in detail, some factors like the historical or political legal environment and a host of other factors that play a significant role in the development arena. It is, therefore, difficult to isolate just one factor and examine its specific contribution to the resolution of the problem. To further complicate matters, even the very definitions of 'poverty' and 'decentralization' are contested areas. This is important because the definition of the problem influences the definition of the solution.

The subject of study is also, incredibly, vast and deep but this study has only been able to scratch the surface. There are many opportunities to explore organizational structures of development organizations, their systems and, generally, how they operate in order to harness some efficiency gains and reduction of overheads that can be translated into poverty reduction activities. This study, however, does not examine other donor agencies that are also implementing decentralization thus; the benefits of cross-fertilization have not been harnessed.

Finally, the Compact was launched in 1999 but the full fledged implementation of decentralization started years ago is only just now, gaining full momentum. Therefore, some of the teething problems and unintended consequences that have been experienced are still being addressed. Furthermore, this is not a strategy that can realize all or even most of its benefits within a short period of time and some benefits will, clearly, be realized beyond the period of study. Others may never be or will only be partially realized.

1.7 ORGANIZATION OF THE STUDY

This thesis comprises of two sections: The first covers an extensive review of relevant literature in which the theoretical approaches to decentralization and poverty eradication have been examined thus, providing a conceptual framework for this dissertation. This section also details the research design and methodologies which have been applied in the research and includes a review of Uganda's political economy from the colonial times up to the present day. The second then builds on the concepts developed in the initial part and develops an empirical study for Uganda in order to illustrate the relationship between decentralization in the World Bank and poverty eradication in the country.

After the introductory chapter, chapter two expounds the history of development, examining various paradigms over time and examining their impacts on the 'fight against poverty'. The evolution of development theories and policies is crucial in comprehending the recent paradigm shifts and the tension between 'alternative' and 'traditional' perspectives towards development. The chapter does not seek to present the chronology of the evolution just for the sake of it but rather to highlight the numerous debates at both macro and meso levels in development literature and what the impact is on the current development state, with specific reference to decentralization and poverty eradication. It also examines the creation of the Bretton Woods Institution (IMF & the World Bank), and how their mandates have evolved over time. In this chapter also, critics and proponents of the World Bank policies are discussed and so is the debt crisis of the 1980s[viii]. This chapter lays a foundation for the rest of the chapters.

Chapter three discusses the research design and methodologies that have been used in this research. After all, the strength of the findings is largely based on how it is found (Kumar 2005). Here also the problem statement, the research objectives and the resultant research questions, which are the basis of the entire research, are outlined. The chapter discusses the case for a qualitative study and why it is imperative to have the correct design without which serious flaws may lead to incorrect findings. This chapter also outlines how the research findings will be presented and what limitations of the study are and the ethical requirements both in obtaining the information and reporting the findings.

Chapter four examines the economic history of Uganda and provides the political-economic country context within which the factors interact since they do not happen in a vacuum. In order to understand the current state of the Ugandan economy, the history of the country is crucial and provides perspective and insight as to some of the factors at play in the current day. The chapter, therefore, highlights the history of the colonial and post-colonial eras and the impacts they have on the country. It examines Uganda's post colonial legacy and its economic situation at the time and how it evolved through different regimes to the current regime. The chapter also discusses Uganda's Poverty Eradication Action Plan (PEAP), the Country Assistance Strategy (CAS) and the Uganda Joint Assistance Strategy (UJAS) and country poverty trends over the period of study.

Chapter five examines, extensively, the Strategic Compact, proposed by Wolfensohn (1997) and its decentralization strategy. The Compact was a remedial response to the diagnosis that the organization was under substantial stress and possible decline and that it was failing to deliver on its mission of poverty eradication. Decentralization of its operations was one of the proposed strategies that were envisaged to improve client responsiveness and country ownership and build stronger partnership with other development partners. It was also envisaged that leveraging global and local knowledge would enhance the development agenda and that could all be done in a cost efficient manner. Subsequently, the Bank changed a number of its systems, technology, policies and procedures and even its culture in order to support the new strategy, aimed to deliver better development impact.

Chapter six also establishes and examines the changes, detailed in chapter five and how they were implemented in and through the World Bank office in Uganda. This chapter highlights the findings that most of the information and reviews of the implementation of the strategy were maintained at institutional and regional levels. This has created a significant information gap as to the Uganda country specific results. The chapter also examines the trend of poverty in Uganda and briefly, relates the political-economic factors at play. The changes in structure, systems, policies and procedures are discussed in detail. Here, the research examines the changes by analyzing the Uganda Country Portfolio Performance Reviews (CPPRs), the Uganda Country Assistance Strategies (CAS), the Uganda Joint Assistance Strategy (UJAS) and other relevant documents.

Chapter seven examines in detail, the trend of poverty in Uganda and the methods used to track and analyze poverty trends. According to the Uganda Bureau of Statistics, the number of Ugandans living below the poverty line has been falling although it has stagnated in the latter years of the research period. This chapter also examines issues of income inequality, Uganda’s unsustainable population growth rates and dependency ratios; health issues with particular focus on HIV/AIDS and malaria which have been identified as having impact on poverty levels; high unemployment rates and the debate on ‘brain drain’. It is in the context of these factors that the impact of the implementation of the decentralization strategy of the World Bank on poverty eradication in Uganda is examined. The objectives set by the World Bank itself, and the extent of the achievement of the objectives on the ground is examined. These objectives include responsiveness to clients, country ownership of the development agenda and results by the government and people of Uganda. The partnership measures of the development agencies in their bid to deliver more development and more effectively, as stated in the Paris Declaration, Accra Agenda for Action (AAA) and, other initiatives are discussed. This chapter also examines the integration of both global and local knowledge and their applications on the Bank's mission and possible contributions to poverty eradication in Uganda.

The final chapter highlights the conclusions drawn from this research. It highlights the main contributions emanating from the study, both in terms of theory and policy implications for the design and implementation. While the chapter gives an overview of the research content and key findings, it also discusses main limitations and proposes possible areas for further study.

1.7 CONCLUDING REMARKS

In the first chapter, it is argued that though decentralization and poverty eradication has been the centre of many development debates, the focus has been on decentralization within governments and not development agencies. This research, therefore, bridges that gap by examining the decentralization in a development agency and, the impact of this strategy on poverty eradication in Uganda.

Despite the many criticisms of the World Bank's strategies, programmes and policies in general and the Compact, specifically, it is argued that if the World Bank can undertake remedial action on some parts of the Compact, the Compact, if implemented properly promises significant and positive contributions to reducing poverty in Uganda. It is a well known fact that a lot of funds have been lost due to 'attrition' by corrupt individuals and other negative factors. Perhaps, the Bank should tighten the concept of 'follow the money' to ensure that funds are utilized for the purpose for which it was borrowed. Otherwise, the

Ugandan population will continue accumulating and paying back debts for which they have received little or no benefits. Furthermore, though the Bank claims to be apolitical, in Uganda as is the case in many African countries, economics cannot be separated from politics. Indeed, a significant portion of economic clout is held by politicians and their cronies, and politics is about economic control by some (Obadina 2008).

CHAPTER 2

LITERATURE REVIEW

2.1 INTRODUCTION

This aim of this literature review is provide a theoretical background to dynamics of poverty, the theories of development and the World Bank's role as an important player in this arena. The pertinent issue of the relationship between decentralization and poverty reduction is also discussed.

This chapter begins by exploring theories relating to the dynamics of poverty, the theories of development, and the World Bank's role in development. The debt crisis of the 1980s is then examined, and how the International Monetary Fund (IMF) and the World Bank responded to the crisis and the impact of the crisis on the 'developing' nations. This is followed by a discussion on the numerous criticisms of the World Bank's operations, and it's purported 'neo-liberal globalisation' both from within and from without. The World Bank has also been perceived to be a culprit in providing non effective aid, and conducting 'development as a business' (Musana 2008). The chapter concludes by focusing on the promises of higher efficiencies through the decentralization strategy proposed in the Compact, and its impact on poverty alleviation. Uganda is the case study sphere for evaluating the World Bank's 'Strategic Compact – Renewing the Bank's Effectiveness to Fight Poverty'.

2.1.1 Theoretical Perspectives

Development partners are increasingly concerned by the slow progress being made towards achieving the MDGs and have identified new ways of strengthening the poverty focus of their policies and programmes, For this reason, decentralization in both government and development partners is receiving increasing international attention as a potential tool in the fight against poverty. Though decentralization would not be implemented solely for the direct purpose of poverty alleviation, the ensuing changes in the institutional architecture are very likely to impact on governance, participation and the efficiency of public-service delivery, all of which are critical variables for poverty outcomes (Organization for Economic Cooperation and Development 2004).

Decentralization is the policy of delegating decision-making authority throughout an organization, relatively away from a central authority. Some features of a decentralized organization are fewer tiers to the organizational structure, wider span of control, and a bottom-to-top flow of decision-effecting ideas, giving its structure a flat appearance. One advantage of this structure, if the correct controls are in place, will be the bottom-to-top flow of information, allowing all decisions among any official of the organization to be well informed about lower tier operations.

The major driving force and reasons for decentralization and how its overall benefits can be maximized have been discussed (Oates 1972; Manor 1999; Fukasaku & Mello 1999; Dethier 2000; Shah and Thompson 2004 quoted by Organization for Economic Cooperation and Development 2004). Although decentralization has been a popular subject for some time now, its relationship to poverty has only recently received attention. The economic literature on poverty has ignored its potential importance in achieving poverty reduction objectives (Von Braun & Grote 2002; Romeo 2002 quoted by Organization for Economic Cooperation and Development 2004).

This research asserts that the arguments for decentralizations are similar for both governments and donor partners thus; the review of literature specific to governments is also applicable for development partners.

The benefits of decentralization include:

1. Decisions being made by those who have the most knowledge about local conditions;
2. Greater managerial input in decision-making having a desirable motivational effect and;
3. Managers having more control over results.

The costs of decentralization include:

1. Managers having a tendency to look at their division and lose sight of overall company goals;
2. Costly duplication of services and;
3. Costs of obtaining sufficient information increase.

Delegation of decision-making to the subunits of an organization is a matter of degree. The lower the level where decisions are made, the greater is the decentralization. The optimal degree of decentralization with respect to a particular decision is where the decision right is assigned to that level in the organization so that the organizational performance is maximized for the given environment (Chang 2006)[ix]. Other scholars like Alesina and Spolaore (2003), also examined the optimal degree of decentralization in governments.

This research is based on Chang's theory of the optimal degree of decentralization. Consequently, this has been used in the qualitative research study to establish 'what exists 'and 'why it exists' rather than 'how much of it is there' (Maier 1994: 3, quoted by Sendikadiwa 2007). What is the Strategic Compact? Why did the Bank reposition itself through decentralization and what is the resultant effect on aid effectiveness and poverty eradication in Uganda?

There is limited, systematic and empirical analysis of the relationship between the implementation of decentralization in the donor organizations and poverty eradication in Uganda. To establish if it has been optimally and properly implemented, the information has mainly been derived through the review of secondary data and, the gaps identified in this research are areas that would merit from further research through interviews, use of questionnaires and surveys. In carrying out a qualitative primary research, researchers should permit the respondents to describe their own situations (Denzin 1989; Marshall & Rossman 1999; Patton 1990; Polkinghorne 1991; Redstam 1992; Thomas 1949; Denzin & Lincoln 2005).

Decentralization is meant to enhance a company's effectiveness in achieving its mission and this study entails establishing how the World Bank's decentralization efforts in Uganda has impacted on the chronic poverty in the country.

2.2 THE DYNAMICS OF POVERTY

> African poverty and stagnation is the greatest tragedy of our time. Poverty on such a scale demands a forceful response and Africa, at country, regional, continental levels, is creating much stronger foundations for tackling its problems. Recent years have seen improvements in economic growth and in governance. But Africa needs more of both if it is to make serious inroads into poverty. To do that requires a partnership between Africa and the developed world which takes full account of Africa's diversity and particular circumstances (Commission for Africa 2005).

Most people do not spend their day agonizing about extreme poverty in Africa. An occasional newspaper article or television clip may bring the issue to peoples' living rooms, and a stub of a temporary sense of sympathy, compassion or even guilt may lead them to issue a cheque to some charitable cause. Having thus, satisfied their conscience, go back to their comfortable lives which may be mostly due to the circumstances of their birth rather than any special effort on their part (Obadina 2008).

According to the New York Times (2005)[x] most people are not even aware of the existence of international financial institutions (IFIs) with the support of the world's wealthiest nations, financing and assisting in the development of poor countries. This includes aid to countries in Africa's sub-Saharan (SSA) region which is currently the poorest region in the world. Despite all the money that has so far been spent on Africa, the continent remains far from the goals of alleviating absolute poverty for the majority of the people. Clearly, throwing money at the problem has not made it go away. So, why are the poor, poor?

One of the most commonly used indicators for expressing the wealth or poverty of nations is Gross National Product (GNP)[xi]. The recent increase in the awareness and interest in the multidimensional nature of poverty is a departure from the exclusive consideration on income and consumption (Tsui Kai-Yuen 2000). However in practice, the monetary approach mostly retains its dominance in description and analysis (Rugger, Laderchi 2003; Bourguignon *et al* 2003). Without underestimating the weight of economics, the non-economic aspects of deprivation in the broadest sense, should be considered (Shepherd 2007; Woolcock 2007).

Defining poverty is complicated to the extent that there are many definitions of poverty. Poverty is fundamentally to do with lack of well-being (Dasgupta 1993). Lack of well-being implies some combination of inability to act and enforced misery, implying severely curtailed human capabilities (Sen 1993: 1997). In Uganda, the concept of poverty takes several dimensions and in 1997, at the launch of the first PEAP, Government for policy purposes defined poverty as lack of access to basic necessities of life (food, shelter, clothing and other needs like education and health) (Uganda Poverty Eradication Action Plan 1997).

Analysts tend to distinguish between relative and absolute poverty. Absolute poverty is considered to be a situation where individuals or households are unable to meet their basic needs - food, shelter or clothing. In addition, they are unable to meet survival needs such as education, health care and self-determination leading to feelings of powerlessness and vulnerability (Lwanga 1997). Relative poverty, on the other hand, concerns individual deprivation measured relative to others in society (Chen & Ravallion 2001 & 2004; World Bank, 2008). The overall level of inequality is an important dimension of welfare and these can be measured using the gini-coefficient of inequality (World Bank 2008).

Many economists believe that the SSA has failed to grow because of its ‘poverty trap’, which trap occurs in several economic areas, particularly in public and private investment, innovation and technology, and food productivity. Conditions purported to be out of the governments’ control such as adverse geography and tropical climate requires foreign aid in order to break out of the trap so that development can take place. When poverty is this extreme, some argue that the poor and their governments do not have the independent ability to raise themselves out of poverty. Other economists assert that the origin of Africa’s entrenched poverty and stagnant growth is really about the corrupt leaders and elites who often controlled policy. They, therefore, concluded that it was only African governments themselves that could lift their nations out of poverty, and foreign aid would help, if properly utilized (The New York Times 2005).

There has been an argument that the rich nations in colonizing Africa, contributed to the extreme poverty by plundering the countries. Regardless of whether or not this is true, Professor Peter Singer of Cambridge University (1993) insists that ‘if it is in our power to prevent something very bad from happening, without thereby sacrificing anything of comparable moral significance, we ought to do it’. David Miller, an official fellow in Social and Political Theory at Oxford University, insists that a ‘national responsibility’ to help other nations extends ‘not only to the effects of formal political decisions and public policies, but also to the consequences of social practices...’ He proposes that nations are obligated to intervene even when a country’s poor conditions are not caused directly by the affluent nations themselves, because maintaining an international standard of decency obliges all prosperous nations to support those who live below a minimum acceptable standard (Hashmall 2006).

In the wake of colonialism, Kwame Nkrumah was an early proponent of what became the classical definition of neo-colonialism. This definition of neo-colonialism is outlined in one of the first books to use term, Nkrumah's ‘Neo-Colonialism, the Last Stage of Imperialism’. He concluded:

> The result of neo-colonialism is that foreign capital is used for the exploitation rather than for the development of the less developed parts of the world. Investment under neo-colonialism increases rather than decreases the gap between the rich and the poor countries of the world. The struggle against neo-colonialism is not aimed at excluding the capital of the developed world from operating in less developed countries. It is aimed at preventing the financial power of the developed countries being used in such a way as to impoverish the less developed (Nkurumah 1965).

Most African countries are still experiencing very high levels of poverty leading to the debate as to whether it is due to the colonial legacy or inherent inadequacies of the African societies in relation to ‘modernization’. For the apologists of the colonial legacy, colonialism despite its negative effects, set the continent on the path to development by laying the seeds of intellectual and material development in Africa. They also purport that the continued political and economic turmoil in the current day is because the continent failed to harness the benefits of colonial rule and indeed, the outcome of post-independence self rule suggests that the withdrawal of the colonial powers was premature (Obadina 2008).

Critics of colonialism with great indignation and outrage, dismiss such arguments as racist. They contend that colonialists exploited the continent's labour and resources and left economic structures which were designed to benefit the Western countries by consigning the continent to the role of primary producers (Obadina 2008). Baran (1957), one of the pre-eminent pioneers of the dependency approach maintained that the 'First World' impeded the economic growth of the 'developing nations'. Frank (1967); Cardoso and Faletto (1979); Palma (1979); Wood (2001) and Pietese (2001), *et al,* also proponents of this theory, proposed that underdevelopment was a result of the economic capture and control of backward regions by advanced metropolitan capitalism. Sekhri (2009) went on to propose how the theory could survive in the 21st century.

The World Bank Development report (1990) claims that:

> The post independence development efforts failed because the strategy was misconceived. Governments made a dash for 'modernization', copying not adapting, Western models.

Mabogunje (2000: 2) then asked some questions: 'What were the 'Western models' that African countries should have been 'adapting' rather than just 'copying?' 'What forms should have such adaptations have taken?' He then went on to argue that although the models that each country aspired to follow was probably of its colonial masters, the colonial economy was largely an extractive one with the main aim of repatriation of profits which consequently, did not leave the colonies with any capitalist system of production or enhance sustainable economic growth and development (Mabogunje 2000; 2-3).

In order to reduce poverty in developing countries, development economists and politicians generally agree that promoting economic growth in poor countries is the most effective approach. The UNDP, in its 2003 Human Development Report explains the connection between economic growth and poverty:

> Economic growth is necessary to meet the Millennium Development Goals (MDGs) for two reasons. First, economic growth directly reduces income poverty for many households, increasing their savings and freeing resources for investment in human development. Without economic growth, countries cannot expect to halve the proportion of people living in income poverty, the first target of the Goals. Second, economic growth tends to increase government revenue. Because most investments in human development – health, nutrition, education, and infrastructure – come from the public sector, greater fiscal resources are critical to meeting the Goals (UNDP 2003).

While there is no dispute that economic growth reduces poverty, whether or not foreign aid increases economic growth has been a subject of great debate, as demonstrated in the SSA region. President Wolfensohn of the World Bank had this to say at the opening of the Monterrey Consensus[xii] (United Nations 2002): 'We have learned that corruption, bad policies and weak governance will make aid ineffective' and he suggested doubling aid only to countries with good policies in place (Wolfensohn 2002). In response to the Consensus President Bush (2002) said, 'we will reward nations that root out corruption…nations that have more open markets and sustainable budget policies, nations where people can start and operate a small business without running into gaunt less bureaucracy and bribery'. In addition, in 2005, the UN General assembly reaffirmed its commitment 'to eradicate poverty and promote sustained economic growth…for all'. It has been also debated as to whether or not liberalized trade is the tonic that would eliminate the need for more foreign aid. Foreign aid declined in the 1990s, from about $73 billion in 1992 to $57 billion in 2002. This was far from the lofty 1970s goal of providing the equivalent of 0.7 percent of GDP in aid money, but most of the rich nations never even came close to that target. By 2003, only 0.2 percent was being made available, with the USA at the bottom of the league with 0.1 percent (Renner 2003).

Efforts, however, to reduce subsidies have so far been unsuccessful, with worldwide subsidies for agriculture and other economic sectors running as high as $1 trillion annually. At the World Trade Organization (WTO) meeting in 2003, it became obvious that the U.S and European negotiators had no intention of agreeing to cut any subsidies. A handful of large farmers in developing nations maybe able manage to compete on the world market but the majority of small scale farmers cannot, thus leading to rural upheavals and subsequently, a ripple effect in the urban areas.

The collapse of trade negotiations in Cancun in September 2003 triggered much anguished commentary. Before this crucial WTO meeting, expectations had risen sharply, with many expecting a deal to reduce Western agriculture subsidies and the lowering of barriers to greater food trade. Free traders, World Bank officials and even non-governmental organizations (NGOs) seemed all to agree that this combination of measures would greatly enhance the rural poor in combating poverty (Renner 2003). Surely, the alternative was not to open the floodgates of aid, with the richer nations setting their poorer cousins on the path to development with a 'quick fix'. It was necessary to understand the complexities and contradictions of aid policy. Tied aid tends to advance the interests of donors more than that of the recipients (Obadina 2008).

The exports of the SSA countries are dominated by primary commodities, while food items, oil, and manufactured goods are their major imports. In the policy debate on the causes of the steady deterioration in SSA export performance since the early 1970s; it has been argued that African governments have handled terms of trade shocks extremely badly and that an inability to cope with external shocks has contributed to Africa's debt problems and very low rate of economic growth. As a result of this mishandling, the gains obtained from positive terms of trade shocks have been small, while real losses from negative shocks have been large (Cashin & Pattillo 2000). To complicate the situation, the terms of trade set by richer countries tend often to exploit poor countries and pay extremely low prices for their exports of commodities. Furthermore, foreign businesses operating in Africa also often do not help the local economy much as most of their profits are repatriated (Cashin & Pattilo 2000).

However, an intelligent aid policy that addresses urgent needs can make a huge difference, Renner (2003) contended. On the other hand, a policy that ignores the opportunities for poverty alleviation but dogmatically pursues globalization at the expense of the poor was bound to lead to even greater upheaval.

In the face of compelling evidence that openness to trade is associated with increase in economic growth, nations have been negotiating trade agreements (Amponsah 2005:2). In 2005, Uganda joined the EAC Customs Union and adopted the Common External Tariff (CET) which resulted into higher tariffs for imports to Uganda. With regard to exports, Uganda does not face high tariffs or non-tariff barriers to its current export partners, and exporters have managed to meet the requirements of preferential treatment in the EU (Stavlota & Nannyonjo 2006:6; Uganda Poverty Status Report 2007:45). Members of the TPRB commended Uganda on its active participation in the Multilateral Trading System. They noted Uganda's expectations and experience that non-reciprocal preferential treatment and its regional arrangements were a spur to liberalization, particularly through the active participation of the private sector. Concerns were expressed about overlapping membership of regional agreements in which Uganda participated, and the likely increases that might result from the adoption of common external tariffs under the agreements (Trade Policy Review Uganda 2001).

Uganda's best option in improving on its trade position is to focus on regional markets and consolidate its relationship with its trading partners within the region. The country is largely dependent on agriculture and although many reforms have been undertaken to try and boost the sector, there are still many issues that make this, perhaps, not the most viable option to development. In the first instance, no country has ever developed based on its agricultural sector and the Western countries have, over the ages, subsidised their agriculture sector thus; protecting them from open competition. Given that most of the Ugandan population is rural and agricultural in nature, this sector is perhaps the way to go but this would require a move from subsistence agriculture. The other glaring issue is the impact of climate change which has wrought significant consequences. The country needs to improve on its manufacturing and service sector to compensate for losses in agriculture.

In order to fully grasp the dynamics of poverty and the various responses to this phenomenon, it is necessary to understand the concept of development through the course of history to the present day.

2.3 CLASSICAL THEORIES OF ECONOMIC DEVELOPMENT

According to Contreras (1998), there are four schools of economic thought that emerged after World War II which are generally considered to fall under ‘development economics’:

1. Structuralism;
2. The Linear-stages-growth model
3. The neo-Marxist or dependency theory
4. The neoclassical revival of the 1980s.

2.3.1 Structuralism

The structuralists focused on mechanisms by which ‘underdeveloped’ economies transformed their domestic economies from a traditional subsistence agricultural base into a modern economy. Thus, it became critical to expand the modern economy while contracting the indigenous traditional economy of the region, structurally transforming economies so as to bring about self-sustained economic growth.

2.3.2 The Liner-stages-growth Model

According to Rostow (1960), economic development was viewed as a linear process. He argued that advanced countries had all passed through a series of stages and the developing countries would too. The traditional society, the preconditions to take off; the take-off, the drive to maturity, the age of high mass consumption. Purportedly, the advanced countries had already passed the stage of take-off and had achieved self-sustaining growth. The developing counties were still in either ‘preconditions’ or the ‘traditional’ stage.

2.3.3 The neo-Marxist or Dependency Theory

Marxian economics refers to a body of economic thought stemming from the work of Karl Marx. However, the proponents of this theory distinguish it from Marxism as a political ideology arguing that Marx's approach to understanding the economy was intellectually valuable per se, independent of his advocacy for revolutionary socialism. It is not restricted to Marxist economy as it includes the economic thought of those who do not identify with 'Marxism' as a political ideology.

Marxian economics is based on the works of Adam Smith, Thomas Malthus and David Ricardo. Marx advanced the theory that the most important (and perhaps only) beneficial economic consequences of capitalism were a rapid growth in productivity abilities. He also expounded greatly on the notion that labourers come to harm as capitalism became more productive. Cassidy (1997); Steadman (1977); Mongiovi (2002); and Kilman (2007), have however, accused Marx's theories of being rife with internal inconsistencies thus, the shift to neo-Marxism. The neo-Marxists expanded the scope of orthodox Marxist doctrine by looking at exploitation among nations. Marx's doctrine of surplus value stated that the worker was being robbed by the capitalist class, receiving a very small fraction of the value of the product his labour produced. The difference was expropriated by the capitalists – the private owners of the factories and the machines. They went ahead to give this theory an international dimension based on the behaviour of nations.

2.3.4 The Neo-Classical Revival

Neoclassical theory experienced resurgence in the 1980s, during a period when governments of most of the industrialized nations were governed by conservative political parties. They argued that economic stagnation in developing countries was a by-product of poorly designed economic policies, and excessive state interference in the economy. They argued that in order to stimulate the domestic economy, and promote the creation of an efficient market, developing countries needed to eliminate market restrictions and limit government intervention. This was to be accomplished through privatization of state-owned enterprises, promotion of free trade, reduction or elimination of restrictions on foreign investment, and reduction or elimination of government regulations affecting the market.

Development economics is a branch of economic analysis that responded to the perceived inability of classical, neo-classical, and Marxist economics to address what plagued the poor nations of the world, with high levels of chronic poverty. Development economics is an extension of both political and traditional economics. It goes beyond the scope of either classical/neo-classical or Marxist economics. It, too, is concerned with the efficient allocation of scarce resources but its main concern is sustained economic growth over time which improves the standard of living for the masses that live in poverty in developing countries. Thus, one of the main goals of development economics is the formulation of public policies designed to bring about rapid economic growth. By the 1950s, the world was divided into two distinct groups of countries, the rich and the poor. Economists and government policymakers have since then been researching reasons for the disparity, and for ways to eliminate it, making 'poverty history'. Development economics, in addition to being concerned with the efficient allocation of existing scarce productive resources and with their sustained growth over time, it also deals with the economic, social political and institutional mechanism, both private and public, necessary to bring about rapid and large scale improvements in living standard (Todaro & Smith 2006). Development economics ultimately describes and explores the causal reasons why some countries, communities and people are rich and others are poor. The main issues that have emerged from these analyzes concern the dynamics of human well being, often reflected in growth in income, wealth or other welfare metrices and the possibility of multiple dynamic equilibria, including a 'low level equilibrium' more popularly known as a 'poverty trap', (Barrett & Swallow 2006), 'non-linearity's in savings, investments, and production' (Sachs 2005).

With regard to development theory on the other hand, there are the various schools of thought that have been proposed starting from the eighteenth century to the present day 'beyond development' paradigm (Barrett 2007: 3). The theory of economic development in its general form does not fall within the categories of economic analysis. Economic analysis cannot say why any society starts developing and to what social agents this process is due. Nevertheless, it can describe the mechanism of economic development (Furtado 1987).

Mainstream economic theory in the Western world has been dominated by different paradigms over time. In the 1920s, it was the neoclassical economic theory. This theory was based on the premise that all economic activity can be explained by the decisions of autonomous, resource constrained, utility maximising (rational) economic agents, this was consistent with the simplicity paradigm (Paradigm of Order) which predicted order, reductionism, predictability and determinism (Geyer 2003).

The theory fails the utilitarian test due to its simplistic view of human beings as simply being driven by the singular impulse of pleasure/utility maximization. The most famous definition of utilitarianism equates it with the belief that, 'that action is best which procures the greatest happiness of the greatest number'. The statement was first made by Francis Hutcheson in his '*Inquiry into the Original of our Ideas of Beauty and Virtue'* (Hutcheson 1725). Bruce and Barbone (2011) examine 'Mill's proof of utilitarianism' as a moral theory but, human beings, in carrying making economic choices do not necessarily select the action that 'procures the greatest happiness' for others but may act in self interest or some other reasons.

The utopian vision of neoclassical theory has been found to be out of touch with the reality but nevertheless, it was so dominant in its day that its proponents were successful in marginalising contrary opinions labelling them as 'heterodox' (Satyananda & Gabriel 2003).

During the 1950s the economic development of less developed countries became a major focus of economic policy and theory. Those were the years of 'high development theory'(Krugman 1993; Arndt 1987), when a set of ideas put forward by a relatively small group of economists, many of them with links with international organizations such as the United Nations, established development economics as a new field. Furtado (1987) one of the economists proposed that inquiry into the reasons for backwardness was only meaningful in a historical context, which then required a different approach from the one prevailing at the time. He, however, was at pains to emphasize that the economist should not limit themselves to a 'mere description of historic cases of development'. Analytical tools were necessary in order to interpret the connection between the main variables. The theory of economic development moves on two planes: first, abstract formulations of the actual mechanisms of the process of growth' based on models with stable relationships, followed by their application to historic realities.

Loosely, high development theory can be described as the view that development is a virtuous circle driven by external economics, that is, modernization breeds modernization. Consequently, some countries remain undeveloped because they failed to get this virtuous circle going and thus, remain stuck in a 'poverty trap'. Such a view implies a powerful case for government activism as a way of breaking out of this trap (Little 1982). By the late 1950s, high development theory was in a difficult position. Mainstream economics was moving in the direction of increasingly formal and careful modelling and yet it was difficult to model the theory due to the problem of dealing with market structure. The theorists such as Hirschman (1958) just decided to opt out of the mainstream. They built a new development school which many economists did not buy into until the 1980s and 1990s when it was 'rediscovered'.

Since the 1970s, there have been a proliferation of criticisms of development questioning the belief in modernization and the search for 'progress' that has motivated so much of the development theory and practice since the 1950s. With the neoclassical revival in the 1980s, development scholars and policy makers started to highlight the need to restructure and improve the nature of development process. However, these diverse strands of work did not provide the basis for a new grand theory of development. There were somewhat unrelated contributions from various disciplines that nevertheless, helped enrich the development discussion (Haines 2005). Some of the contributors to the various debates on development theory include: Easterly (2002); Seligson (2003); Fine and Kenyatta (2005); Kenyatta (2005); Meier (2005); Sachs (2005); Mavrotas and Shorrocks (2007); World Bank (2009) and Melamed et al (2010)[xiii] and the debate continues largely due to the fact that a solution is yet to be found for some of the developing countries which still remain mired in the depths of poverty.

While mainstream economics may be defined in terms of the ‘rationality-individualism-equilibrium’ nexus, heterodox economics may be defined in terms of an ‘institutions-history-social structure’ nexus (Lawson 1997; Dow 2000). One of the broadly accepted principles of neoclassical economics is the assumption of the ‘rationality of economic agents’, in which people seek to ‘maximize their individual utility’ subject to environmental constraints (Landsberg 1989).

According to Harcourt (2006), Kaldor (1980) as well as Davidson (2007), the Keynesian theory is misrepresented by both the Keynesians and the New Keynesian economists which dominates today’s mainstream macroeconomics alongside the neoclassical economics. The distinct feature of Post Keynesian economics (Arestis 1996) is the principle of effective demand; that demand matters in the long as well as short run, so that a competitive market economy has no natural or automatic tendency towards full employment. The theoretical basis of this market failure is not rigid or sticky prices or wages (as in New Keynesian economics which is best regarded as a modified form of neoclassical economics).

Uganda with its high poverty levels has a relatively low effective demand. Consequently, if the economy is to grow based on this theory, there will be a need to increase the effective demand. Furthermore, although the market forces work freely in the country, the unemployment levels still remain high. Uganda’s unemployment rate has worsened over the years with college and university graduates coming into a market that is already super saturated (Uganda Bureau of Statistics 2007). One of the problems is basically, the education system which despite the recent efforts to reform the system, stills churns out job seekers. The major part of the system is not geared to technical/ hands-on orientation. Consequently, there are so many youths looking for jobs (The New Vision Dec. 28 2008). Furthermore, the under-utilisation of female labour in Uganda and other Sub-Saharan African countries is increasingly being stated as the next major obstacle to furthering poverty reduction and development in the region (Bridges & Lawson 2009).

Heterodox economics reject the fundamental assumptions on which most of the neoclassical economics theory is based on. There is no single heterodox theory in economics. Instead, there are many heterodox theories. What they all share, however, is a rejection of neoclassical orthodoxy as the appropriate tool for understanding the workings of economic and social life. The reasons for this rejection vary but include:

1. Neoclassical theory is appropriate as a tool only under certain limited conditions where there is ‘perfect’ or ‘near-perfect’ competition.
2. The Austrian School in particular considers neoclassical theory relevant for conditions of equilibrium.
3. It is useless as a tool for understanding economic and social life.
4. All theories are valid so long as they are internally consistent.
5. Neoclassical theory is a form of ideology or religion, which is grounded in unscientific concepts (Satya 2003).

Since the onslaught of neoliberal triumphalism from the 1980s onwards, critical development theory increasingly found itself in a sort of academic twilight zone. With few exceptions development research became characterised by an emphasis on empiricism, quantitative methodologies and policy-oriented project evaluations. Interpreting Third World problems in terms of the inner logic and shifting contradictions of a globalising capitalism was limited to those situated in the critical theory twilight zone (Robino 2009). However, a process of rethinking development research set in some time ago. This process has been accelerating since the end of 2008, when neoliberalism started to lose most of its triumphalism because of the globalising financial and economic crisis (Schuurman 2009). There have been a growing number of proponents of the complexity theory and its application to the problems of development. It is one of the four C’s of a new paradigm: complexity, chaos, catastrophe and cybernetics. The new mode of economic thought rejects traditional assumptions that imply that the economy is a closed system (the simplicity paradigm) that eventually reaches equilibrium. Instead, it views economies as open complex adaptive systems with endogenous evolution (Colander 2000; Beinhocker 2006).

The organized effects of the World Bank to direct change have been confronted by the impossibility of a total understanding of the sets of variables that generate change and are in constant flux. New inter-relational processes are constantly being generated that in turn may have affected and changed those already in existence. How then can this research possibly propose conclusive evidence in the World Bank's drive to eradicate poverty in such a complex interaction of forces? The complexity theory challenges aid organizations to scrutinise their own behaviours and histories. It privileges a concern for process rather than targets and supports an approach that seeks to make a difference by working through relationships rather than focusing on pre-set outcomes. It encourages being explicit about values and a concern for how an organization's interventions are judged by others (DFID 2010).

When the current President of Uganda came into power over twenty years ago, he exhibited Marxist tendencies but quickly abandoned them. However, he has supported, very strongly, women in development and many of the country's programmes have specific gender perspectives, thus advocating for Feminist economics[xiv] (The Library of Congress, A Country Study: Uganda 2009). By challenging 'trickle-down' theories of development and arguing that modernization was impacting differently on men and women, the gender debate emerged as a development issue with the Women in Development (WID) approach which was mainly concerned with women's lack of access to resources as key to explaining their subordination (Serote 2001).

Feminist economics, another relatively new paradigm, broadly refers to a developing branch in economics that applies feminist lenses to economics. It encompasses debates about the relationship between feminism and economics on many levels: like applying mainstream economics to, purportedly, under-researched 'women' areas (Barker, Drucilla & Feiner 2004). A prominent claim by one of the leading feminist economists, Waring (1988), is that the GDP does not adequately measure unpaid labour predominantly performed by women, such as housework, childcare and eldercare. Since a large part of women's work is rendered invisible, they argue that policies meant to boost the GDP can, in many instances, actually worsen the impoverishment of women.

The feminist economists gained recognition as a reputed area of inquiry and in 2005. The ISI Social Science Citation Index ranked the journal 'Feminists Economics' very highly in the economic journals. The feminist economists argue for incorporating gender into the analysis of data. This theory is important in Africa and, particularly in Uganda, where the paternalistic culture has left the majority of, especially, rural women impoverished. Mainstream economists assume that resources are shared equally in a family setting as an altruist unit, but the evidence indicates is that women have had fewer opportunities, in Uganda.

> Women of Uganda ... you are at the centre of production but at the periphery of benefit' (Hon. Miria Matembe 2003).
>
> Lack of control over productive resources by women remains one of the root causes of poverty…Gender is a number one poverty issue. Gender inequality emerges from PPA2 as one of the main reasons for persistent poverty. Women's lack of decision-making power over land and other household assets, cash incomes, and when and how often to have children is a direct cause of welfare problems like poor nutrition and health, excessive fertility, high infant mortality, overwork and women and drunkenness among men (Uganda Participatory Poverty Action Plan I & 2 2000).

The extent to which gender inequalities in Uganda are likely to impact economic growth focuses on five factors: education, agricultural employment, access to credit, high fertility, and imbalances in the gender division of labour. While further research is needed in these areas, the analysis suggests that there is a strong connection between gender inequality and growth performance in Uganda. Consequently, it is critically important that growth enhancing and poverty reducing policies take account of these issues and seek to tackle the gender-based inequalities not only to promote equity and justice but also to promote economic growth efficiency. In this respect, the Government's determination to address gender growth linkages in economic policymaking which has been pioneered by the Ministry of Finance and Economic Development (MFPED) and supported under the Poverty Reduction Support Credit (PRSC) 4 programme is encouraging.

Women's lack of access to productive resources is a hindrance to economic development. It can also be said that economic development has created a change in the culture due to the realisation of some of its negative aspects. A comprehensive National Gender Policy was formulated in 1997 with the aim of mainstreaming gender issues and concerns in the national development process in order to improve the social, legal, political, economic and cultural conditions, especially of women (MAAIF & MFPED 2002: 37). One of the main issues that were highlighted in the UPPAP 1 and 2 was poverty arising from women's lack of ownership to property rights in general and to land in particular.

The land issue is a major problem in Africa, with many African countries having confused land ownership systems so that a lot of useful land is unused and, in some African countries where rainfall is unreliable there is still little or no irrigation of land. Africa's natural resources have also been mostly monopolised by European and American companies largely taking money out of Africa. Furthermore, African land degradation, largely due to poor land management, has mostly been worsening in recent years especially in East Africa and near the Sahara (Berry 2002; Bosworth 2002 & Cotula, Lorenzo et al 2004). President Yoweri Museveni (2007), however, has attributed the high level of poverty, especially in rural areas, to failure by rural communities to engage in commercial agriculture. He said rural communities practice subsistence agriculture, which only avails food for families but leaves no room for generating incomes or savings for households. Land Tenure reform is one of the most divisive yet important topics in SSA today. For countries with high rural populations and high population growth rates, an efficient and fair land tenure system is commonly seen as necessary in order to alleviate poverty and reduce conflict (Green 2005).

Given the failure of the theories discussed above which has contributed to a tension within mainstream development between the human and social development represented by international organizations such as the United Nations and the International Labour Organization (ILO) and the structural adjustment and global monetarism of the IMF and most IFIs, with the World Bank no longer as close to the latter position as formerly (Pieterse 1998: 345), perhaps time has come for a paradigm shift in which Africans need to establish what works best for them.

2.5 CONTEMPORARY THEORIES OF DEVELOPMENT

After decades of trying to encourage modern development, it is generally recognised that development, though possible, is extremely difficult to achieve in that it faces more challenges than previously thought. The poor performance of neoclassical theories in enhancing long term growth has led to a search for alternative paradigms. Most of the orthodox theories have not stood the test of time in addressing the problem of poverty in Africa and thus, the heterodox theorists proposed alternative solutions, some of them, like the Marxian economics, building on previous works of the orthodox Marxist economics. Some theories like the Feminist theories, however, departed completely from the orthodox theories by adding a completely new dimension to the debate.

However, as the battle against poverty, in especially, sub-Saharan poverty has continued despite all these debates, the contemporary theories of development have come into play in recent years:

1. Post structuralism,
2. Post development,
3. The new growth theory,
4. Neo-liberalism,
5. Institutionalism and neo-institutionalism.

Needless to say,

> The world is tired of grand solutions (Max-Neef 19991: 110).

2.5.1 Post Structuralism

Post-structuralism encompassed the intellectual developments of continental philosophers and critical theorists who wrote with tendencies of twentieth-century French philosophy. The post-structuralist movement was closely related to postmodernism but the two concepts are not synonymous (Harrison 2006). The general assumptions of post-structuralism derive from critique of structuralist premises. Specifically, it holds that the study of underlying structures is itself culturally conditioned and therefore, subject to bias and misinterpretations. Post-structuralist Marxian theory attempts to rethink the dynamics of social relationships and embraces the fact that we live in a world of complexity. Resnick and Wolff (1988) have advanced the utility of Marxian theory by emphasizing the social processes.

According to Escobar (2000), the status of development has become difficult to ascertain. Modernization and dependency theories were the reigning paradigms but due to the increasing inability of development to deliver on its promises, the rise of schools of thought that questioned its basic rationality and the availability of new tools of analysis, mainly post-structuralism, the theories came under question. In the 1990s, post structuralist critiques succeeded in casting serious doubts not only on the feasibility but also the very desirability of development. This resulted into the possibility of a post development era in which the centrality of development as an organizing principle of social life was, purportedly, no longer viable.

2.5.2 Post Development

> The idea of development stands like a ruin in the intellectual landscape. Delusion and disappointment, failures and crime have been the steady companions of development…. Development has been outdated (Sachs 1992: 1).
>
> If you live in Mexico City today, you are either rich or numb if you fail to notice that development stinks… the three development decades were a huge, irresponsible experiment that, in the experience of a world-majority, failed miserably (Esteva 1987: 138).[xv]

Alternative development has been concerned with alternative practices of development which are participatory and people-centered and redefine the goals of development (Pieterse 2000). Storey (2000) analyzed the post-development theory’s challenge to the dominant development paradigms and proposed that some insights of post-development can be of considerable value. Post-development theories draw from the post-modern philosophy and also from the post-colonial theory (Sylvester 1999); its fundamental issue is the questioning of the concept of development itself. Post development may be interpreted as a neo-traditionalist reaction against modernity. More enabling as a perspective is reflexive development in which a critique of science is viewed as a part of development politics (Pieterse 2000). Post development thinking has mainly focused on the politics imbued in the terms used in the development discourse. While differentiated across multiple axes, they are united by an antagonism to development as normalizing, deeply destructive discursive formation emanating from 'the West'; by firm rejection of any sort of reformist tendencies and by faith in new social movements (Robino 2009, quoting Haines 2005).

Within the post-development approach, development discourse legitimizes and reinforces western dominance over the 'Third World' partly through the definition of the 'Third World' as being in need of western-style development (Hobart 1993: Escobar 1995). The 'Third World' is subject not only to the economic but also to the 'definitional power of the West…Development… [is] a standard by which the West measures the non-West' (Sardar 1999: 44, 49). Sardar (1999) goes on to elaborate this concept in which the absence of western forms of technology, for instance, is not being treated as just a difference in technology but as underdevelopment.

Ferguson (1990) in his analysis of the World Bank's depiction of the economy of Lesotho found a recurrent Bank emphasis of an, alleged, 'aboriginal' economy, largely unexposed to commercial markets and the money economy thus, an underdeveloped economy. In Foucault's (1987) terms, to demonstrate the 'failure' of development to reduce poverty is also to miss the point because the real purpose of development is to exercise discipline and dominate. To call for policy change simply reinforces the power of dominant institutions such as the World Bank because they can then rationalize further interventions in the name of 'corrective' actions. As Crush (1995:10) puts it, 'development is also the cure, never the cause'. For post-development theorists, the 'Third World' thus remains objectified and its peoples' needs externally defined. Development, however revised, 'can only lead to further subjugation of the non-West' (Sadar 1999:53).

However, the post-development response is problematic from both an analytical and political point of view for four specific reasons, according to Storey (2000):

1. Despite its anti-totalizing claims, propounds are over-generalized and in some ways, exaggerated conception of development. For instance, it fails to address the question of whether there are alternative conceptions of development that might or do entail relationships of non-dominance (or at least, diminished dominance).

2. How many people and societies have achieved, or want to achieve, a condition of being beyond development? Where exactly do 'people beyond modernity' live and where do they want to live?

3. The commonly designated agents of change, the social movements, are not guaranteed to be anti-authoritarian and democratic in their structures and principles.

4. Even if progressive internet is somehow evident, fragmented social movements and groups, often operating around single issues, may be no match for the power of, say, increasingly globalized capital.

Pieterse (1998:345) however, argues that despite its difficulty in generating a future programme, 'post-development articulates meaningful sensibilities'. Despite its shortcomings, there are real political insights within the paradigm. In summary, post-development theory wrongly assumes 'development' to be singular, hegemonic and invariably, negative. It romanticizes movements of resistance to 'development' and yet at the same time assumes such resistances to be unattainable. However, scanning the present landscape of development alternatives looking for new realities is beyond the scope of this thesis.

2.5.3 The New Growth Theory

According to Cortright (2001), the theory emphasizes that economic growth results from increasing returns associated with new knowledge. Knowledge being non-rival and partly excludable has different properties from other economic goods. He argues that the ability to grow the economy by increasing knowledge rather than labour and capital which are subject to diminishing returns, creates opportunities for nearly boundless growth. Consequently, the African governments need to focus on issues like research and development, the education system, entrepreneurship, macroeconomic expectations and openness to trade.

Romer (1994), one of the leading theorists of this school of thought, proposes that the neoclassical theory was not wrong; it was just incomplete because it applied deductive logic to a set of assumptions about consumer behaviour and the technology of production. Adding knowledge to these models make them more realistic. Traditionally, economics has been regarded as a dismal science it keeps suggesting that we will eventually run into serious limits to growth in our finite world. The New Growth Theory, however, implies that we can continue living for centuries by steadily improving our knowledge of how to produce more and better goods and services with smaller amounts of physical resources (Grossman & Helpman 1994). Aghion (2012) revisits the theory and seeks to apply it to the rate and direction of innovation process and policy.

2.5.5 Neo-liberalism

Neo-liberalism is a label for the market-driven approach to economic and social policy based on neoclassical theories of economics that stresses the efficiency of private enterprise, liberalized trade and relatively open markets, and therefore seeks to maximize the role of the private sector in determining the political and economic priorities of the country. The neo-liberalism economic policies have become widespread during the last 25 years or so. Around the world, neo-liberalism has been imposed by powerful financial institutions like the IMF, the World Bank and the International American Development Bank. The capitalist crisis over the last 25 years, with its shrinking profit rates, inspires the corporate elite to revive economic liberalism (Martinez & Garcia 1996; The Thistle 2000). The Thistle (2000) lays the blame squarely on the IMF and World Bank for being 'Puppets of the neo-liberal onslaught'.

Proponents of neoliberal ideology argue that 'open, competitive, and unregulated markets, liberated from all forms of state interference, represent the optimal mechanism for economic development' (Brenner & Theodore 2002: 2). Yet, while neoliberal ideology criticizes state intervention, actual neoliberal policies and practices involve 'coercive, disciplinary forms of state intervention in order to impose market rule upon all aspects of social life'. Such policies and practices are complex, contradictory, and contested, and operate at multiple levels of governance. In an effort to clarify how neoliberal policy has developed, Peck and Tickell (2002) identify two interrelated phases or processes: 'roll-back neo-liberalism' and 'roll-out neo-liberalism.' 'Roll-back neo-liberalism' refers to 'the active destruction or discreditation of Keynesian-welfarist and social-collectivist institutions (broadly defined)'. This process involves the retreat from previous governmental control of resources and state regulations, including public services, nationalized industries, and labour and social rights. Also known as privatization, it is the 'sharing or delegating of authority to non-governmental agents' (Handler 1996:78-80). Privatization takes many forms, including the sale of public assets, voucher programmes, deregulation, cutbacks in public services, and the contracting out of those services to for-profit and non-profit agencies.

The second neoliberal process, 'roll-out neo-liberalism,' refers to 'the purposeful construction and consolidation of neo-liberalized state forms, modes of governance, and regulatory relations' (Peck & Tickell 2002:37). 'Roll-out neo-liberalism' involves the creation of new trade and financial regulations by international governance institutions, such as the World Trade Organization, the IMF and the World Bank. It also involves socially interventionist policies and public-private initiatives that are paternalistic and punitive (Aguirre, Eick & Reese 2006).

According to Kolodko (2011), neo-liberalism is a philosophy in which the existence and operation of markets are valued in themselves, separately from any previous relationship with the production of goods and services, and without any attempt to justify them in terms of their effect on the production of goods and services; and where the operation of a market or market-like structure is seen as an ethic in itself, capable of acting as a guide for all human action, and substituting for all previously existing ethical beliefs.

The source of the current global economic crisis, Kolodka (2011) argues, lies in the failure of America's neoliberal capitalism. It could not have occurred in countries with a social market economy, but only under the conditions of the neoliberal Anglo-American model. The intense shock the world experienced took place as a result of the coincidence of numerous political, social, technological and economic circumstances. The intersection of these conditions was possible only under a special combination of values, institutions, and policies made possible under the United States special brand of neo-liberalism (Kolodka 2011) but as Chandra (2010) in the 'Musings of an Argumentative Indian' puts it:

> Neo-liberalism as an ideology may be rotten to the core, but without thriving markets, there is no hope for progress whatsoever (Chandra 2010).

Neo-liberalism overestimates the power, purpose and usefulness of individualism. It unnecessarily supports greed, by elevating this vice to the level of an economy propelling virtue. It neglects the social cohesion aspects of the economy and does not perceive of human beings as the center of economic activities. In the place of people, there is money. Values are not accounted for under neo-liberalism almost everything translates into monetary worth. According to the doctrine of neo-liberalism it is possible and worthwhile to trade in everything which may bring profit, including expectations both rational and irrational (Kolodka 2011; Aguirre, Eick & Reese 2006).

From the institutional side, neo-liberalism made the government with its regulatory responsibilities to be regarded by most as relatively irrelevant and undesirable in its interventions. However, lasting economic progress is possible only due to an intelligent synergy of the power of the invisible hand of the market and the visible mind of the government. This applies particularly, though not exclusively, in the countries of emerging markets. Institutional intervention is the necessary corollary of contemporary capitalism. That principle is not valued by neo-liberalism due to its intense focus on serving the needs of special interests groups (Kolodka 2011; Aguirre, Eick & Reese 2006). This research supports government intervention and argues that the issue should be the amount and nature of the interventions and not that intervention should be eliminated completely. In Uganda, government has, largely, not interfered in the economy but recently, due to the galloping inflation and amidst public outcry, government responded with a restrictive monetary policy.

Kolodka (2011) goes on to propose that neoliberal policy confuses its purposes with its measures. The purpose of economic policy is sustainable long-term development. It should be sustainable not only economically, but also socially and ecologically. Low inflation, positive interest rates, a balanced budget, fast privatization, currency exchange rate, are instruments and tools of policies. He argued that it is not possible to subordinate any economic strategy or policy to indices, which only illustrate phenomena and processes from those areas. To improve the financial standing of narrow groups of elites at the expense of the majority of society, neo-liberalism espouses ideas such as liberty and democracy, private ownership and entrepreneurship, competition and economic freedom. However, declaring such ideas as *pro bono publico,* but actually using them for the benefit of the minority at the expense of the majority, is a common tactic of neoliberals (Kolodka 2011).

'We are not in the midst of a crisis of capitalism, since capitalism has special capacities for adaptation' Kolodka (2011) argues. It has been proven on many occasions in the past and will so be the case in the future. But, he goes on to say, the current crisis is a fundamental breakdown of the neoliberal model. Wherever neoliberal tendencies dominate from the United States in the times of 'Reaganomics', to the United Kingdom during the primacy of 'Thatcherism', in Latin American countries which allowed the imposition of the Washington Consensus in the 1990s, to Russia during Yeltsin's term of office or Poland during the 'shock without therapy' period at the beginning of the post-communist transformation, the ensuing financial crisis has been most acute (Kolodka 2011). In Uganda, the financial and economic crisis impact is now being felt and poverty levels have increased, eroding a great deal of the previous years' 'Ascendant Star' reputation of the current president in his twenty five year reign.

Kolodka (2011) concludes:

> It is most important now to prevent the neoliberal doctrine, which attempts to lead the global political and economic recovery after minor cosmetic changes and insignificant adjustments, from imposing its trajectory on the world economy again. There is only one rational way to move forward, that is to adopt a post-GDP economics since we are already in the post-GDP economy. The new paradigm for development economics must exercise interdisciplinary and heterodox approaches, of the many choices available to replace neo-liberalism. I believe New Pragmatism is the most sensible way to move the world forward into a future looking economy.

Fine (2009) in his paper 'Social Policy and the Crisis of Neo-Liberalism' proposed neo-liberalism as a concept which was already under scrutiny due to what appeared to be its more recent crisis both in material terms and of legitimacy. Significantly, questions over the nature of neo-liberalism, even whether it is a legitimate category of analysis had already been raised prior to the current world wide economic crisis.

Nevertheless, Fine (2009) quoting Castree (2006:6) says:

> I suspect that 'neo-liberalism' will remain a necessary illusion for those on the…left: Something we know does not exist as such, but the idea of whose existence allows our 'local' research findings to connect to a much bigger and apparently important conversation.

With regard to the changes in the World Bank, Bayliss and Fine (2007) argued that the policy and rhetoric of the Washington Consensus was to privatise as much of the public services as possible with little or no attempt at scholarly justification, and equally limited attention to the realities underpinning provision with, for example, no survey of regulatory capacity of developing countries until 2004 (Wallsten 2004). At this point, in an apparently dramatic turnaround, the early 2000s witnessed a remarkable rethink on the part of the World Bank, it's even confessing that it had been mistaken in being so ideological committed to privatisation. This seemed to be inspired by the failure of privatisation to materialise in practice in some instances, the failure for it to generate the promised levels of private sector investment and increasing problems with disputed and broken contracts (Bayliss & Fine 2007).

Another scathing report on the World Bank's Africa Strategy, by Global Realm (2011) seethed:

> Drunk on their own neoliberal rhetoric, the multilateral establishment swoons over the continent's allegedly excellent growth and export prospects, in the process downplaying underlying structural oppressions in which they are complicit: corrupt power relations, economic vulnerability, worsening Resource Curses, land grabs and threats of environmental chaos and disease.
>
> These are merely mentioned in passing in the Bank's Africa Strategy – the most comprehensive of these neoliberal-revival tracts – but a frank, honest accounting of the author's role is inconceivable, even after an internal Independent Evaluation Group report scathing of mistakes the last time around. That effort, the 2005 Africa Action Plan (AAP), was associated with the G-8′s big-promise little-delivery Summit in Gleneagles.

> The Bank admits the AAP was a ‘top-down exercise, prepared in a short time with little consultations with clients and stakeholders’, and that the ‘performance of the Bank’s portfolio in the Region’ was lacking. Tellingly, the Bank confesses, ‘People who had to implement the plan did not have much engagement with, and in some cases were not even aware of, the AAP (Africa Action Plan 2005).

According to Heeks (2005), the Millennium Development Goals (MDGs) are an attempt to directly address fundamental injustices and inequities that prevail in the world today. But he argues that just because the hearts of the development world is in the right place doesn’t mean the ‘patients’ should shallow the ‘pills’ without questioning the ‘doctor’.

He goes further to propose that the MDGs should be questioned first from a political angle. The MDGs, arguably, arose as a ‘counter-blast’ to the perceived failure of the ‘neo-liberal’ agenda, which proposed free markets, the private sector, and globalisation as to the solution to delivering poverty eradication and yet the new agenda falls into many of the same traps as the old one (Heeks 2005).

Neo-liberalism was accused of being ‘hegemonic’: of imposing a one-size-fits-all model that allowed no deviations from orthodoxy. But, Heeks (2005) argues, the new approach does just the same, forcing policies through the MDG filter and hammering them hard until they pass through. ‘Where is the flexibility? Where is the consideration that there might be alternative, even better, paths to development?’

Neo-liberalism was also accused of being an invention of the North imposed on the South by international agencies but it could be argued that this is true of the MDGs as well. Developing nations have been dragged from one Northern-inspired orthodoxy to the next: a state agenda in the 1960s and 1970s; a private sector agenda in the 1980s and 1990s; and an NGO agenda in the 2000s. Where is the breathing space and support for countries to construct their own individual agendas? (Heeks 2005; Obadina 2008).

2.5.6 Institutionalism and the Neo-Institutionalism Theory

> ...efficient economic organizations is the key to growth...(North & Thomas 1973).

> Third World countries are poor because the institutional constraints define a set of payoffs to political/economic activities that do not encourage productive activity (North 1990a).

There is a broad agreement that in defining institutions, focus should not only be on formal institutions but also informal routines or relationships (Bell 2000). Levi (1990:409) argues that 'the most effective institutional arrangements incorporate a normative system of informal and internalized rules.' North (1990:36) agrees and argues that the most significant institutional factors are often informal. Hall (1986:19) defines institutions as the 'formal rules, compliance procedures and standard operating practices that structure the relationship between individuals in various units in the polity and economy.' Similarly, March and Olsen (1989:160) emphasizes that the main impact of institutions in political life stems from interrelated rules and routines that government relations. North (1990a:384-385) also emphasized the importance of formal rules and of the monitoring and enforcement mechanism required.

From today's perspective, the old institutionalism displayed little interest in cumulative theory building (Shepsle 1989:132; Easton 1971:77; Eckstein 1979). The main emphasis was on description, not on explanation or theory building. Old institutionalism, Bell (2000) declares, is, however, not dead. Description of institutional arrangements is still an important aspect of research in politics and formal legalism is still prominent in fields such as constitutional studies and public administration. When old institutionalism did turn to explanation, it was assumed that political behaviour was more or less scripted by the formal rules or procedures of the institutional setting. On this front, there is some overlap between the old and the new institutes (Hirsch 1997).

Nearly three decades ago, the first neo-institutionalism arguments were formulated by John Meyer (1977), Brian Rowan (1977), Richard Scot (1983) and Lynne Zucker (1977). New institutionalism is a theory that focuses on developing a sociological view of institutions, the way they interact and the way they affect society (Maggio & Powell 1991). It provides a way of viewing institutions outside of the traditional views of economics by explaining why so many businesses end up having the same organizational structure even though they evolved in different ways and how institutions shape the behaviour of individual members. Institutions operate in environment consisting of other institutions, the institutional environment (Krasner 1984:228).

New institutionalism amounts to ‘bringing institutions back in’ and a revival and expansion of this approach that has been taking place since the 1980s. Social, political and economic institutions have become larger, considerably more complex and resourceful, and *prima facie* more important to collective life (March & Olsen 1984:734). Institutional factors have also figured prominently in explanations of why some countries pursued such different responses to the common economic challenges of the 1970s and 1980s (Thelen & Steinmo 1992:5). Also, there have been major public policy revisions in the face of such challenges that have resulted into massive institutional restructuring, impacting especially on the role for the state and involving substantial public sector reform.

During the recent years, as the processes of economic globalization advance quickly, epistemic thinking and openings to new conversations and new approaches to the production theory in the field of international management is emphasized. The economy institutionalism sustained in pure theories of the economy rationality that of main agency and the transaction costs, amongst others, motivated the analysis of the international organizations, at a time in which the operations of the multinational corporations expand (Vargas-Hernandez 2010; North 1990; Williams 1985 and Zald 1989). As critical approaches to international management, the institutional theory has gained importance in the literature of organizational studies (Peltonen 2006). The central issue has not been the influence on a given set of institutions on economic behaviour but understanding the process of institutional change itself (Groenewegen1995).

In economics, the new institutionalism is most closely associated with Washington University, where Douglass North, a Nobel Prize winner, 1993, for his work in new institutionalism, was based. He, with Oliver Williamson and other new institutionalists, changed some of the neo-classical assumptions about economic rationality and emphasized the importance cost minimization. The issue of economic rationality of individuals and institutions informs many debates as further propounded by Fine and Milonakis (2009), Slater and Tonkiss (2001), Coleman (1986), Heilbroner and Milberg (1995), Abell (1996), Levi et al (2002), Calvert (1995) and others.

Fine and Milonakis (2009) argued that the theory of economy rationality was fundamentality flawed and they questioned the legitimacy of the premise. They quoted Coleman (1986:363) proposing that all non individual behaviour must be derived from individuals:

> Satisfactory social theory must attempt to describe behaviour of social units, not merely those of individuals.....it must, nevertheless be grounded in the behaviour of individuals...the central theoretical challenge is to show how individual actions combine to produce a social outcome....

They further argued ‘but how can the (rational) individual construct the social? The answer is that it cannot, even for those who are deeply committed to it.’

Abell (1996:266), in a survey of rational choice in sociology, said:

> Rational choice theory may claim explanatory privilege... not on the grounds of its exclusivity but, rather, in terms of its claims to be our first choice of framework for theory construction and thereby, by its own canons, generating the need for auxiliary theorists when it has done its best..

There is, therefore, need to recognize that man’s relations with his fellow man are on a totally different footing from his relations with the objects, of physical nature and is not always rational (Levi 2002:8; Elster 1979: viii; Calvert 1995 et al) and the entire notion of rational choice is an overly simplistic behavioural assumption (Boris 1988; Dunleavy 1991; Hall & Taylor 1996 & Bell 2000).

According to Menard and Shirley (2011), North, along with Williamson, transformed the early intuitions of new institutional economics (NIE) into powerful conceptual and analytical tools. NIE arose in response to the questions not well explained by standard neo-classical models and some of the issues were:

1) The assumptions of perfect information.
2) The notion of individuals being rational wealth-maximizers with stable preferences.
3) That exchange is instantaneous and costless.
4) That different rates of development were purely as a result of different endowments of resources and human capital or of different rates of investment and adoption of new technologies.
5) Why the political markets did not function like the economic markets.
6) Under what circumstances states would protect property rights even when they had unchallenged power to expropriate properties and subjugate individuals.

The neo-institutional economics answers to these issues were based on three key concepts:

1) Transaction costs;
2) Property rights and;
3) Contracts.

Building on work by Coase (1937; 1988, 1992), Cheung (1983) and Williamson (1990), North used the concept of transaction cost to address the question: 'Why are some countries rich and some countries poor?' (Menard & Shirley 2011), Obadina (2008), and other scholars have asked the same fundamental question with specific regard to the continued pervasive poverty in Africa. According to North (1990b), political markets are more prone to inefficiency than economic markets thus, higher transaction costs.

With regard to property rights, neo-classical economics assumed that what people trade are physical commodities but what they really trade are the rights to those commodities, these rights being a set of rights to take permissible actions to use, transfer or otherwise exploit or enjoy property (Coase 1959; Alchian 1965; & Menard & Shirley 2011). North focused on how property rights and their enforcement affect the ways societies develop and differ (Menard & Shirley 2011).

For the third core concept, the neo-classical paradigm assumed contracts are agreements between parties that are: perfectly enforced and perfectly complete. North (1981) emphasized early on, the key role of contract enforcement and especially the role of coercion in protecting property rights and individual rights. Furthermore, the risk of state predation led North, Weingast and others to emphasize ways the state might credibly commit to respect property rights (Menard & Shirley 2011).

Amongst other things, North's research changed many economists view of development from a process of growth spurred by new technology and capital accumulation to a dynamic process of institutional change and why the persistent disparity in the performance of economies and the persistence of these disparities despite countless efforts at reform and decades of foreign aid and advice (Menard & Shirley (2011).

Continuing his groundbreaking analysis of economic structures North developed an analytical framework for explaining the ways in which institutions and institutional change affect the performance of economies, both at a given time and over time. Institutions exist, he argued, due to uncertainties involved in human interaction: they are constraints devised to structure that interaction. Yet, institutions varied widely in their consequences for economic performance; some countries developed institutions that produce growth and development, while others developed institutions that produced stagnation. North first explores the nature of institutions and explained the role of transaction and production costs in their development (North 1990; Kolodka 2011). He then propounded on institutional change proposing that institutions create incentive structure in an economy and organizations will be created to take advantage of the opportunities provided within the institutional framework. North argued that the kinds of skills and knowledge fostered by the structure of an economy shaped the direction of change and gradually altered the institutional framework. He then explained how institutional development may lead to a path-dependant pattern of development.

In his book 'Institutions, Institutional Change and Economic Performance (Political Economy of Institutions and Decisions' (1990), North explains the implications of this analysis for economic theory and economic history, He indicates how institutional analysis must be incorporated into neo-classical theory and explores the potential for the construction of a dynamic theory of long-term economic change (North 1990). North's ideas had an especially strong impact on development economists, practitioners in the aid community, and policy makers and scholars in developing countries. Scholars studying underdevelopment turned to North as one of the few prominent economists offering persuasive new answers to the question why some countries were rich and others continued in abject poverty. North was first invited to speak at the World Bank in 1994 and the World Bank devoted its 2002 World Development Report and subsequent publications, to institutions and development (Menard & Shirley 2010). Subsequently, critiques of the World Bank and other development agencies cited inability to deliver on the development promises, to institutional barriers to growth (Easterly 2002; Martens2002; Shirley 2008 et al).

MacKenzie (2008) claims the book as ‘a refreshing change from ‘economics as usual’’, the factors discussed, being real institutions and actual history. North, he continues, ‘draws upon the right sources for his theoretical underpinnings (Coase, Hayek, Ostrom, Olson, Veblen quoted by Mackenzie 2008)’. Mackenzie also discusses North’s focus on the issue of primary importance, economic performance through time. ‘How does economic development happen? Why does it happen in some nations and not in others?’ He also dwells on some issues he considered important, such as adaptive efficiency (p80-18), incremental changes in institutions coming entrepreneurs (p8) and understanding institutional change in terms of transaction costs, relative prices and ideology (p86).

Arsenault (2006) in his case for the limits of hard rational choice argues that North’s work attempts to show how hard-rational choice theory and neoclassical theories are weak in that they argue that cooperation and coordination are not fundamental to transactions. North writes that in the ‘zero transaction cost world, bargaining has no place, however, in the real world, institutions, bargaining and cooperation are necessary’ (p16). In conclusion, new intuitionalism has emerged in response to the concentration on behavioural/rational choice theories in the discipline.

However, the paradigm of neo-institutionalism, as proposed by North, is not without challenge, one of the most prominent scholarly challenges are detailed in works of Fine and Milonakis (2003), Fine (2002; 2006) and Fine and Sundaram (2006).

Analyzing the North theories, Fine (2006) noted that the key concept of North’s theory of institutions is that of transaction costs arising out of the incomplete, asymmetrically held and hence, costly nature of information. As North (1990) put it: ‘when it is costly to transact, institutions matter'. They assume central importance in the explanation of differential performance (North 1990:3-4: 1995:23).

Institutions and institutional change then became the primary focus of North's writings. At the same time, Fine (2006) asserts, North also felt the need to tackle three more theoretical problems: the sources of institutional change; the persistence of institutional arrangements and the riddle of the free-rider problem associated with the rationality assumption. North then proposed 'a theory of property rights that describes the individual and group incentives;, 'a theory of the state, since it is the state that specifies and enforces property rights' and, 'a theory of ideology that explains how different perceptions of reality affect the reaction of individuals to the changing 'objective situation' (North 1981:7-8 quoted by Fine 2006).

According to Fine (2002), in accounting for the unprecedented growth of western countries in the modern era, North singles out the establishment of 'well-specified and well-enforced property rights' (North 1989). However, this departs from previous work (North & Thomas 1973) in which efficient property rights were no longer seen as the only possible outcome. Inefficient property rights can also prevail, however, their existence and persistence needs an explanation and the state offers a solution for North (Fine 2006). Fine then debates North's notion of the state being presented as if it were a profit-maximising individual subject to constraints. Thus, inefficient property rights in this framework arise as a result of the state's dichotomy of interests (maximization of ruler's own revenue and of society's welfare) and, as a result of the constraints imposed upon its actions from potential rulers and from the transaction costs of collecting taxes (North 1981).

Having explained the state's role in resolving inefficient property rights, Fine proposes that North deploys ideology to solve the problem of altruistic behaviour and what he calls 'the deviations from the individualistic rational calculus of neo-classical theory' (North 1981:12). Broadly speaking, North presented the state and ideology having the 'free-floating', universal power to explain more or less anything that happens (Fine 2006).

However, Fine's fundamental contention that the most pervasive element in North's work was his continued use of neo-classical tools and analytical methods, including methodological individual's, rational choice and comparative statics, which is evident in almost every aspect of his theoretical excursion. Fine asserts that even when North he departs from the neoclassical framework through the introduction of institutions and ideology, he does so in a complementary way, in order to make up for the deficiency in its underlying framework. As such Fine (2006) concludes, these concepts cannot remain residual to the neo-classical framework.

Ankarloo (2006) argued that neo-institutional economics does not provide scientifically grounded explanations of the 'institutions of capitalism' and concludes that it should itself be viewed as an 'institution of capitalism'. He proposed that there is an underlying contradiction in neo-institutionalism as it attempts to make its economic theory more realistic, more social and more historical in its approach. The concepts of 'transaction costs', 'property rights', 'institutions' etc are invoked in recognition of the limits of the tools of neoclassical state equilibrium theory but there emerges some profound unsolvable contradictions. 'This paradigm', Ankarloo (2006) argues, 'is not the solution to the problems of orthodox economics but simply a testament to the fact that the problem still remains unsolved'.

Meramveliotakis and Milonakis (2010) also argued that transaction cost reasoning, a basic premise of the neo-institutionalist paradigm, as only a comparative exercise which is hard to reconcile with the dynamics of institutional formation and change. Quoting Langlois (1992), they argued that transaction cost economics can at best, explain short run phenomena but was inadequate in explaining long-run dynamic processes of learning and of development capabilities, thus, 'they are short-run theories that...have no long-run positive'. Furthermore, they claimed, the paradigm implies 'universalism' where the explanations of all institutions and organizations that have appeared in history can be translated without transaction cost terms and without regards to the specific historical circumstances.

The Washington Consensus is an inevitable topic when a discussion on institutionalism is undertaken. The term 'Washington Consensus' was initially coined in 1989 by John Williamson to describe a set of ten specific economic policy prescriptions that he considered should constitute the 'standard' reform package promoted for crisis-wracked developing countries by Washington, D.C.-based institutions such as the International Monetary Fund (IMF), World Bank, and the US Treasury Department (Eravandi 2009).

These ten reforms were:

1. Fiscal Discipline
2. Reordering Public Expenditure Priorities
3. Tax reform
4. Liberalizing Interest Rates
5. A Competitive Exchange Rate
6. Trade Liberalization
7. Liberalization of Inward Foreign Direct Investment
8. Privatization
9. Deregulation
10. Property Rights

The three big ideas here are macroeconomic discipline, a market economy, and openness to the world, at least in respect of trade and foreign direct investment (FDI).

The reforms did not always work out the way they were intended. While growth generally improved across much of Latin America, it was in most countries less than the reformers had originally hoped for. Success stories in Sub-Saharan Africa during the 1990s were relatively few, Uganda being one of them, and far in between, and market-oriented reforms by themselves offered no formula to deal with the the various emergencies in which the continent became embroiled. The critics, meanwhile, argued that the disappointing outcomes have vindicated their concerns about the inappropriateness of the standard reform agenda (Eravandi 2009; Obadina 2008 & Conteras 1998).

The World Bank's report Learning from Reform shows some of the developments of the 1990s. There was a deep and prolonged collapse in output in some countries. Many Sub-Saharan African economies failed to take off during the 1990s, in spite of efforts at policy reform, changes in the political and external environments, and continued heavy influx of foreign aid. Uganda, Tanzania, and Mozambique were among countries that showed some success, but they remained fragile. There were several successive and painful financial (Eravandi 2009; Obadina 2008 & Conteras 1998).

The 'demise of the development theory'(McMichael 1996), the 'myth of development'(Rivero 2001); the failure of the 'development industry'(Rihani 2002): eloquently capture the fact that 'development' has come to an impasse or dead end in developing countries especially in sub-Sahara Africa. However, alternative strategies have been proposed to transcend the development impasse and the problem has been addressed from both theoretical and empirical perspectives (Sen & Grown 1986; Sklair 1988; Asanate 1991; Yansane 1996; Rivero 2001; Belshaw & Livingstone 2002; Chang & Gabriel 2004). These proponents belong to the alternative development school of thought and propose that since political and economic prospects for some countries are growing bleaker by the day, a serious reconsideration of what development is and what it should entail was necessary. Perhaps, the time for another paradigm shift has come but was this just a search for another paradigm?

There is, however, no debate on the fact that post-colonial African states have been a general failure in the implementation of development objectives, despite the various attempts to account for these failures (Beckman 1989; Ake 1996). The current 'scapegoat' for the failure of development in sub-Saharan Africa is 'bad-governance' (World Bank 1992; UNDP 1997; Leftwich 2000). Ake (1996) has suggested that development has never really been on the agenda in Africa and it could be argued that the absence of the development on the agenda is due to the nature of the African state.

The Africa post-colonial state departs in fundamental respects from either the Marxist of Weberian conceptions of the state (Leftwich 2000). It is generally acknowledged that the state has a crucial role to play in development, thus advocacy for the 'developmental state' in Africa, which according to Rapley (1996) is an unrealistic option. This is due to the requirements inherent in such a state, for example, the state needs to be insulated against society, giving a highly skilled technocratic bureaucracy the autonomy it needs to impose discipline on the private sector (Rapley 1996; 138-139). Furthermore, bureaucrats must be able to draft policies that promote national development…enact unpopular and even harsh policies in the name of development…ignore or repress discontent these policies provoke', he proclaimed.

This also called for authoritarianism, class politics (a productive local bourgeoisie class to jump-start the economy). It is argued that capitalism forms the lifeblood of the modern state and capitalism and patrimonialism are incompatible, yet African states are patrimonial/neo-patrimonial. The emphasis on the importance of the capitalist class reflects a euro-centric/Western conception of development (Sachs 1992; McMichael 1996). Given the development impasse, it is imperative to adopt a strategic approach to overcome the development predicaments. This strategic approach should involve 'strategising' or 'mainstreaming' rural development (Ake 1996; Shepherd 1998). However, rural development programmes have so far failed throughout Africa, and lack of political will has been sighted as the major culprit (World Bank 1997; Jaycox 1996). However, Mabogunje (1980); Mackenzie (1992); and Rihani (2002) contend that the fundamental reason for the failure of rural development is the adoption of an inappropriate development paradigm. Potter (1971) asserted that the classical model of development based on the experience of the developed countries of the West and Japan is the one usually followed by developing countries. It is, however, he said, becoming increasingly clear that this classic model of rural development is unrealistic for many developing countries.

A new development paradigm must adopt a broader concept of rural development which takes into account the nature of power relations in rural society (Bengtsson 1979:61-66). The paradigm proposed by Shepherd (1998) constitutes a comprehensive or holistic approach. He proposes that rural development policy must be legitimated by an appropriate development ideology. The way out of the current development impasse in Africa as a whole and sub-Saharan in particular lies in the institutionalisation of the developmental state and adoption by this state of a development policy based on the promotion of the rural sector.

Some of the proposed theories include **'**post structuralism' and 'post development' approaches. Uganda has, aggressively, pursued the modernization of its agricultural sector arguing that rural development was the most appropriate way for the country to develop. The country is, however, still at a rudimentary stage of implementing 'sustainable development' which is generally, understood to refer to development which meets the needs of the present generation but not at the expense of future generations. The landmark for the 'sustainable development' paradigm was the publication of the 'Limits to growth: A report to the Club of Rome's Project on the Predicament of Mankind' (Meadows 1972). There have, subsequently, been numerous debates on the issue, with specific reference to Africa (World Bank 2000; Taylor 2002 and Adesina 2002 *et al*). Uganda has, however, made notable progress in addressing the issues of gender inequalities and the impact on development, according to the 2005 Poverty Eradication Action Plan (PEAP). There have been deliberate policy changes in political, legal, social and other spheres of life to try and mainstream gender issues in development. The country also practices 'community development' as an 'alternative' form of development. It is now widely agreed that the poor are not passive actors in development, once a radical and controversial issue is now mainstreamed (Berner & Phillips 2005). However, it has been difficult to practice community development in some communities in Uganda due to the cultural practices.

Despite the macroeconomic advances, poverty and inequality remain at high levels in Uganda with a significant number of the population still living in abject poverty. It is within this context of paradigm after paradigm 'experimentation' that the growth of the World Bank as an institution, and its Strategic Compact's bid to renew the Bank's effectiveness in its poverty eradication mission, through the decentralization strategy implementation in Uganda, that this research has been undertaken. Chapter three outlines the research objectives and details how the research will be undertaken and how the findings will be presented.

2.6 THE CREATION OF THE IMF AND THE WORLD BANK

The post war formation of the United Nations, UN, and its attendant agencies such as the World Bank, the IMF, ILO and various regional commissions, proved to be an important impetus. The commissioning of various studies by these institutions led to the emergence of a non academic strand of development theory (Conteras 1998).

The International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD) (popularly known as the World Bank), also known as the Bretton Woods Institutions (BWIs), were formed in Bretton Woods, New Hampshire in 1944. They were precursors to the United Nations, and other multilateral institutions formed after World War II, to promote a spirit of cooperation among nations, especially in economic matters. Questions have since arisen as to whether the functions of both institutions made sense for the period spanning the 1940s to the early 1980s, and indeed in the current day.

The World Bank Mission Statement was crafted under the leadership of President Wolfensohn (1995), and it marked an era of the turnaround of what many considered to be an ailing organization.

> To fight poverty with passion and professionalism for lasting results.
> To help people help themselves and their environment by providing resources, sharing knowledge, building capacity, and forging partnerships in the public and private sectors.
>
> To be an excellent institution that is able to attract, excite, and nurture committed staff with exceptional skills who know how to listen and learn.

On March 31, 1997, the World Bank Board unanimously endorsed '*The Strategic Compact: Renewing the Bank's Effectiveness to Fight Poverty*'. The Strategic Compact, proposed by World Bank President James D. Wolfensohn, outlined how the Bank proposed to reform and reposition itself to better address the changing needs in development and the provision of development assistance. Some of the overall objectives of the Compact included the following:

1. Putting more resources on the frontline;
2. Developing new products and services relevant to the changing global economy
3. Further decentralizing operations to the 'field';
4. Building stronger partnerships with all the players in the development field.

Decentralization, which is the main focus of this research, is the policy of delegating decision-making authority throughout an organization, relatively away from a central authority. Some features of a decentralized organization are fewer tiers to the organizational structure, wider span of control, and a bottom-to-top flow of decision-effecting ideas, giving its structure a flat appearance. One advantage of this structure, if the correct controls are in place, will be the bottom-to-top flow of information, allowing all decisions among any official of the organization to be well informed about lower tier operations.

The term 'decentralization' embraces a variety of concepts which must be carefully analyzed in any particular country before determining if projects or programmes should support reorganization of financial, administrative, or service delivery systems. Decentralization -- the transfer of authority and responsibility for public functions from the central government to intermediate and local governments or quasi-independent government organizations and/or the private sector -- is a complex multifaceted concept. Different types of decentralization should be distinguished because they have different characteristics, policy implications, and conditions for success (World Bank 2005).

Decentralization led to the reorganization of the operational, financial, administrative and service delivery systems in the Bank and subsequently, the transfer of authority and responsibility to the 'country offices'.

The Bank's main products are:

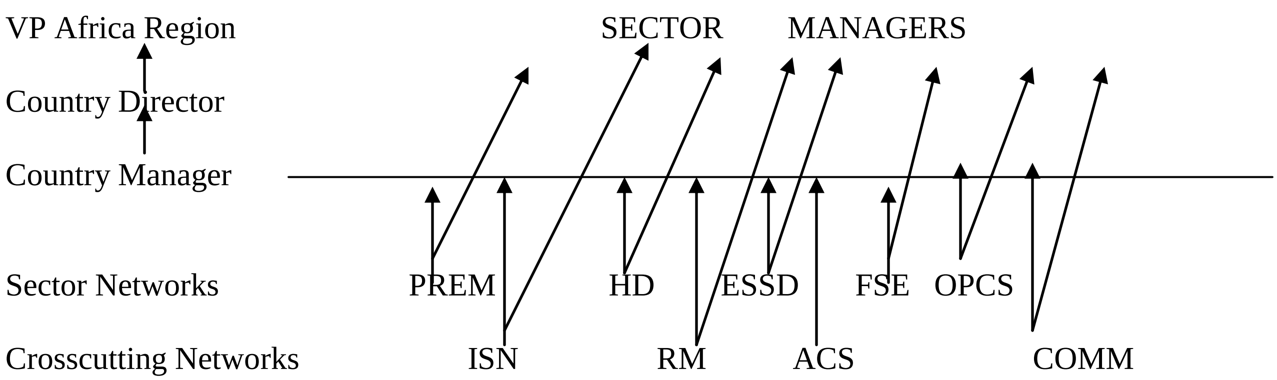
1. Lending products, guarantees (promotion private financing by covering risks that the private sector is not normally ready to absorb or manage) and budget support;

2. Other (Non-lending) Products (learning, capacity building, advisory services and so forth).

Prior to the Strategic Compact, the World Bank operated very much like the highly centralized bureaucracy that it was and still is, in many ways. The ultimate power base was in Washington and the Field Offices, as they were known then, had no real authority to make decisions, the then Resident Representatives, were indeed just representing the face of the World Bank in the 'field' were they were located.

In a bid to implement the Strategic Compact, the Bank changed its structures and introduced matrix management. Prior to the change to matrix management (Figure 2.1), the World Bank had tall bureaucratic structures. The current matrix was conceived in 1997, and has undergone modifications in order to ensure an appropriate fit with the changing client environment.

Figure 2.1: The Uganda Country Office Matrix



<u>Key:</u>

PREM - Poverty Reduction & Economic Management
HD - Human Development
ESSD - Environmentally & Socially Sustainable Development
FSE - Finance & Private Sector Development
OPCS - Operational Policy & Country Services
ISN - Information Solutions Networks
RM - Resource Management
ACS - Admin. & Client Support
COMM - Communications

Source: World Bank 1999 (constructed by researcher from documentary sources)

The matrix resulted into a dual reporting mechanism for both sector networks and the crosscutting support networks, except for the ACS staff who report only to the Country Director/Manager. The rest of the staff report to the Country Manager based in Uganda and also to their respective Sector Managers.

The Strategic Compact underscored the importance of replenishing the skill sets of Bank staff. This objective has been considerably advanced with the completion of a Bank-wide strategic staff development planning exercise in which each unit was asked to take stock of its existing and future skill needs, staffing levels and anticipate resulting staff movement. The immediate impetus for the exercise was a general concern about the apparent lack of staffing flexibility and capacity of units to respond in a timely way to changing skill needs as well as a desire to predict with some precision the levels of redundancies which were to be funded under the Compact (World Bank 1999).

Through the Strategic Compact and the Cost Effectiveness Review in 1999, the leadership of the Bank called for the comprehensive renewal of the information systems to play a vital role in realizing the vision of a stronger, more effective World Bank: able to deliver higher quality services to the clients, more rapidly, at lower cost, and able to easily share development knowledge and expertise with partners and clients through a global network (World Bank 1999).

During a staff retreat for Country Department 4 (CD4) Uganda and Tanzania, held in Zanzibar at the beginning of June 2004, the staff reiterated that the Bank's culture had not changed in response to decentralization, which had necessitated a multi-sectoral approach as a way of doing business. It is purported that the Bank's reward system still promotes silo behaviour, which was a characteristic of the old Bank.

The country office in Uganda, as in many parts of the world, tended to behave like a monopolist in a suppliers' market, especially when dealing with weak government. If the government does not clearly clarify what they want, then the Bank tells them what they should want. However, with the leadership under President Museveni, this has been minimal since his government has been clear on their priorities, sometimes, disagreeing with the donor communities. However, in comparison with other donors, who tend to support very specific projects, the Bank with its policy of budget instead of project support is considered, comparatively, liberal.

In the event of globalization, the world is largely modelled along the western world's culture with its value system. The Bank is no exception in its programmes, which are underpinned by the western culture. Consequently, the Bank requires the government to ‘privatise’, to ‘liberalise’ which may not necessarily be consistent with the African culture. Thus, holistically, the Bank is not as effective as it would be with regard to its impact on poverty reduction.

The Bank has developed new lending instruments, which enable governments to transfer funds directly to local communities. Prior to decentralization, the Bank only channelled funds through the central government by means of special accounts. However, this has been amended to permit for certain types of procurements at community level and the Bank can now enable direct funding of some components to local governments.

Jim Adams, Vice President of Operations Policy and Country Services (2004), and former Director of CD4 comprising Uganda and Tanzania has led a review of Bank policy, programmes, and procedures with one aim: to see where and how obstacles can be removed or streamlined to make the Bank’s development work more effective. For operational staff, the objective is to create an environment where, if staff found a policy or procedure inappropriate, they have ability to raise the issue with OPCS and get a sensible answer (World Bank 2004).

The Bank has also changed the way it implements projects, in ways that are strengthening local government and civil society. In the past, special project management units were set up to oversee daily project operations and handle such tasks as procurement and the contracting of services. These were established to overcome what was regarded as weak local government capacity to manage the many complex tasks of project implementation and to adhere to cumbersome Bank procedures for reporting and accounting. While the approach helped to smooth project execution, it did not improve local government capacity. With the Bank’s assistance, many local governments are now taking responsibility for project development and execution and proving that they are quite capable of efficiently performing them, provided they have access to technical assistance when required (Okwero 2004).

The Bank has also developed more flexible procedures for procurement, contracting and disbursement in Bank-financed projects, which are better adapted to the needs of the local communities that are designing, planning and implementing small projects. These are intended to overcome the problems associated with traditional Bank procurement guidelines (Okwero 2004).

2.7 THE DEBT CRISIS OF THE 1980S

Blanco and Carrasco (1998) assert that the debt crisis of the 1980s was significant in many ways. In the first instance, it gave the IMF a highly visible role in crisis management. According to them, although many observers have criticised the Fund and the World Bank for their handling of the debt crisis, no one would disagree that the institutions helped bring about a system, however muddled, that eventually resolved the acute phase of the crisis. The IMF was able to do this by bringing together commercial banks, debtor countries, and other entities involved in the crisis.

The Fund and the Bank's adjustment programmes have inevitably been controversial but should they be blamed and ostracised for the 'lost decade'? Studies have yielded mixed results: some showing clear evidence that the adjustment programmes have hurt the poor and widened the gaps between the rich and the poor. Other studies show contrary results, thus enabling the institutions to insist that the short-term pain was worth the long-term pain Shah (2012), George (1990), Hanhel (1999) and Stiglitz (2000).

The popular belief is that the 'petrodollar recycling' of the 1970s gave rise to the debt crisis. During this period, the price of oil rose dramatically, and the oil exporting countries in the Middle East deposited billions of dollars in profits received from the price hike in U.S and European banks. Commercial banks were eager to make profitable loans to governments, state-owned entities and private companies in developing countries, using the 'petrodollars'. Developing countries, particularly in Latin America were eager to borrow relatively cheap money from the banks (Blanco & Carrasco 1998; Engdahl 2004; Spiro 1999 121-123).

The frenzied lending and borrowing came to a halt with the global recession of the early 1980s. The significant drop in debtor countries' exports, combined with the strong dollar and high global interest rates, depleted foreign exchange reserves that debtor countries relied upon for international financial transactions. Debtor countries then began to feel the strain of having to make timely payments on their foreign debt, which became much more expensive to pay off because the loans carried floating interest rates that increased along with global rates. Massive capital flights out of developing countries only served to compound the problem (Blanco & Carrasco 1998).

The principal players in the crisis, governments, commercial banks, the IMF and the World Bank, averted a collapse of the international financial system by resorting to case-by-case debt restructuring negotiations, the 'muddling through' approach. The approach entailed engaging in a series of work-outs with hundreds of commercial bank creditors throughout the world via Bank Advisory Committees or Steering committees, which were composed of banks with the greatest exposures to debtor countries. Workouts for government-to-government lending took place under the auspices of the Paris Club, a forum open only to sovereign states (Blanco & Carrasco 1998; Clark 2005).

Under this approach, the commercial banks agreed to provide new loans to debtor countries and to stretch out external debt payments. In return, debtor countries agreed to abide by IMF and World Bank stabilization and structural adjustment programmes intended to correct domestic economic problems that caused the problems. IMF stabilization programmes typically included drastic reductions in government spending, a tight monetary policy and steep currency devaluations. World Bank structural adjustments programmes focused on longer-term and deeper 'structural' reforms in debtor countries.

After a few years of repeated restructuring deals, 'debt fatigue' began to appear. New loans to debtor countries fell as commercial bank creditors assessed that the debtor countries were facing insolvency rather than a temporary setback in their ability to pay back the foreign debt.

In October 1985, U.S. Treasury Secretary James Baker proposed a strategy to attempt to alleviate the debt fatigue. The plan was designed to renew growth in fifteen highly

indebted countries through $29 billion in new lending by commercial banks and multilateral institutions in return for structural economic reforms such as privatization of state-owned entities and deregulation of the economy. The strategy failed because the projected financing did not materialise, and to the extent that it did, the new lending merely added to the debtor countries' already crushing debt (Blanco & Carrasco 1998).
In light of the situation, plans that would provide debtor countries with debt relief as opposed to debt restructuring began to emerge. In the meantime, various debtor countries suspended debt payments and fell out of compliance with or refused outright to adopt, IMF adjustment programmes.

The Brady Initiative, March 1989, by U.S. Treasury Secretary, Nicholas Brady, marked a change in U.S. policy towards the debt crisis. Given the persistently high levels of foreign debt, the Initiative shifted focus of the strategy from increased lending to voluntary, market-based debt reduction, through the reduction of outstanding principal, and debt service reduction of interest payments in exchange for continued economic reform by the debtor countries. Brady deals combined with economic reforms and increased flows of capital to debtor countries led some observers in the early 1990s to declare that the debt crisis was over (Blanco & Carrasco 1998; Monteagudo 1994; Krugman 1994).

A great number of observers criticized the IMF and the World Bank for their handling of the debt crisis. But of course, it has always been easier to score goals from the stand than from the playing field. It has, however, been argued that the stabilization and structural adjustment programmes, SSAPs imposed great costs on the poor and the most vulnerable in developing countries while 'bailing out' the banks and investors (Stiglist 2002; Palast 2002).

Despite the gains recorded, the evidence is clear that the poor have suffered disproportionately as a result of the SSAPs. The debt crisis seriously eroded whatever gains had been made in reducing poverty through improved social welfare measures over the preceding decades. Thus, the label on the 1980s 'the lost decade of development' (Blanco & Carrasco 1998).

2.8 CRITICS OF THE WORLD BANK

> These days, it seems, only wild-eyed anarchists and third world dictators believe capitalism is not the high road to a better world. Free markets, growth and globalization have been the economists' mantra since the end of the cold war. But at the World Bank, the high church of development economics, a widening schism over how to fight poverty is sending ripples over the world (Kahn 2000).

Wade (2006) noted that the critics of neoliberal globalisation had tended to focus on the role of the international institutions: IMF, WTO, World Bank, rather than on the world financial system itself. He contended that in the post-Bretton Woods era, the functioning of the latter had been a major source of vulnerability for developing countries, exposing large swathes of their populations to sudden falls in real incomes and depressing national growth rates. Earlier in 2001, Wade had written about a 'Showdown at the World Bank' following the departure of the Bank's chief economist, Joseph Stiglitz, amidst a mighty furore. At about the same time, anti-globalization protesters prepared to descend on Washington and Stiglitz concurred with the protesters position that the Bretton Woods Institutions were arrogant and that their economic 'remedies' were detrimental to the worlds' poor (Wade 2001).

The 50 Years Is Enough network is a coalition of over 200 United States grassroots, women's, solidarity, faith-based, policy, social, and economic-justice, youth, labour and development organizations dedicated to the profound transformation of the World Bank and the IMF. The network works through education and action with the aim of transforming the IFIs' policies and practices, to 'ending the outside imposition of neo-liberal economic programmes', and to 'making the development process democratic and accountable'. This network was founded in 1994, on the occasion of the 50th anniversary of the founding of the World Bank and IMF thus the 'battle cry': '50 years is enough!' According to this network, the IMF and the World Bank are guilty of giving empty promises to developing countries, and worsening the poverty crisis through 'planned failures of global capitalism' (50 Years Is Enough 1994).

Goodman (2006) asserts that according to a report released by the Bank's autonomous assessment arm, despite an intensified campaign against poverty, World Bank programmes have failed to lift incomes in many poor countries over the past decades, leaving tens of millions of people suffering stagnating poor declining living standards.

The Bank's Independent Evaluation Group (IEG), research among twenty five countries, a globally representative sample, revealed that only eleven experienced reductions in poverty from mid-1990s to the early 2000s, while fourteen had the same or worsening rates over that period. 'Achievement of sustained increases in per capita income, essential for poverty reduction, continues to elude a considerable number of countries', the report declared, singling out programmes aimed at the rural poor as particularly ineffective. According to the report, roughly half of such efforts from 2001 to 2005 'did not lead to satisfactory results'. During that period, new World Bank loans and credits aimed directly at rural development totalled $9.6 billion, which was about one-tenth of the total lending (Goodman 2006).

In a statement distributed with the report, World Bank management rejected its assessment as 'overly bleak', arguing that the overall trend was on the rise in every region except Africa. They noted that reducing poverty required economic growth, which according to them, the world had been experiencing with developing countries collectively growing by about 5 to 6 percent a year, with even the sub-Saharan Africa growing by more than 4 percent annually between the period 2000 and 2006 (Goodman 2006). But, the study found that the growth has rarely been sustained, exposing the most vulnerable, the rural poor, to volatile shifts in their economic trends. Per capita income rose continuously from 2000 to 2005 in only two of the five countries that borrowed from the Bank, the study reported, and it increased for the full decade, from 1995 to 2005, in only one in five.

The study, by IEG, emphasized that economic growth is, by itself, was no fix without adequate distribution of the proceeds. 'For a sustained reduction in poverty over a period of time, it really pays to worry about growth and distribution', said Vinod Thomas, director-general of the IEG (World Bank 2006). Some parts of the report read like an amalgam of the criticisms that have been levelled against the World Bank for years by outside activists. Critics of the Bank used the report to claim vindication and call for change in the institution's policies, in particular, loan conditions that sometimes forced poor countries to slash spending on social services and reduce price controls on food. Weisbrot (2006) an economist and co-director of the Centre for Economic and Policy Research, who long argued that the Bank's emphasis on austerity and privatization had increased poverty, states that 'at a certain point, you have to say, 'this is policy failure''.

World Bank management contended that it would be simplistic to view rising poverty rates as a sign that their projects do not work, noting that the worst off borrowing countries were grappling with war, famine and natural catastrophes. 'There's a lot that has to go right for country-wide incomes to improve other than just good projects financed by the World Bank,' said Vikram Nehru, (2006) director of the Bank's economic policy and debt department. 'These countries are in very difficult circumstances.'' Still, Nehru said the Bank could benefit from greater consideration of what is actually possible in any given country. 'We need to be much more sober in our assessments,' he said.

Prof George Saitoti, former Vice President (1990) said development structures prescribed by the World Bank and the IMF in the 1980s failed because they were imposed on Africans and not properly negotiated in a spirit of partnership. Such prescriptions, he said, were accepted without a sense of ownership and tended to expose more people to poverty instead of reducing poverty. He, however, also decried the reluctance of African governments to embrace reforms. He said that the role of the state in economic activity remained extensive despite mounting evidence that State intervention hindered growth. The reasons for these interventions were mainly political for 'even in established democracies, reforms such as reduction of the civil service, can be a major electoral liability.'' He encouraged the Africans to design and policies that would determine their destinies and to desist from civil conflicts that greatly undermined development prospects (Saitoti 1990).

‘Not only has the Bank, with 10,000 employees in more than 100 countries, wasted untold billions,’ says economist William Easterly (2002) in ‘The Elusive Quest for Growth,’ economists are no closer than they were 50 years ago to figuring out how to accomplish the Bank’s basic mission: making a poor economy grow’. The World Bank economist proclaimed, ‘the problem of making poor countries rich was much more difficult than we thought’. This came on the heels of a devastating 1999 critique of the Bank and other international development and finance institutions by the Meltzer Commission**,** an independent study group appointed by the US Congress, as well as an exodus from the Bank of prominent economists similarly disenchanted with what Easterly called ‘less than meaningful reforms’.

‘The World Bank is an overstaffed, ineffective, bureaucratic institution,’ commission Chairman Allan H. Meltzer of Carnegie Mellon University (1999) wrote after issuing the panel’s report. ‘It has ... dedicated professionals … committed to development and poverty relief. Yet by its own admission, half its projects are unsuccessful, and the failure rate is even higher in the poorest countries. ‘The Bank’s management should stop its current public-relations flimflam and start improving its effectiveness in reducing poverty’, he concluded.

In response to the critics, the Bank acknowledged that ‘mistakes were made’ but insisted that it had learnt its lessons and was changing its policies in order to be more efficient and more effective. But, many contend that the Bank’s basic approach hasn’t changed in a fundamental way. The genuine success stories, where poor countries have achieved long-term sustained growth, have been pitifully few, and in some of those, it’s far from clear that Bank aid was a major factor or even a factor at all (Ringle 2002). Nicholas Stern, the Bank’s chief economist and senior vice president in 2002 refuted these claims saying that the proof of the Bank’s effectiveness could be found in World Bank documents. He said that the Bank’s approach was to recognize that poor countries required a certain level of governance and accountability to be able and willing to use World Bank loans effectively (World Bank 2002).

According to Easterly (2002), in most of the Bank's history, it has measured its own performance and those of its departments and professional staff largely by the number of loans they make, not by the success of the projects those loans make possible. 'If the money is stolen by local government, or wasted on a white-elephant project, or otherwise misspent, by the time that awareness dawns on the Bank, if it ever does, the Bank employee who made the loan is somewhere else… ultimately, nobody is responsible for anything'. Easterly (2002) goes on further to say that it is governmental and not the social and humanitarian good that many Bank projects do that will permit economic conditions to improve. It's a climate of public safety, a working financial system, courts to enforce business contracts, security against economic predation, governmental or private that are required, 'they are far more important than investment alone'. But how does one lead a country to create those governmental factors? '…it takes a lot of humility and a lot of patience, two factors one does not associate with the World Bank'. Einhorn**,** (1998) a Bank's former managing director turned consultant on Wall Street, complained that the Bank had basically lost the vision of its mission. She called for the Bank to get 'back to basics', as envisioned by its founders.

'No one in his right mind opposes markets or growth,' said Rodrick, (2005) an economist at Harvard's Kennedy School of Government who counts himself among the critics. The debate is how it is achieved and sustained. Should the 'one-size-fits-all' approach be used or should or should there be models that are appropriate of developing countries? The orthodox camp, however, argued that developing countries should follow a reform formula proven to boost economic growth. The recipe often includes trade liberalization, independent central banks, more effective and less profligate governments, privatization of state assets, and investment in health and education.

Saith (2006) in reference to the MDGs summarizes the contempt with which many critics regard many of the World Bank's policies:

> The Millennium Development Goals are here, there and everywhere. They envelop you in a cloud of soft words and good intentions and moral comfort; they are gentle, there is nothing conflictual in them;… they offer only good things to

> the deprived….give well meaning persons in the north-west a sense of solidarity and purpose;....provide a mechanical template of targets and monitoring indicators aptly suited to the limits of the bureaucratic mind.. populist seasoning for politicians, …gravy train for development consultants – and this one is scheduled to run for another decade, cover every country and it has meals and targets galore for everyone…

2.9 CONCLUSION

It is against all these accusations and its own analyzes that the World Bank proposed the Compact to renew its fight against poverty in a manner that was relevant to its clientele. In 1997, Wolfensohn, President of the World Bank presented to the Board a long term framework 'for the Bank's future direction and resource needs. He presented 'The Strategic Compact: Renewing the Bank's Effectiveness to Fight Poverty' as the means of doing this. The Compact proposed a comprehensive programme of renewal for the Bank with associated costs and benefits which would seek to position it as the premier global development institution in the next century. The Compact was a remedial response to the diagnosis that the institution was under substantial stress and in possible decline. The vision presented by the Compact was that of a flexible, cost effective institution which worked through partnerships, which had technically astute staff whose expertise in their areas of competence was recognised thus, as a catalyst for the entire development community. Above all, Wolfensohn (1997: 1) in his presentation of the Compact asserted that, the Compact was a vision of an institution which delivered results in reducing poverty.

'The Compact's benefits for clients promise to be substantial; the range, quality, and timeliness of our services will improve significantly; a new, world-class knowledge management system will under-pin and reinvigorate all that we do; and we will be better equipped to respond to the evolving development challenges facing our membership', he said. Wolfensohn, reiterated that increasing the development impact was the very core issue of the Compact. He promised to monitor more systematically, development progress made by the client countries using the new World Development Indicators (WDIs). WDI publications are the World Bank's premier annual compilation of data about development.

As part of the international statistical system, the Data Group works with other organizations on new statistical methods, data collection activities, and statistical capacity-building programmes. This group also coordinates the analytical and statistical work related to monitoring progress towards the Millennium Development Goals.

The objective of the Compact was to achieve greater effectiveness in the World Bank's basic mission, which is reducing poverty through delivery of better products and services to its clients. The Compact proposed that in return for the investment in its implementation, the quality and impact of the Bank's entire effort would result in making it quicker, more responsive and efficient; more decentralized and closer to its clients; more accessible and open to partnership; with stronger and more relevant skills, thus making the Bank a more effective development institution, relevant in the 21st century (World Bank 1997: I).

However, the World Bank cannot work in isolation; it requires partnerships with the development partners, civil society, the government and the general population at large. The evidence suggests that real and lasting solutions must come from within, the 'ailing' economies themselves with the assistance of others (Obadina 2008). It also must be noted that though the Bank has been criticised for failing to bring lasting solutions, in the past, theories of development have been based on the premise of the Paradigm of Order and yet in reality, this is too simplistic. Beyond the Washington Consensus, there has been a requirement for the development arena and indeed, World Bank strategies and policies to apply critical thinking and complexity theories.

The Bank also ought also, to apply some reflexivity to its past policies and learn from its own and other organizations mistakes. Furthermore, the Bank could have benefited more from involving its country office staff more in its repositioning of itself in the Strategic Compact.

The review of literature has not been yielded any substantial research carried out on the decentralization within donor organizations (development partners) and the subsequent effect on aid effectiveness and poverty alleviation. This research thesis seeks to bridge that gap and present theories, based on empirical research, on how development partners can achieve some progress in poverty alleviation through decentralization. Consequently, through the evaluation and analysis of the implementation of the World Bank's decentralization strategy in Uganda, the research has, empirically, identified a positive relationship between the reduction of poverty in Uganda over the years and, the increasing decentralized presence of the Bank in Uganda. The relationship between these variables though not causal is positive and has been explored through a qualitative study as detailed in chapter three.

The research agrees that to a large extent, as expounded by the neo-classical theorists, excessive government interference is not conducive for economic development. Development will arise from the private sector working within an enabling environment created by government. The research has also explored current economic models, in the literature review to assess their relevance.

CHAPTER 3

RESEARCH DESIGN AND METHODOLOGY

3.1 INTRODUCTION

This chapter aims to discuss the research design and methodology used in carrying out this research. The problem statement is given followed, by the resultant objectives and research questions that are derived from the problem statement and, the literature review in which the gaps in the research topic have been identified.

The differences between the research design and methodology are discussed in detail and, this chapter also discusses the qualitative and quantitative approaches used. The qualitative methodology will, however, be the most dominant. Qualitative methods have been applied to assess the impact of decentralization of the World Bank's operations on poverty reduction in Uganda through the critical analysis of the data that were obtained mainly, from secondary data sources. The qualitative research design strategy applied in this research is a case study, with Uganda as the study sphere. This is to enable the research to 'richly describe, explain, or assess and evaluate a phenomenon' (Gall, Borg & Gall 1996). Additionally, the methods and procedures used to collect the data, and the strategies employed to analyse and synthesize the data are described. This chapter also discusses the criteria for qualitative research, issues such as ethical considerations regarding the research processes and, the limitations of the study.

3.1.1 The Problem Statement

Despite the consensus amongst development theorists and practitioners on the value of decentralization in promoting poverty reduction, there is limited, systematic, historical and empirical analysis of the relationship between decentralization in International Financial Institutions, development partners inclusive, and poverty reduction. Thus, the problem statement of this research is based on the premise that such a relationship exists and it is against this background that the research evaluates the World Bank's decentralization of its operations and the impact on poverty reduction in Uganda.

This has been done mainly through a qualitative approach by a review of secondary data. In order to address the problem, the research objectives stated below have been examined.

3.1.2 Research Objectives

1. To describe and examine decentralization as defined in the Strategic Compact, in relation to the World Bank over the period 1995 to 2008.
2. To describe and examine decentralization as defined in the Strategic Compact, in relation to the World Bank Uganda country office over the period 1995 to 2008.
3. To evaluate the implementation of decentralization on the trend of poverty in Uganda.

In order to attain the objectives outlined above, the research sought to answer the following questions:

3.1.3 Research Questions

1. In decentralizing the organization, what changes have taken place during the period 1995 to 2008 in terms of the Bank's strategies, structures and systems, policies and procedures and culture, as defined in the Strategic Compact?
2. How has decentralization been implemented in Uganda?
3. How has the implementation of decentralization impacted on the trend of poverty in Uganda?

The research has also explored the high development theory, the orthodox and heterodox theories and the contemporary development theories, discussed in the literature review, to assess their application in the development of the country over the period of review. This has enabled comprehension of the rationale and philosophical assumptions that underlie some of the poverty alleviation drives such as, the structural adjustment programmes of the

1980s and privatisation of government business entities in the 1990s. This has been done mainly through the review of secondary data.

3.2 RESEARCH DESIGN AND METHODOLOGY

Educational research involves the systematic collection of information (sometimes called data) to describe, predict, control, or explain the phenomena involved in learning and teaching (Borg, Gall & Gall 1993:6).

Research methodology is the way to systematically solve a research problem. It may be understood as a science of studying how the research is done scientifically (Kothari 2004). It involves a collection of theories, concepts or ideas, the development of methods, techniques and procedures that are employed in the process of implementing the research. Methodology refers to more than a simple set of methods; rather it refers to the rationale and philosophical assumptions that underlie a particular study. This is why scholarly literature often includes a section on the methodology of the researchers.

Methodology (also called manner) is defined by Creswell, J. (1998) as:

1. The analysis of the principles of methods, rules, and postulates employed by a discipline;
2. The systematic study of methods that are, can be, or have been applied within a discipline; or
3. A particular procedure or set of procedures.

Another key usage for methodology does not refer to research or to the specific analysis techniques. This often refers to anything and everything that can be encapsulated for a discipline or a series of processes, activities and tasks. This use of the term is typified by the outline who, what, where, when, and why. In the documentation of the processes that make up the discipline, that is being supported by 'this' methodology, that is where we would find the 'methods' or processes. The processes themselves are only part of the methodology along with the identification and usage of the standards, policies, rules, etc. (Creswell 2000). The methodology used in this research is a case study.

Research methods on the other hand, according to Thyer (1993) and Cooper and Schindler (2001), constitute the blueprint for the collection, measurement and analysis of data. It is the plan and structure of investigation so conceived as to obtain answers to the research questions, the operational aspects of the research methodology.

Qualitative methods include the case study, phenomenology, grounded theory, and ethnography, among others. Quantitative methods include hypothesis testing, power analysis, met analysis, observational studies, randomized controlled trials, regression analysis, multilevel modelling, and high-dimensional data analysis, among others. Qualitative research studies typically require considerable more time to design, collect, and analyze data and to report the results than do quantitative studies (Savenye & Robinson 2003).

An extremely important feature of research is the use of appropriate methods. It involves systematic, controlled, valid and rigorous explanation and description of what is not known and establishes associations and causations that permit the accurate predictions of outcomes. It also involves identifying gaps in knowledge, verification of what is already known and identification of past errors and limitations. The strength of the findings is largely based on how it is found (Kumar 2005).

The main function of a research design is to explain how the answers to the research questions will be found; it sets out the logic of the inquiry. Therefore, for any investigation, the selection of an appropriate research design is crucial in obtaining valid results.

In this research, methodological issues pertaining to the research have been addressed including methods of data collection and the sources of data. This research uses, mainly, desk review of secondary data and applies content analysis to the collected data Given that the research is a country case study, matters relating to triangulation of the data sources and research methodologies are discussed and the outline of methodological limitations, given. Case studies are detailed investigations of individuals, groups, institutions or other social units. The researcher conducting the case study attempted to analyze the variables relevant to decentralization and poverty reduction. The principle difference between case studies and other research studies is that the focus of attention is the individual case and not the whole population of cases. Nevertheless, though the findings of this study cannot be generalized, the focus is on understanding the particulars of the case in its complexity.

The difference between qualitative and quantitative methodology (Table 3.1) form the basis for selecting the appropriate one for answering the research problem. The Uganda country case study includes both qualitative and quantitative methodology. The qualitative methods have been used to establish the 'why' and 'how' (McBride & Schostak 1994) of the decision making. This is consistent with the research objectives which aim to describe and evaluate the impact of the Bank's decentralization strategy and contribute to testing the theory that decentralization impacts positively on poverty reduction. (Dooley 2002) notes that new theory does not emerge quickly from one case study but is developed over time from one case to another as more data is collected and analyzed. Using both methodologies permitted the researcher to obtain complex information from a variety of data sources. Quantitative methods on the other hand, have been used to investigate, systematically, quantitative properties, poverty trends in this case, and their relationships.

Table 3.1 Differences between Qualitative and Quantitative Research

Qualitative	**Quantitative**
The purpose is to describe and explain, to explore, interpret and build theory	The purpose is to explain and predict, to confirm, validate and test theory
The nature of the research process is holistic, variables are unknown, guidelines are flexible, with emergent methods, its context bound and the researchers views are personal	The nature of the research process is focused, the variables are known, the guidelines and methods are established, and the context is somewhat free with the researcher remaining largely distant.
The data is textual in the form of words from documents, non-standardized observation and or small interviews. Small sample size.	The data is numeric, representative, and are large of sample and, the instruments are standardized.
Data are analyzed through search for themes and categories, acknowledgement that analysis is subjective and potentially biased, and their meaning is determined through inductive reasoning.	Data are analyzed statistically and/or charts with emphasis on objectivity and their meaning determined through deductive reasoning
The findings are communicated using words , narratives, generalisations from evidence, and literary style.	Findings are communicated using numbers, statistics, tables, aggregated data and scientific style.

Source: Leedy and Ormod, 2005 (quoted by Muche 2011).

3.2.1 The Qualitative Approach

3.2.1.1 Qualitative Research

When embarking on a research project, the methodology one chooses to work with is fundamentally important in determining both the form that the research will take as well as the success of the final product. In order to determine the most effective methodology to use, there are two variables to consider (Patton 2002). First is the current state of research in the proposed area of study. This study is in an area where there is limited widely accepted theories thus, having limited theories upon which to build on. Consequently, there was no reason to assume that the collected data would be relevant and indeed, a lot of data collected during this study had to be discarded. It also wasn’t clear, upfront, that the measurement methods would be appropriate or that any discovered relations would make sense (Glaser & Strauss 1967). Indeed, midway this research, one research objective was eliminated along with all the accompanying research because it was discovered that the

Strategic Compact did not, address the non economic factors such as historical, political-legal, socio-cultural etc, rendering this specific research objective redundant.

Qualitative research is most appropriate for those projects where phenomena remain unexplained, where the nature of the research is uncommon or broad, where previous theories do not exist or are incomplete (Patton 2002). This research finds the relationship between decentralization of the Bank's operations and poverty to be, largely, unexplained by other development theorists and practitioners. This gap has been bridged through this research.

Qualitative research is a messy and consuming affair (Vaivio 2007) but it is vital in the development of a theoretical body of knowledge. It can be distinguished as descriptive, illustrative, experimental, and exploratory (Scapens 1990). Keating (1995) suggests a framework that categorizes case and field studies according to their different theoretical purposes. It is based on the notion of 'research scope', that is, what the findings of a study suggest in theoretical terms.

Qualitative research emphasizes processes and meaning not measured in quantity, amount or frequency and stresses socially constructed reality (Denzin 1998). According to Denzin (1998), there are five phases of the qualitative research process:

1) Researcher: carries history and must confront ethics and politics of research.
2) Interpretive paradigms: Researcher is bound by the interpretive framework or set of beliefs that guide action (e.g. positivist, postmodernist).
3) Strategies of inquiry and interpretation: Research design (research questions and purpose of study) attended to in this phase. Skills, assumptions and practices associated with an interpretive paradigm underlie the research design.
4) Method of collecting and analyzing empirical data: Multiple methods are available, such as interviews, observations, etc. Means of managing and interpreting qualitative documentation established.

5) Art of interpretation: Creation of field text. Making sense of field text using multiple criteria for evaluation (stressing situational, relational structures). No single, interpretable truth.

This research also took into account, the research goals, when deciding the research methodology and the ‘qualitative research’ inferred an assortment of philosophical positions, methodological tactics and analytical procedures involving:

1. Comprehending the phenomenon under study;
2. Synthesizing a representation of the phenomenon, which accounts for linkages and relationships within its pieces;
3. Theorizing the how and why these relationships appear the way they do; and
4. Re-contextualizing the new knowledge (Morse 1994).

A qualitative approach is a general way of thinking about conducting qualitative research. It describes, either explicitly or implicitly, the purpose of the qualitative research, the role of the researcher(s), the stages of research, and the method of data analysis.

The main approach, the qualitative one, is the appropriate approach because the research problem and the resultant objectives and questions dwell on establishing ‘what exists’ and ‘why it exists’ rather than ‘how much of it is there’ (Maier 1994:3 quoted by Sendikadiwa 2007). What is the Strategic Compact? Why did the Bank reposition itself by decentralizing its operations and what is the resultant effect on aid effectiveness and consequently, poverty eradication in Uganda?

The most compelling case for this research to be grounded in the assumptions of the qualitative research paradigm is that there is limited, systematic and empirical analysis of the relationship between the implementation of decentralization and poverty eradication in Uganda. Qualitative research assumes the value of context and setting, and searches for a deeper understanding of the phenomenon, in this case, economic development and poverty alleviation.

Although by its very nature a qualitative study can be very difficult to undertake, there is some guidance on how to, systematically, analyze secondary data to help the researcher understand better, the benefits and limitations of re-analysis. Re-analysis of key data sets informs many academic debates, Backett-Milburn (1998); Corti (1998) and Fielding and Fielding (2000). Denzin and Lincoln (2005) and Corti and Thompson (2004) identified some approaches to reusing data. They also examined the methodological, ethical and theoretical considerations relating to secondary analysis of such qualitative data.

3.2.1.2 The Secondary Analysis Methodology

Secondary analysis, like content analysis, makes use of already existing sources of data. However, secondary analysis typically refers to the re-analysis of quantitative data rather than text, Secondary analysis involves the use of existing data, collected for the purposes of a prior study, in order to pursue a research interest which is distinct from that of the original work; this may be a new research question or an alternative perspective on the original question (Hinds, Vogel & Clarke-Steffen 1997, Szabo & Strang 1997). In this respect, secondary analysis differs from systematic reviews and meta-analyzes of qualitative studies which aim instead to compile and assess the evidence relating to a common concern or area of practice (Popay, Rogers & Williams 1998). Secondary analysis can involve the use of single or multiple qualitative data sets, as well as mixed qualitative and quantitative data sets. In addition, the approach may either be employed by researchers to re-use their own data or by independent analysts using previously established qualitative data sets.

In carrying out this research study, the researcher took into account a number of practical and ethical issues arising from the re-analysis of data as highlighted by (Hinds, Vogel & Clarke-Steffen 1997, Szabo & Strang 1997, Thorne 1994) with respect to the compatibility of the data with secondary analysis and the fact that this research was built on a previous research carried out by the same researcher, also on decentralization although the focus then, was on leadership in times of change, the change being the World Bank's decentralization strategy. This, thus, influenced the decision to undertake secondary analysis and the processes followed therein. This study also enhanced the reporting of original and secondary data analysis by ensuring that the study design, methods and issues involved were reported in full, and ethical issues and how consent was obtained in the original study was not an issue given that the same researcher carried out the original study.

Advantages of secondary analysis of qualitative data:

1. The data can be used descriptively;
2. The data can be used for comparative research, re-study or follow-up study;
3. Reanalyzing qualitative data allows for both re-interpretations and also for new questions to be asked.

This research is fundamentally, a descriptive one in which the changes in the World Bank operations to support its decentralization strategy are extensively described. By analyzing the qualitative data collected from various sources, the research was able to permit for new interpretations given that most of the data pertains to decentralization and poverty reduction but not the link between the two variables. The research thus, analyzed and evaluated the data, thereby contributing to the body of knowledge. The reviews also identified several areas which could benefit from further study and these are discussed in the final chapter of the research.

Disadvantages of secondary analysis of qualitative data:

1. The implicit nature of qualitative data, collection and analysis;
2. Lack of time to get fully acquainted with other peoples' research;
3. Possible constraints imposed by original informed consent agreements;
4. Original researchers discomfort with exposure of their research practices;
5. Intellectual property rights or threats;
6. Lack of a large enough publicly available stock of research data.

The research encountered challenges mainly with the implicit nature of the data, its collection and analysis. It was difficult to narrow down the scope of study with so many related and complex issues pertaining to poverty reduction.

Research based on the re-analysis of secondary data poses a chicken-and-egg question: which comes first, secondary analysis, or secondary data? Janet Heaton suggests in her book, *Reworking Qualitative Data*, that the 'the first and most rudimentary principle of secondary analysis is that it involves the use of *pre-existing* data' (Heaton 2004a: 2). However, the notion of pre-existing data is at odds with the widely held view in qualitative research that data is not collected, gathered or found, but rather that it is created and co-produced in the research process, between researcher and respondent (Mason 2002 & Law 2004**).** Understanding data as pre-existing fails to take into account the complexities of how data can be co-constructed through a new research project.

According to researchers, a new research project provides a new context for the creation and emergence of 'data', particularly through the contemporary production of the relationship between researcher and data. Thus, they contend, secondary analysis is not so much the analysis of pre-existing data; rather secondary analysis involves the process of re-contextualising, and reconstructing data. Once the data is transformed through the process of re-contextualisation, it is not so much that there is a new entity to be termed 'secondary data', and which might require a new methodology to be termed secondary analysis, rather, that through re-contextualisation, the order of the data has been transformed, thus secondary analysis is perhaps more usefully rendered as primary analysis of a different order of data, as accounts of reuse by Bishop (2005b); Savage (2007) and Silva (2007) so clearly demonstrate. By analyzing the relationship between decentralization and poverty data, this research recontextualized the data.

Heaton's (2004) construction of secondary analysis as a new methodology relies on two assumptions. Firstly, Heaton (2004) links data type and methodology, that is, rather than linking research questions with methodology and analysis of data (Mason 2002). For Heaton (2004), it is the type of data which determines questions of methodology; so then, secondary data is considered a new kind of data which therefore requires a new kind of methodology. Secondly, in claiming secondary analysis of qualitative data as a new kind of methodology, Heaton (2004) is forced to find ways to dismiss and discount what is thought of as other kinds of secondary analysis. While it is true that methodology and data are linked, researchers usually link the research questions. For instance, while it is clearly not possible to use multiple regression or visual analysis in interpreting the text of an interview, one might more usually be thinking about choosing between different kinds of discourse analysis, narrative analysis, content analysis, for example, and the decision about which of these to choose is likely to be related to research questions and the outlook of the researcher (as well of course as disciplinary background, and particular training and inclinations of the researcher) (Mason 2002). Furthermore, because Heaton (2004) so clearly links methodology and data, the need to distinguish between different methodologies also requires distinguishing between different kinds of data.

One of the most persistent arguments around re-using qualitative data is about whether it is possible to re-analyze data outside of the original context in which it was collected, or without sufficient contextual data. Intrinsic to this argument is the understanding that meaning making in qualitative research emerges out of the reflexive interpretative practices of the researcher. As Heaton writes: '[i]n qualitative research, the interpretation of data is generally perceived to be dependent on the primary researcher's direct knowledge of the context of data collection and analysis obtained through their own personal involvement in the research' (Heaton 2004a: 30).

Through the review of secondary data, this research has analyzed different perspectives (Denzin 1989; Marshall & Rossman 1999; Patton 1990; Polkinghorne 1991; Redstam 1992; Thomas 1949). By analyzing different opinions, views and experiences, qualitative methods aim at understanding reality as it is defined by the groups and this has been captured mainly through the review of secondary data. The researcher, in reviewing secondary data, has constantly checked herself against influencing the research findings.

The qualitative research tradition relies on the utilization of tacit knowledge because often the nuances of the multiple realities can be appreciated most in this way. Individuals define poverty and development differently, and consequently, the impact of the players in the development arena is also interpreted differently. An attempt, therefore, has been made to understand not one, but multiple realities (Lincoln & Guba 1985), and the search for believability based on coherence, insight and instrumental utility (Eisner 1991), 'trustworthiness', 'authenticity' and 'credibility' (Creswell & Miller 2000; Lincoln &

Guba 1985) through a process of verification rather than through traditional validity and reliability measures, best suited for the qualitative approach, according to some popular schools of thought. However, some recent schools of thought dispute this and argue for a return to 'validity' and 'reliability', in spite of the suggestion by Salomon (1991) and Robinson (1995) that perhaps it is time to accept the dual perspectives of the paradigm debate of the qualitative versus quantitative debate.

The investigator has an active role in the study and procedures of collecting data. They should be able to 'develop an understanding of individuals and events in their natural state, taking into account the relevant context' (Borg, Gall & Gall 1993: 194). This research has been mindful of the fact that there may be conflicting opinions simply because the presupposition of 'one reality' is an illusion. The 'complexity paradigm' has been adopted as a guide for carrying out this research since it is seen as the nexus of interlocking and, paradoxically mutually negating paradigms (Hurst 2010).

Babbie and Mouton (2001:270), Denzin and Lincoln (1994:2), Du Plooy (2001:29), Marshall and Rossman (1995:1-5), and Manson (2002:2-3) describe qualitative research as a paradigm that allows the researcher to get an 'insider perspective on social action'. Babbie and Mouton (2001:270) and Henning (2004:3) further describe the primary goal of this research approach as describing and then understanding as opposed to merely explaining social action.

Denzin and Lincoln (1994:2) summarise the characteristics of this approach as enabling the researcher to study phenomena in their natural settings, while attempting to interpret these phenomena in terms of the meanings people bring to them. Murphy (1995:1) views qualitative research within the management sciences as useful in '..articulating the range of scenarios which may occur under different circumstances'. The main data-gathering instrument is the human researcher and the researcher uses tacit as well as propositional knowledge (Lincoln & Guba 1985). In summary as defined by Savenye & Robinson (2003), qualitative research has several hallmarks:

1. It is conducted in a natural setting without intentionally manipulating the environment;
2. It typically involves highly detailed rich descriptions of human behaviours and opinions; The perspective is that humans construct their own realities:
3. There is an allowance for ‘multiple realities’ individuals may construct in an environment;
4. The research questions often evolve as the study does because the researcher wants to know ‘what is happening’
5. The researcher becomes part of the study by interacting closely with the subjects of the study;
6. The researcher attempts to be open to the subjects’ perceptions of ‘what is’, thus is bound by the perceptions of the participants;
7. Findings are not necessarily generalised.

3.2.1.4 Criteria for qualitative research

Prior to discussing the specific details regarding the design of this study, attention has been given to the criteria for defending the logic of qualitative research in general, as well as applying it to this study. According to Marshall& Rossman (1995:142-143) two issues need to be considered when developing a qualitative research design:

1. The criteria for soundness and demonstrating that the proposed work would be useful to the conceptual framework; and the initial research questions.

2. The criteria for objectivity of qualitative research are related to, but defined very differently from those used in the positivist research tradition.

Good research conforms to certain canons that serve as criteria to judge the soundness and trustworthiness of a research study. There should be sound rationale – a logic that can defend the proposed study. Babbie and Mouton (2001:276) and Lincoln and Guba (quoted in Marshall & Rossmann, 1995:143-144) describe four main criteria for objectivity as; credibility, transferability, dependability and confirmability (Table 3.1).

Table 3.2: Quantitative and Qualitative Notions of Objectivity

Quantitative	Qualitative
Internal validity	Credibility
External validity	Transferability
Reliability	Dependability
Objectivity	Confirmability

Source: Babbie and Mouton (2001:276)

Credibility refers to the accurate identification and description of the phenomenon. Marshall and Rossmann (1995:143) argue that the strength of a qualitative study that aims to explore a problem or process, such as is the focus of the research problem in this study, will be its internal validity. Validity is thus viewed as 'the strength of the study…To explore a problem or describe a setting, a process, a social group, or a pattern of interaction' (Marshall & Rossman 19993:143). To ensure internal validity, the researcher has clearly stated the parameters of the study, including those pertaining to the setting, population and theoretical framework. The research is intended to measure; the impact of the World Bank's decentralization of its operations on poverty alleviation.

Transferability or generalisation of a qualitative study may prove to be difficult, according to Marshall and Rossman (1995:144). However, the researcher will 'show how data collection and analysis will be guided by concepts and models'…thus establishing 'theoretical parameters of the research' (Marshall & Rossman 1993:144). Subsequent researches can occur within the same parameters, decisions being made regarding generalizability.

Another strategy to address the issue of generalization is triangulation through use of multiple sources of data. Triangulation was also achieved by triangulating the qualitative and quantitative methodologies. Such data enhances the depth and scope of understanding the research phenomena and the verification of conclusions and 'strengthen the study's usefulness to other settings' (Marshall & Rossman 1993:144).

Some quantitative researchers view the lack of external validity as a major drawback of the qualitative study. The defenders of the qualitative school of thought suggest that researchers can overcome this problem by explaining the relationship between the original theoretical framework, evidence collection and analysis, as well as concepts and models. In describing this relationship adequately, the parameters of the study would be regarded as being clearly defined.

Dependability, according to Marshall and Rossman (1995:145) provide the qualitative researcher with a solution for the positivist notion that the universe is not changing and that research could be replicated perfectly. The qualitative research tradition assumes that research occurs in a constantly changing social context. Dependability, thus also accommodates the researcher's improved understanding of the research phenomenon.

Since the principles of dependability and replicability are closely linked, the latter needs further description and is highlighted by Marshall and Rossman (1995:146) as a traditional concern for the social sciences. These authors suggest that qualitative researchers can overcome these concerns by:

1. Arguing that qualitative research by its very nature cannot be replicated;
2. Keeping thorough notes that record each design decision and rationale behind it, thus enabling other researchers to inspect each procedure;
3. Keeping all collected evidence in a well organised format, enabling the researcher to defend findings, should they be challenged.

Confirmability, is the criterion of having another study confirming the findings of a particular study. If findings can be confirmed by others, objectivity is presumed. In qualitative research, 'the criterion is: 'do the data help confirm the general findings and lead to the implications?' (Marshall & Rossman 1993:145). Lincoln and Guba (in Marshall &Rossmann 1995:145) argue that the focus in this process should be on the evidence itself and not some inherent characteristic of the researcher. The evidence should confirm the general findings of a study.

With regard to the criteria for judging qualitative research, Morse, Barrett, Mayon et al (2002) presented a contrary view and they argue that ‘reliability’ and ‘validity’ remain appropriate concepts for attaining rigor in qualitative research. They contend that qualitative research should reclaim the responsibility for reliability and validity by implementing verification strategies that are, integral and self-correcting during the conduct of the inquiry itself. This, they say, would ensure the attainment of rigor using strategies inherent within each qualitative design.

Without rigor, research is a worthless piece of fictional journalism (Morse 2002). In seminal work in the 1980’s, Guba and Lincoln as well as Arminio and Hultgren (2002) substituted reliability and validity with a parallel concept of ‘trustworthiness’ as discussed above. There were specific methodological strategies for qualitative rigor such as:

1. Audit trail;
2. Member checks;
3. Confirming results with members;
4. Peer debriefing;
5. Negative case analysis;
6. Structural corroboration;
7. Referential materials.

Morse (2002) contends that these methodologies do not ensure rigor. According to them, this shift from constructive to evaluative procedures have occurred subtly and incrementally, making qualitative research liable to post hoc assessments by which time it may be too late to take corrective action. They argue for methodologies that ensure rigor all throughout the research process. According to Tobin (2004), the transference of terms across paradigms is inappropriate, however, ’if we reject the concepts of validity and reliability, we reject the concept of rigor. Rejection of rigor undermines acceptance of qualitative research as a systematic process that can contribute to the advancement of knowledge’.

Given that this new debate that is still ongoing and that the researcher is not yet an authority on these matters, this research will be based on the premise presented by Guba and Lincoln (1995) and Rossman and Rallis (1998).

3.2.1.4 Data collection

Mason (2002:52) suggests that the term ‘method’ when used in a qualitative research context, refers to more than just the mere technique for collecting evidence. The same author holds the view that qualitative methods include activities that are intellectual, analytical and interpretative. Marshall and Rossmann (1995:14), as well as Mason (2002) further explain that the interplay between researcher, research questions and objectives should allow for flexibility in the design phase.

Dezin and Lincoln (1994:2) also claim that ‘...a combination of multiple methods, empirical materials, perspectives and observers in a single study is best understood as a strategy that adds rigor, breadth and depth to any investigation’. . However, this research focused on the desk review of documents and archival records but, nevertheless, Yin’s (1994:93) principle of convergence of evidence from different sources of the secondary sources of data was applied in this study.

Prior to the data collection, the research first identified and assessed the relevance of the secondary data and secondary data sources, the appropriateness of the relevant secondary data and checked the reliability of the secondary data and data source.

3.2.1.5 Desk Review of Documents

Gathering and analyzing of documents produced in the everyday events. ‘the approach used to review the documents is called ‘content analysis’– a systematic examination of forms of communication to document patterns objectively’(Marshall & Rossman 1993:25). Documents could be letters, memoranda, agendas, study reports, or any items that could add to the data base. The validity of the documents should be carefully reviewed so as to avoid incorrect data being included in the data base. One of the most important uses of documents is to corroborate evidence gathered from other sources. In this research, however, secondary data is the main source of evidence.

Marshall and Rossman (1995:85) describe organizational documents as potentially rich in portraying the values and beliefs of participants in a particular setting. Yin (1994:82) further cautions researchers against a very narrow understanding of the value of such documents. These documents should be viewed as a form of communication between parties in organizations intended to achieve specific organizational objectives.

In order to assess the impact of decentralization of the World Bank operations as defined in the Strategic Compact on poverty eradication in Uganda, the researcher has analyzed the documents listed below, among numerous others, in order to respond to the research objectives. Having reviewed the secondary data, the researcher has identified the information gaps and defined the areas requiring further data collection.

- The Strategic Compact;
- The review of the Compact, 2001;
- The Uganda Client Surveys 1999 and 2003;
- The Uganda Country Assistance Strategy;
- The Uganda Joint Assistance Strategy;
- Evaluations by the Independent Evaluation Group;
- The Uganda Poverty Eradication Action Plan;
- The PEAP evaluations;
- World Bank’s journals and newsletters;
- The Uganda National Household surveys;
- A survey by USAID, ‘Developing and Testing Poverty Assessment Tools’ in 2005;
- World Bank Development indicators;
- The Uganda Census by UBOS, 2002;
- The Paris Declaration;
- Evaluation of the Paris Declaration;
- Various research works on poverty in Uganda including but not limited to: ‘Insights From the Poor on Chronic Poverty in Uganda’; ‘Will NUSAF Deliver Northern Uganda out of Poverty?’; ‘A Critical Assessment of Aid Management and Donor Harmonization’; ‘Out of Control: Gender and Poverty in Uganda’, et al.

Archival records could be useful in some studies since they include service records, maps, and charts, lists of names, survey data, and even personal records such as diaries. The research has examined Uganda’s ‘poverty maps’, amongst other documents, which show poverty distributions across the different regions in the country, previous household survey data, perception surveys and population censuses.

In ensuring internal verification and validity of the secondary data sources, the following strategies have been employed:

1. Triangulation
2. Structural corroboration

Denzin (1970:313) emphasises that ‘by combining multiple observers, theories, methods and data sources’ researchers can hope to ‘overcome the intrinsic bias that comes from single-methods, single-observer, and single-theory studies’. To reinstate, triangulation most often refers to multiple data collection methods that are used to provide a more substantive and richer picture of reality (Berg 2001). However in this research, the triangulation has been carried out on the different sources of the data analyzed.

Triangulation is a tool to support the researcher's construction. It is a process by which the researcher can guard against the accusation that a study's findings are simply an artifact of a single method, a single source, or a single investigator's biases. The function of triangulation is to locate and reveal the understanding of the object under investigation from ‘different aspects of empirical reality’ (Denzin 1989). He identified four basic types of triangulation: investigator triangulation, methodological triangulation, theory triangulation and data triangulation. Data triangulation has been used in this study to compare and cross check the information received from different sources including the World Bank, the Government of Uganda, and the Uganda Bureau of Statistics.

Credibility and truth-value of the data has been ascertained through structural corroboration. This is the process of searching through the data for fresh information that supports, strengthens or proves earlier statements, opinions or ideas. The rationale for this is to ensure that there is agreement between construct/interpretations and the meanings held by different proponents of different views. Such corroboration has been obtained by critical analyzes of different data sources and paradigms to clarify meanings, and exploring the differing and sometimes, contradictory views in sufficient detail, and checking multiple sources of data (Sendikadiwa 2007).

3.2.1.6 Data Analysis

Data analysis consists of examining, categorizing, tabulating, or otherwise recombining the evidence to address the initial propositions of a study' (Yin 1994). In analyzing the data, the researcher has traced patterns in all the data and applied the pattern matching strategy. In analyzing secondary data, the researcher has also applied content and narrative analyzes, using various analytic procedures to 'provide a way of drawing inductive inferences from data and distinguishing the signal (the phenomenon of interest) from the noise (statistical fluctuations) present in the data' (Shamoo & Resnik 2003).

In quantitative analysis, numbers and what they represent are the material of analysis. By contrast, qualitative analysis deals in words and is guided by fewer universal rules and standardized procedures than statistical analysis. 'We have few agreed-on cannons for qualitative analysis, in the sense of shared ground rules for drawing conclusions and verifying their sturdiness' (Miles & Huberman 1984). Qualitative analysis is fundamentally an iterative set of processes (Savenye & Robinson 2004).

There are some things that the researcher has been careful to review to ensure that the analysis is of high quality, including: showing that all relevant evidence was used, that all rival explanations were used, that the analysis addressed the most significant aspect of the case study, and that the researcher's knowledge and experience were used to maximum advantage in the study. The essential component of ensuring data integrity is the accurate and appropriate analysis of research findings (Shepard 2002). The researcher sought to provide 'rich, thick' descriptions across multiple data sources. She sought to isolate regular patterns of human behaviour in the data, sifting, coding and sorting data as it was collected and following up with analyzes to explore and refine these patterns.

Throughout the course of qualitative analysis, the researcher has been asking the following questions suggested by Berkowitz (1996):

1. What patterns and common themes emerge in responses dealing with specific items? How do these patterns (or lack or) help illuminate the broader study questions?

2. Are there any deviations from these patterns? If yes, are there any factors that might explain these atypical responses?

3. What interesting stories emerge from the responses? How can these stories help illuminate the broader study questions?

4. Do any of these patterns or findings suggest that additional data may need to be collected? Do any of the study questions need to be revised?

5. Do the patterns that emerge corroborate the findings of any corresponding qualitative analyzes that have been conducted? If not, what might explain these discrepancies?

However, before analyzing the data, there was a significant amount of data that had to be discarded and later, data coding undertaken.

3.2.1.7 Data Reduction

Data reduction often forces choices about which aspects of the assembled data should be emphasized, minimized, or set aside completely for the purposes of the project at hand. Presenting a large volume of unassimilated and uncategorized data for the reader's consumption, will just not do. The data relating to poverty alleviation in general, is enormous (although the impact of the Bank's decentralization impact isn't) and the researcher has exercised extreme caution in isolating the relevant and salient issues (Sendikadiwa 2007).

In qualitative analysis, the analyst decides which data are to be singled out for description according to principles of selectivity. This usually involves some combination of deductive and inductive analysis. While initial categorizations are shaped by pre-established study questions, the qualitative analyst should remain open to inducing new meanings from the data available.

First, the mass of data has to be organized and somehow meaningfully reduced or reconfigured**.** Miles and Huberman (1994) describe this first of their three elements of qualitative data analysis as data reduction. Data reduction refers to the process of selecting, focusing, simplifying, abstracting, and transforming the data that appear in written up field notes or transcriptions. Not only do the data need to be condensed for the sake of manageability, they also have to be transformed so they can be made intelligible in terms of the issues being addressed.

Data reduction should be guided primarily by the need to address the salient evaluation question(s). This is difficult, both because qualitative data can be very rich, and because the person who analyzes the data also often played a direct, personal role in collecting them, as a participant observer. The acid test has to be the relevance of the particular data for answering particular questions (Sendikadiwa 2007).

3.2.1.8 Coding of Data

It is widely accepted and recommended that qualitative data be analyzed as it is collected in order that the themes are identified and more data collected to develop the categories (Marshall & Rossman 1999; Merriam 1999; Miles & Huberman 1994; Patton 1990, Strauss 1990:59). Therefore, data collection and data analysis has been a simultaneous process. With regard to primary data collection, the data should be organized categorically and chronologically reviewed repeatedly and continually in parallel with axial coding. Coding is the process of organizing the material into ‘chunks' before bringing meaning to those ‘chunks’ (Rossman & Rallies 1998:171). The aim of axial coding is to relate more specifically the categories and subcategories that are anticipated during data collection and transcription, and explicating the scholarly publishing ‘story’ from the interconnection of these categories.

The data collected during this research was coded in line with the research objectives. This included putting the data into categories of: strategies, structures and systems, policies and procedures and culture. The data was also organized into 'chunks' consisting of the objectives of decentralization and poverty trends in Uganda. The data was, subsequently, analyzed through content analysis.

3.2.1.9 Data Interpretation

Content analysis is often used in qualitative and quantitative research methods. Some researchers view content analysis as a technique to quantify manifest (surface-level) descriptive data (Allen-Meares 1985), in which categories are developed, content is coded, and category counts are conducted. Hollis (1972), studying communications in social work interviews, categorized specific statements according to type of communication. Qualitative content analysis typically does not transform the content into numeric patterns. Instead, recurrent themes, and typologies and illustrations of particular issues are used. The qualitative methods allow the researcher to focus on the process of 'how something happens' rather than on just the 'outcomes or results that would be more characteristic of quantitative designs (Bogdan & Taylor 1990; Patton 1990; Rubin & Babbie 1993).

3.2.2 The Quantitative Approach

Quantitative research involves a scientific investigation of quantitative properties and phenomena and their relationships. The objective is to develop and employ mathematical models, theories and hypotheses pertaining to natural phenomena. The process of measurement is central to quantitative research because it provides the fundamental connection between empirical observation and mathematical expression of quantitative relationships (McBride & Schostak, 1989).

For the period under study, 1995 to 2008, the researcher has analyzed data derived from the monitoring and national household surveys held during this period. The population from which the sample has been drawn is given below. The sampling method is simply taking the first, third and fifth surveys listed below.

1. Monitoring survey 3 (MS-3) 1995/96;
2. Monitoring survey 4 (MS-4) 1997;
3. Uganda National Household survey 1 (UNHS-1) 1999/2000;
4. Uganda National Household survey 2 (UNHS-2) 2002/2003;
5. Uganda National Household survey 3 (UNHS-3) 2005/2006.

3.3 REPORTING FINDINGS

The goal of a report is to present conclusions to answer the question posed by the research in such a way that the reader can understand. The reporting aspect of a case study is perhaps most important from the user perspective. It is the contact point between the user and the researcher. A well designed research project that is not well explained to the reader will cause the research report to fall into disuse. In this section, the researcher has refrained from technical jargon and used clear explanations. These explanations are necessary to help the user understand the implications of the findings.

The results of this study have been presented as a country case study, in a descriptive and narrative form, and also include a detailed description of procedures and the results derived from the statistical tests. These results have been presented not exclusively as statistical results, but with accompanying explanations of the meaning of those test results. In that way both the technical requirements and the informational needs have been met.

The case study methodology has been subjected to scrutiny and criticism at various times since the 1930s. As a research tool, it has not been a choice that is listed in the major research texts in the social sciences. However, as the researcher demonstrates in this research, case study is a reliable methodology when executed with due care. The literature, while not extensive, contains specific guidelines for researchers to follow in carrying out case studies. Yin (1994) and Stake (1995) reference required have designed protocols for conducting the case study, which enhance the reliability and validity of the investigation.

3.4 LIMITATIONS OF THE STUDY

The study has not exhausted all the areas of decentralization in the World Bank and the impact of the on poverty eradication in Uganda. Furthermore, the dynamics of poverty eradication and alleviation are so diverse and intricate, including historical, political-legal, technological, socio-cultural and other economic factors that isolating this small area may have lead to inapplicable 'textbook' findings. However, the Bank's success in its decentralization programmes have been measured by its own set objectives.

The Bank works with other development partners and although their contributions have been acknowledged, they have not been analyzed in detail. Further research into other donor agencies decentralization strategies, if any, will contribute to building the knowledge that is the focus of this study. Furthermore, it should be noted that most of the support given to the country is through budget and no longer project support. Thus, the impact analysis may be less obvious.

The research was previously restricted in that although the Strategic Compact was reviewed in 2001, the details of the review presented to the Bank's board had a restricted distribution; its contents could not be disclosed without express authorization. Furthermore, the researcher as a staff member of the World Bank was bound by non-disclosure rules thus, initially making the research work not available to the public in its entirety. However, due to the introduction of the rights to public access to information in 2010, the Compact document and many other, previously, 'restricted distribution' documents are now in the public domain and can be accessed through the Bank's external web. However, there is a possibility that the research may have, inadvertently, made reference to some documents that are still not yet available to the public.

The research has mainly focused on analysis of secondary data and the reliability, suitability and adequacy of the data has been tested. The researcher may not be able to establish reliability of all the data. However, given that this mainly a qualitative case study researcher, it is permissible to present issues in the perspective of the client. The qualitative research tradition relies on the utilization of tacit knowledge because often the nuances of the multiple realities can be appreciated most in this way. Individuals define poverty and development differently, and consequently, the impact of the players in the development arena is also interpreted differently. An attempt, therefore, will be made to understand not one, but multiple realities (Lincoln & Guba 1985).

Given the significant level of aid that the World Bank provides to the country, its influence, real or perceived, is not to be underestimated. This may lead to people thinking that their positions may be compromised in giving negative comments causing them to indulge in impression management. Talking about the World Bank's power, Hooke (2007) had this to say: 'Within the institution, it is generally acknowledged that the economic policies of at least 30 countries are supervised by Bank employees, that these nations are dependent on a lifeline of continued Bank lending, and that their leaders have no other practical recourse other than submission to Bank-instituted directive. Why is the Bank so powerful? For starters, it is the largest development institution in the world'.Jeffrey Hooke (2007) in his book 'The Dinosaur Among us – The World Bank and Its Path to Extinction' asserts that as poverty's two step children – terrorism and failed states pose major problems, bettering Third World Economies has become critical to the West and yet the World Bank 'squanders opportunities and refuses to adapt to changing conditions'.But, really, is the World Bank an 'economic god' or it is a myth?

Despite all the limitations stated above, the researcher will provide measures to ensure the integrity and completeness of the study. Some of the limitations are really opportunities for further research which should be explored using this thesis as a starting point.

3.5 ETHICAL CONSIDERATIONS

Spadley (1980) advises that the researcher consider the welfare and the interests of the informants, that is, the collaborating subjects first. Their rights, interests and sensibilities must be safeguarded and they should not be exploited. Subjects should be made aware of the purposes of the research study and their privacy protected. Ethical considerations have also been exercised in the analysis and presentation of the final report so as to ensure the authenticity of the research findings.

In analyzing the research findings, the researcher has used the information received only for the purposes of this study and findings have been presented in an unbiased way. The researcher has exercised ethical behaviour and ensured the integrity of data, at all stages of the research, from collection, verification, analysis and presentation of findings. The findings will be presented in a format of a narrative study.

3.6 CONCLUSION

This chapter outlined the problem statement, the research objectives and questions arising from the problem. Despite a general consensus amongst development theorists and practitioners that decentralization would contribute, positively, to poverty reduction, there is scarcity of empirical evidence to support this. Consequently, this gap has been filled by this research thereby, contributing to the body of knowledge.

This chapter discusses the research design and methodology used in this study. The main methodological approach taken is a case study of Uganda and content analysis applied to the secondary data which was gathered from difference sources and formed the basis of the study.

The chapter also details the data collection methods, analysis and coding, thus demonstrating a sound basis for the research. Problems and limitations encountered are also, briefly, reviewed and so are the ethical considerations.

The analysis of the secondary data collected is largely a content and narrative analysis, given the research questions. In presenting the analyses, the data will be presented under the individual research questions, in order to bring out the salient issues raised in the research questions. Chapter four provides the Uganda country context within which this research is being carried out. Chapter five examines the changes that have taken place in the World Bank's strategies, systems and structures, policies and procedures and culture as envisaged by the Compact. Chapter six then examines these changes at country level in the Uganda country office. Finally, chapter seven examines how the implementation of the decentralization strategy impacted on the trend of poverty in Uganda and, the conclusion of the study and areas requiring further research will be discussed in chapter eight.

CHAPTER 4

UGANDA'S ECONOMIC HISTORY

4.1 INTRODUCTION

This chapter begins by providing a background to Uganda's current economic state by providing an extensive review of the colonial, post colonial and subsequent regimes and their impact on the economy. It then discusses the current 25 year government and their economic policies which brought the country from the brink of ruin to its good reputation, especially in the 1990s and early 2000s. The chapter concludes by discussing the World Bank's assistance to the country's poverty eradication plans.

According to the Commission for Africa (2005), 'African poverty and stagnation is the greatest tragedy of our time' and the evidence of this in Uganda is undisputable. In applying the theories of development to the Ugandan context in which most of the population is engaged in agriculture, one would think that the economy would have gained from the structuralists' view that underdeveloped countries could transform their domestic economies from traditional subsistence agricultural base into a modern economy. According to the linear-stage-growth model, Uganda may have stagnated in either 'preconditions' or the 'traditional' stage and unable to get out of the 'poverty trap'. In Uganda, the proponents of the neo-Marxist school of thought still blame the colonialists for plundering and leaving the country in permanent dependency of its former colonial masters. However, according to Obadina (2008), focusing on colonialism, neo-colonialism and imperialism has drawn attention away from internal forces that are crucial to the understanding of the African condition and which, unlike external 'demons,' can be changed by ordinary Africans. These issues, which are highlighted under economic, political, technological and socio-cultural factors, are many and varied, making the definition of a solution a nightmare of unimaginable proportions. They include the 'economy of affection' (Hyden 1983), institutional constraints to economic development in Africa (Mabogunje 2000; Nafziger 1997); and soft and failed states (Cornwell 1999).

Uganda during the colonial era and at independence had good economic prospects. However, due to the ensuing political and economic mismanagement after the post independence period, the country reached the brink of collapse and has since then, relied heavily on foreign aid for sustenance. Uganda has been widely considered to be one of Africa's success stories in the 1990s. Economically and politically, it was gaining as a force in East Africa and as an example of development potential in sub-Saharan Africa (World Bank, 2007; Stavlota, Nannyonjo *et al* 2006; The Uganda PEAP 2005). 'Amidst all of the fanfare', however, owing to its colonial history, its diverse ethnic mix and the brutality of previous regimes, ethnic and clan identity predominate over national citizenship and a cycle of mutual mistrust and conflict prevails (Ahrens & Lofchie 1994).

After Museveni came into power in 1986, the government took the view that economic stagnation in Uganda was a by-product of poorly designed economic policies, and excessive state interference in the economy, as propounded by the Neoclassical theory. They argued that in order to stimulate the domestic economy, and promote the creation of an efficient market, the country needed to eliminate market restrictions and limit government intervention. This was to be accomplished through privatization of state-owned enterprises, promotion of free trade, reduction or elimination of restrictions on foreign investment, and reduction or elimination of government regulations affecting the market (Commission for Africa 2005).

A study of literature from various schools of thought regarding the dynamics of poverty, the debt crisis of the 1980s, aid effectiveness, and the role of the World Bank Group contribute to understanding Uganda's economic history right from independence in 1962 to the present day. Among the development theories examined in this study, in the Ugandan context, are orthodox, heterodox and contemporary theories. Of the orthodox theories of structuralism, the Linear-Stages-Growth, neo-Marxist and neoclassical theories, structuralism was the most notable theory applied in Uganda's attempt to boost its economy. This was implemented through the World Bank's Structural Adjustment Programmes (SAPs), during the 1980s.

The conventional wisdom in orthodox economics is that freely functioning markets would lead to greater efficiency, economic growth and achievement of social goals. They advocated for anti-inflationist macroeconomics policies, market liberalization, deregulation and privatization (Ballassa 1981; Kuczynski & Williamson 2003;& Williamson 1989). The World Bank's formal endorsement of structural adjustment embodied a monetarist perspective and many pain-filled years later and the era of SAPs completed, the country still contends with the fundamental question of continued high poverty levels. Due to the inadequacies of orthodox theories, some of its opponents proposed heterodox theories (Breisinger, Clemens, & Diao 2008; Timmer, Peter & Akkus 2008 & Kuteesa, Tumusiime-Mutebile, Whitworth and Williamson 2010).

This research finds that having received a great infusion of foreign aid and several debt write offs, it soon become apparent that 'throwing money at the problem' was not working. This lead to examination of other barriers to economic growth such as corruption and governance issues, civil wars, trade barriers and the whole question of aid effectiveness.

Uganda has been a major recipient of significant amounts of funding from the World Bank, subject of course, to meeting the various conditions set by the World Bank. The Government has worked, in collaboration with the Bank and other development partners, its PEAP, being supported by the Bank's Country Assistance Strategy (CAS), and the Uganda Joint Assistance Strategy (UJAS).

4.1.1 Uganda's Colonial Economic History (1888 – 1961)

When Arab traders moved inland from their enclaves along the Indian Ocean coast of East Africa and reached the interior of Uganda in the 1830s, they found several kingdoms with well-developed political institutions. These traders were followed in the 1860s by British explorers searching for the source of the Nile River and later by the missionaries in the 1870s (The International Journal of African Historical Studies 1979).

In 1888, control of the emerging British 'sphere of interest' in East Africa was assigned by a royal charter to the Imperial British East Africa Company, an arrangement strengthened in 1890 by an Anglo-German agreement confirming British dominance over Kenya and Uganda. In 1894, the Kingdom of Uganda was placed under British protectorate; however, effective control of the various societies was not achieved until the late 1930s (US Library of Congress Country Studies 1990; The International Journal of African Historical Studies 1979; Karugire 1980).

The colonial rule affected local economic systems significantly and the consequences have stood the test of time. The colonial master Johnson's Buganda Agreement of 1900 imposed taxes on huts and guns designated the Buganda chiefs as tax collectors in many parts of the country. This strengthened the alliance of British and Buganda's interests, at the cost of the rest of the country, which today stills lags behind Buganda economically. The Baganda chiefs were perceived as sub imperialistic and culturally chauvinistic, imposing their culture wherever they went. Religious divides also manifested themselves and later, political parties were divided along religious lines (US Library of Congress Country Studies 1990; Karugire 1980; Hanson 2003).

With the completion of the Uganda Railway from the coast at Mombasa, to the Lake Victoria port of Kisumu, the colonial authorities encouraged the growth of cash crops to help pay for the railroads operating costs. In Uganda, this was mainly carried out by Africans. Cotton was the main cash crop due to the pressure by the British Cotton Growers Association textile manufacturers who urged the colonies to provide raw material for British mills. Even the Christian Missionary Society (CMS) joined the effort by launching the Uganda Company to promote cotton planting, purchase and transportation, managed a former missionary (US Library of Congress Country Studies 1990).

Buganda with its strategic location on the lakeside reaped the benefits of cotton growing. The Baganda chiefs who had newly acquired freehold estates took a hold of the opportunity. In 1905, initial baled cotton export was valued at ₤200, in 1906 ₤1,000, and by 1908, ₤52,000. By 1915, the value of cotton exports had reached ₤369,000, thus enabling Britain to stop subsidizing the colonial administration in Uganda. The cotton growing made the Buganda Kingdom relatively prosperous, thus enabling them to improve their standard of living and to educate their children. The first schools were established in Buganda and by the time the country gained independence, the Baganda were well placed to take up most of the government positions (US Library of Congress Country Studies 1990; Hansen & Twaddle 1994: 13; Mazrui 1986; Hason 2003).

However, two issues continued to create grievances through the 1930s and 1940s. The colonial government strictly regulated the buying and processing of cash crops, setting prices and reserving the role of intermediaries for Asians who were considered more efficient. The British and Asians firmly repelled African attempts to break into cotton ginning. Furthermore, on Asian owned sugar plantations established in the 1929s, labour was increasingly provided by migrants from other areas in Uganda and even outside Uganda (US Library of Congress Country Studies 1990).

In 1949, discontented Baganda youth rioted and burned down houses of pro-government chiefs demanding the right to bypass government price control on the export sales of cotton, the removal of Asian monopoly over cotton ginning and the right to have their own representatives in the local council replace chiefs appointed by the British, regarded as puppets of the administration. The Uganda African Farmers Union, founded in 1947 was blamed for the riots and was banned by the British (US Library of Congress Country Studies 1990).

The British began to move ahead of Ugandans in preparing for independence, as a more liberal philosophy in the Colonial Office geared towards future self rule, in the wake of the effects of Britain's post war withdrawal from India and the march of nationalism in West Africa. In 1952, Sir Andrew Cohen removed obstacles to African cotton ginning, rescinded price discrimination against African grown crops and established cooperative to promote and finance new projects. On the political side, he organised the Legislative Council which previously consisted of an unrepresentative selection of interest groups heavily favouring the European Community, to include African representatives elected from districts throughout Uganda. This system became the prototype for the future parliament (US Library of Congress Country Studies 1990).

4.1.2 Post Colonial Uganda (1962 – 1985)

On gaining independence from Great Britain in 1962, with Milton Obote as Uganda's first Prime Minister, Uganda was in an excellent position to tremendous economic growth and prosperity. Armed with abundant human and natural resources, fertile soils, pleasant climate and beautiful scenic tourist attractions, Uganda quickly earned its nickname as the 'Pearl of Africa'. The country, however, was greatly divided along national, religious and ethnic lines. The national divisions were the most apparent. The country's politics and economy was dominated by the Buganda Kingdom, much to the chagrin of the other four established kingdoms. Bunyoro-Kitara was particularly aggrieved having been deprived of its 'lost counties 'when Uganda became a protectorate. Religious divides still persist up to the present day and so do ethnic ones, with the long standing 'Mexican stand-off' between the Nilotics from the north and the Bantu from the South. Under the British rule, Uganda's economic activity was mainly undertaken by the Indian immigrants who basically, formed the merchant class at that time (US Library of Congress Country Studies 1990; Twaddle 1993).

In succeeding years, supporters of a centralized state vied with those in favour of a loose federation and a strong role for tribally-based local kingdoms. Political discord climaxed in February 1966, when the Prime Minister, Milton Obote, suspended the constitution and assumed all governmental powers, removing positions of president and vice president. The chronic political instability and erratic economic management produced a record of persistent economic decline that has left the country among the world's poorest and least developed countries (US Library of Congress Country Studies 1990).

On January 25, 1971, Obote's government was ousted in a military coup led by armed forces commander Idi Amin Dada. He then declared himself 'president', dissolved the parliament and amended the constitution to give himself absolute power. Amin's eight year rule produced economic decline, social disintegration and massive human rights violations, on an unprecedented scale. With the exception of coffee, all agricultural production came to a halt. Government seized control of all aspects of business and industrial sectors, as well as agriculture, and Amin expelled the Asian, 'bloodsuckers' that controlled much of these sectors (US Library of Congress Country Studies 1999; BBC August 1972; Henckaerts & Sohn 1995: 22; Winter 1972:12-22).

The Asians had been brought by the British to do clerical work in Imperial service and were soon to be subjected in 'Indophobia' and an unprecedented ethnic cleansing by the government of Uganda and its citizens. The 1969 census enumerated about 70,000 people of Indian or Pakistani descent, generally referred to as Asians in Uganda. They were officially considered foreigners despite the fact that more than one-half of Uganda's Asians were born in Uganda. Many of their forebears had arrived in Uganda by way of trade networks centred on the Indian Ocean island of Zanzibar (united with Tanganyika in 1964 to form Tanzania), which brought iron, cotton, and other products from India even before the nineteenth century. In the late nineteenth century, many indentured labourers from India remained in Uganda after their service ended, but the government refused to sell them land, and most became traders. Wealthy Baganda traders were almost eliminated as their earliest rivals when the Buganda Agreement of 1900 made land ownership more lucrative than commerce for most Baganda. Indians gained control of retail and wholesale trade, cotton ginning, coffee and sugar processing, and other segments of commerce. After independence, and especially when the Obote government threatened to nationalize many industries in 1969, Asians exported much of their wealth and were accused of large-scale graft and tax evasion. President Amin deported about 70,000 Asians in 1972 (US Library of Congress Country Studies 1990; Thorbhani 1975).

Although Amin proclaimed that the 'common man' was the beneficiary of this drastic act, which proved immensely popular locally, it was actually the army that emerged with the houses, cars and businesses of the departing Asian minority. This expropriation proved disastrous for the already declining economy. Businesses were run into the ground, cement factories at Tororo and Fort Portal collapsed from lack of maintenance, sugar production ground to a halt, as unmaintained machinery jammed permanently. Uganda's export cash crops were sold by government parastatals, but most of the foreign currency they earned was used to maintain the army that had propelled 'Big Daddy' into power.

The most famous example of the government's juvenile and irresponsible behaviour was the so called 'whisky run' to Stansted Airport in Britain, where planeloads of Scotch whisky, transistor radios and luxury items were purchased for Amin to distribute among his officers and troops. An African proverb, it is said, summed up Amin's treatment of his army: 'A dog with a bone in its mouth can't bite' (US Library of Congress Country Studies 1990).

This ensuing mismanagement brought production to a halt and economy experienced a crash, 'belly up' landing, bringing the country's previously promising economy to its knees. By 1980, the country was experiencing negative growth, with a GDP of 40% lower than in 1971 and manufacturing operating at 5% of capacity. Agricultural production declined on average of 0.7%, annually throughout the 70s (Ahrens & Lofchie 1994).

Uganda had been receiving aid after independence, with a small amount of US$357 million from 1962 – 78. A striking feature during this period was the low level of multilateral donor influence, especially the World Bank and, the general absence of the influence of Western countries. Very few bilateral donors committed resources to Uganda. Factors that discouraged the interest of Western donors during this period included the nature of the political climate, the tendencies of the regimes to lean towards socialism and poor macroeconomic management. It was only after the fall of Idi Amin in 1979 that the World Bank and a number of European bilateral donors stepped into the economic arena (Holmgren, Kasekende & Ddamulira 2000).

Milton Obote, previously overthrown by Amin, made a brief comeback in his second run as president, made an attempt to revitalize Uganda's crippled economy. He accepted IMF support, floated the shilling, reduced price controls on agricultural products and imposed strict limits on government spending. However, he was unable to maintain these initial structural adjustment policies and was soon 'abandoned' by the IMF. Thus, the economy once again began to fail. Inflation run in the triple digits, topping 200% mark for two years, and the value of the shilling plummeted (devalued 2000% in 1986). By 1986, when

Yoweri Museveni came to power, per capita GDP was at 57% of its 1970 value (Ahrens & Lofchie 1994).

4.1.3 Uganda under Museveni's Reign (1986 – 2008)

Museveni inherited an ailing economy, severely crippled by decades of mismanagement and a protracted war that brought him into power. The economy had shrunk by more than 20% of its peak value in 1970 and inflation was at an annual rate in excess of 240%. The IFIs came to the rescue of the country loans and grants (Table 4.1).

Table 4.1: Official Development Assistance (Grants and loans), 1984-88 (in millions of United States dollars)

	1984	**1985**	**1986**	**1987**	**1988**
Loans					
Bilateral	50.1	45.5	88.0	92.7	196.4
Multilateral	119.3	143.0	120.3	193.0	180.9
TOTAL	**169.4**	**188.5**	**208.3**	**285.7**	**377.3**
Grants	98.5	84.0	131.5	153.5	257.8

Source: Based on information from Organization for Economic Co- operation and Development, Geographical Distribution of Financial Flows to Developing Countries, Paris (1990:285).

Following the political upheavals of the 1970s and early 1980s, Uganda required substantial financial assistance to rebuild its social and economic infrastructure. The recovery programme launched by the Obote government in 1982 called for US$1.7 billion in balance of payments and commodity support, but by 1985 many Western donor countries had decided to withhold financial support in protest against the government's poor human rights record. Many agencies again suspended disbursements at the end of 1985, when the short-lived Okello administration failed to end the political chaos. Upon coming to power in January 1986, President Museveni proposed an emergency six-month relief programme that would cost US$160 million. Some international support was forthcoming, but most of the major bilateral and multilateral donors preferred to wait until the government had drawn up a more comprehensive plan. In 1987 the government responded with the Rehabilitation and Development Plan (RDP) which included a US$1.3 billion budget over four years. Approximately US$600 million of this amount was already funded when the plan was launched (OECD 1990).

After launching the RDP, the government enjoyed the increasing confidence of Western donor nations. In 1988 donors pledged over US$377 million in aid, and Uganda received major support and a vote of confidence from both the IMF and the Paris Club. The IMF approved a purchase equivalent to US$33.7 million under the compensatory financing facility to cover an estimated shortfall in export earnings resulting from lower coffee revenues. In October 1988, a consultative group meeting in Paris arranged by the World Bank pledged aid and concessionary loans worth US$550 million. The Ugandan government told potential donors that the government needed a minimum new aid commitment of US$440 million in 1989 in order to meet its development targets and continue disbursements for existing commitments (US Library of Congress Country Studies 1990).

After Museveni's initial attempts at stabilizing Uganda's economy failed, he agreed to follow the strict reforms of the IMF. In addition to promoting investment, Museveni also took steps to reduce rampant inflation, and to stabilize the exchange rate. Above all, liberalization of the economy was a top priority for the government which included privatization of government business holding, reducing tariff barriers, particularly within the context of regional markets, and diversification of exports. In 1987, as part of the Economic Recovery Programme (ERP) Museveni proposed the privatization of government business holdings from hotels to commodity marketing boards. This process began in 1991 and continued with the recently privatized Uganda Commercial Bank and the break-up of Uganda Posts and Telecommunications. This came after a heated public debate due to legitimate concerns that it would lead to mass unemployment as the government laid-off thousands of civil service employees in these entities. In conjunction with the privatization effort, Museveni also invited the Asian community, evicted by Amin in 1972, back to Uganda to reclaim their businesses and private property. They helped bring the economy from the brink of total collapse (Ahrens & Lofchie 1994).

In an effort to liberalize foreign trade in Uganda, tariff barriers, still among the highest in the region were reduced by up to 75%. Further reductions were planned once local businesses were prepared to compete globally. Occurring gradually to allow local businesses to prepare for the new competition, the reforms gained increased public appeal. With the removal of these barriers, South Africa began to play a growing role in Uganda's economy, becoming one of the top sources of foreign investment. By all major economic indicators, Museveni's Structural Adjustment Programmes (SAPs) had performed remarkably well. Growth averaged over 7% in ten years, reaching as high as 11.2% in 1996. Meanwhile inflation had been brought into single digits, at about 5 to 7% down from 200% within a period of just ten years. Per capita gross domestic product was approaching an all-time high at $290, regaining ground lost during the 1970s (Ahrens & Lofchie 1994).

Based on the statistics above, Ahrens and Lofchie (1994) contended that it was hard to discern why the SAPs have been considered a 'bitter pill' for developing countries to swallow. According to their analysis, there was a dark side to these reforms, the most apparent being some of the measures themselves. Cutting government expenditure amounted to much more than cutting excess staff. Massive cuts in payrolls have often been required, both in the military and the civil service. This, inevitably, was an unpopular move for a government struggling to foster growth and democracy at the same time. Aside from damage to careers of the politicians who had to implement these measures, the country was left with a sudden deluge of unemployed workers, frequently in urban centres, where even their old subsistence lifestyles became untenable. This was further exacerbated by privatization of industries, which also had to cut down staff in order to become solvent and competitive.

The second dose of the bitter pill came from the need to increase spending on the infrastructure, health services, and education, thus increased taxes. In Uganda, there has been a constant outcry against value-added tax imposed by the government. Perhaps the darkest night of the SAPs, according to Ahrens and Lofchie (1994), has been the social statistics that tell the story of the above problems. In Uganda, average life expectancy had fallen from 48 years in1985 to 39 years in 1997. Infant mortality rose from 116 to 122 per 1000 births and the maternal death rate from 300 to 550 per 100,000. This was presumed to be as a result of reduced government expenditure on social services which led to a cost sharing scheme which most patients could not afford.

Trade and exchange rate policy reforms have probably been the most controversial aspects of structural adjustment programmes due to their enormous effects on the economy and, specifically, on income distribution. To exacerbate the situation, the policy changes often seemed to be imposed from outside as conditionalities for financing by the IFIs.

Overall, it is clear that Uganda's economy has been improving (appendices I & II). Some may argue that these improvements were real, or that structural adjustments were the real cause. Much of Uganda's growth may simply be attributable to recovery from years of mismanagement and civil war. The fact remains that the country is still not where it was in 1970.

The development partners have continued to play a significant role in Uganda's economy with massive financial inflows and several debt write-offs. The World Bank is the single largest provider of aid and therefore, has played a significant role in the economy (World Bank 2005).

4.3 UGANDA'S POVERTY ERADICATION ACTION PLAN

Uganda joined the World Bank in 1963 beginning with a credit from the World Bank's International Development Association (IDA) for electric power development. Since then, World Bank assistance on 114 projects has helped the country promote economic growth and reduce poverty. Most of the support given to the country was through World Bank funded projects. However, in the last few years, there has been a move towards budget support (programmatic support), and the government working in partnership with development partners' implements what has been agreed upon in the PEAP, which is the government's action plan for reducing poverty. As of March 2005, there were 39 World

Bank projects underway with a commitment value of approximately US$1.33 billion (World Bank 2005).

However, it was realized at some point that many poor countries, Uganda inclusive, were in a debt crisis at the beginning of the 1980s. The Heavily Indebted Poor Countries (HIPC) Initiative was the first international response to provide comprehensive debt relief to the world's poorest, most heavily indebted countries. The HIPC Initiativewas launched by the World Bank and the IMF in 1996, and was further expanded in late 1998 (Enhanced HIPC Initiative). Under the HIPC Initiative, the World Bank and IMF Boards first decided whether or not a country was eligible for debt relief. In a second step, all creditors (multilateral, bilateral, and commercial) committed debt relief to be delivered at a 'floating' completion point. Meanwhile, the country tried to implement the policies determined at the decision point (which triggers to reaching the completion point.

Uganda was the first country to be declared eligible and to benefit from the HIPC Initiative (in April 1998), ensuring some US$700 million (in nominal terms) in debt relief, of which about 50 percent was from the World Bank. Uganda was also among the first countries to be declared eligible for debt relief under the Enhanced HIPC Initiative: in recognition of the effectiveness of Uganda's Poverty Reduction Strategy to date, the consultative process involving civil society in the formulation of the poverty reduction strategy, and the authorities' continued commitment to macroeconomic stability. In May 2000, Uganda reached the Completion Point under the Enhanced HIPC Initiative. Of the total debt-service relief under HIPC of some US$2 billion, the World Bank was providing nearly US$1 billion (US$517 million in net present value terms (World Bank 2005).

During the G-8 Gleneagles Summit and Development meetings, there was an agreement to accelerate global efforts to reduce poverty. Civil Society also mobilized a worldwide campaign, the Global Call to Action against Poverty. It was observed that progress toward meeting the Millennium Development Goals, MDGs, has been slow and uneven across regions, according to the Global Monitoring Report, a World Bank/IMF publication. The situation was most felt in Africa, where many countries will not reach the targets at the current rate of progress. Most of the countries would need to double their average annual growth rates to 7% in order to halve poverty by 2015. At the summit, the G8 leaders pledged to cancel debt of the worlds' most indebted countries, most of which are African nations. In March 2006, donors agreed to a financing package for the MDRI (formerly referred to as the G8 Proposal for debt Relief) (World Bank 2007).

Uganda qualified for additional debt relief under the MDRI, and was one of the first countries to establish a macroeconomic programme intended for 'mature stabilisers' with the IMF under the Policy support Instrument, the MDRI wrote off debt of the world's most indebted countries that had reached completion point under the enhanced HIPC and continued with strong macroeconomic management, public financial management and poverty reduction. Under the MDRI, Uganda was eligible for a 100% debt relief from IMF, ADF and IDA, receiving USD3.7 billion in debt service relief, with savings of $50 million, per year, peaking at $138 million in 2022 (World Bank 2006).

The PEAP has committed the Uganda government to the overriding priority of tackling poverty. Starting in 1986, Uganda has achieved an impressive record of growth, transformation and poverty reduction (Table 4.2). Headcount poverty as a percentage of the total population has reduced significantly, from about 56% in 1992, to 44% in 1997, 35% in 2000 and then rose slightly to 38% in 2003 (Ministry of Finance, Planning and Economic Development 2004:6) (appendices I & II). However, in spite of these achievements, Uganda faces considerable challenges in maintaining its growth performance over the next fifteen years, and meeting its poverty eradication objectives to reduce absolute poverty to less than 10% of the population by 2017 and to increase the well being for all Ugandans. Whilst Uganda's sustained rate of GDP growth from 1986/7 to 2002/3 contributed to a significant reduction in headcount poverty as a percentage of the total population, it failed to reduce significantly, the absolute number of people living in poverty, which fell only marginally from 9.3million in 1992 to 9 million in 2003. Furthermore, there is evidence to suggest that the poor, whilst benefiting from Uganda's economic growth, have not been its main beneficiaries (Bevan 2003).

The President of Uganda had this to say in the foreword of the PEAP 2004/5 – 2007/8:

> Over the last 19 years, Government has implemented policies geared towards eradicating poverty among our people. These policies have led to a substantial reduction in poverty levels from 56% in 1992 to 38% in 2003. More needs to be done to ensure that all Ugandans move and stay out of poverty. In 1997 the Poverty Eradication Action Plan (PEAP), a framework for addressing the key poverty challenges (Table 4.2), was developed and launched. During the process of implementation, new challenges arose which led to the first revision of the PEAP in 2000.
>
> I am pleased to note that the PEAP has become an important vehicle for policy coherence. … I urge all the citizens of Uganda and development practitioners to use this policy document in steering our efforts to eradicate poverty (Ministry of Finance 2003).

Table 4.2: PEAP Results and Policy Matrix (extract)

Key Strategic Results

- **Reduced income poverty and inequality**

  - % of population below poverty line reduced from 38% in 2003 to 28% by 2013/14
  - Inequality reduced from 0.43

- **Improved Human Development**

  - Reduced infant mortality rates from 88 (out of 1000) in 2003 to 68 in 2008
  - Reduced maternal mortality from 500(out of 1000) in 2003 to 300 in 2008
  - Increased literacy from 70% in 2003 to 85%in 2009/10

- **Increase GDP growth**

  - Real GDP from 5.2% in 2003 to an average of 7 percent.

Source: The Uganda PEAP (2004)

Since Yoweri Museveni and his National Resistance Movement (NRM) came into power in 1986, Uganda started a journey on the road to recovery from the economic devastation wrought by Idi Amin. Annual output growth has averaged above 5% per cent, while fiscal consolidation and responsible monetary policy have brought the previously galloping inflation under control (The Uganda PEAP 2004).

However, this apparent success has relied heavily on foreign assistance with the World Bank being one of the major development partners. In the wake of the 2006 multiparty elections after the constitution had been amended to permit the incumbent to seek a third term in office, some of the partners registered their disapproval by cutting down aid (World Bank 2007).

The security situation in the northern and western regions has remained an issue of concern and led by the more stable southern and central regions, the percentage of the population living in poverty fell dramatically from 56% in 1992 to 35% in 2000. The health indicators, however, remained very low and poverty has actually edged up in the last few years, underlining the necessity of further structural reforms and reduction of corruption (The Uganda PEAP 2004).

The proportion of the population living below the poverty line in Uganda declined from 56 percent in 1992 to 34 percent in 2000 (Table 4.3), owing to strong growth in real private consumption except in the conflict-afflicted northern region (average growth 1.2 percent) and in the arid eastern region (average growth 2.8 percent). Urban areas experienced a particularly strong growth and poverty reduction. However, data from the 2002/03 Uganda National Household Survey, suggested that the proportion of Ugandans living below the poverty line increased from 34% in 1990/00 to 38% in 2002/03. Furthermore, while the pace of decline in poverty rates may be slowing, inequality was increased as shown in the Table 4.3 below (Uganda Joint Country Assistance 2005).

Table 4.3: Poverty and Inequality Trends, 1992/93-2002/03

	1992/93	1996/97	1999/2000	2002/03
Proportion of the population living below the national poverty line				
National	56	44	34	38
Rural	60	49	37	42
Urban	28	17	10	12
Central	46	28	20	22
Eastern	59	54	35	46
Northern	72	60	64	63
Western	53	43	26	31
Inequality as measured by the Gini-coefficient				
National	0.364	0.347	0.395	0.428
Rural	0.326	0.311	0.332	0.363
Urban	0.395	0.347	0.426	0.477

Source: PEAP (2004/05-2007/08)

Uganda's economic growth has remained strong though the growth rate now appears to have stabilised at a lower rate than that seen in recent years. The Uganda government's prudent pro-market economic policies are contributing to this strong growth performance. The governments' budget, however, continues to rely heavily on external grants, and is complicated by pressures for supplementary expenditure and high domestic interest costs. The monetary management faces the challenge of increased sterilisation of aid inflows, and how to manage the ripple effect of the sterilization on the foreign exchange market and on export competitiveness (African Economic Outlook 2004/2005).

Uganda's per capita GDP growth in the 1990s was amongst the fastest in the world at 3.5 percent as shown in Table 4.4 below. Annual real growth averaged 6.9 percent, well above that the sub-Saharan African average of 2.0 percent, and also close to that of East Asia and Pacific region 7.6 percent. This performance was all the more impressive considering the on-going conflict in the northern region of the country.

Table 4.4: Uganda's Growth Performance in International Context

Country/region/group	Annual GDP growth rates		Per capita income growth	
	1990-99	**2000-03**	**1990-99**	**2000-03**
a. East African region				
Kenya	2.14	0.82	-0.43	-1.22
Uganda[1]	**6.86**	**5.52**	**3.46**	**1.80**
Tanzania	3.14	5.91	0.22	4.41
b. Fastest growing African countries:	**5.38**	**4.46**		
Mozambique	5.67	7.30	8.10	5.11
Mauritius	5.38	4.58	4.20	3.47
Botswana	4.70	5.35	1.74	4.17
Tunisia	5.08	4.63		
c. Other regions/groupings				
Sub-Saharan Africa region	1.96	3.27	-0.64	0.98
East Asia & Pacific	7.63	6.80	6.24	5.85
South Asia	5.38	5.16	3.37	3.37
Low Income Countries (LICs)	4.36	4.87	2.18	2.95

Source: Uganda Bureau of Statistics for Uganda and WDI for other countries and regions
Note: 1/ Uganda averages (2000-05)

4.4 THE UGANDA COUNTRY ASSISTANT STRATEGY AND UGANDA JOINT ASSISTANCE STRATEGY

The Country Assistance Strategy (CAS) is the World Bank's business plan for a particular country. It is tailored to the needs and circumstances of each country and lays down the World Bank Group's development priorities, as well as the level and type of assistance the Bank will provide for a period of three years. The CAS preparation is a participatory process. Before the adoption, key elements of the strategy are discussed with government representatives; and to ensure the widest possible involvement, public dialogues are also held, with Internet-based discussions taking place in many countries (The World Bank 2004).

The Uganda CAS builds on the previous CAS, by reinforcing its focus on poverty reduction through sustained growth. The CAS was developed in consultation with the government, private sector, civil society, and donors. Its over-arching objective is to support Uganda's economic transformation and poverty reduction strategy spelled out in the Government's PEAP and Poverty Reduction Strategy Paper (PRSP) which is based on four pillars:

1. Directly increase the ability of the poor to raise their incomes;
2. Directly increase the quality of life of the poor;
3. Create an enabling environment for economic growth and structural transformation;
4. Ensure good governance and security (World Bank 2004; PEAP 2004).

While the work to maintain macroeconomic stability continued, emphasis in assistance has shifted to the sector level and cross-cutting public sector management issues. Effectively addressing these issues and facilitating economic transformation called for broadening of the decision-making process to involve all key stakeholders, particularly the sector ministries and civil society. Secondly, it called for a change in the Bank's lending modalities. This would entail moving away from the traditional combination of adjustment operations with discrete investment projects, to supporting a comprehensive reform programme through the government's budget, via a series of PRSCs. In addition to PRSCs, the Bank continued supporting some self-standing projects for capacity building and infrastructure investments directly targeted to poverty alleviation and private sector development (World Bank 2004; PEAP 2004).

Recognising the high transaction costs of aid, the government promoted donor coordination and alignment throughout the 1990s. After the government revised the PEAP in 2004, the Bank with other development partners developed a new assistance strategy, according to the principles of aid harmonization and alignment. This has led to the establishment of joint sector working groups, the development of sector wide approach programmes (SWAps), pooled funding mechanisms, joint missions, silent partnerships, and joint analytical work and advisory services by development partners. Subsequently, the PRSC process played an important role in strengthening donor harmonization. The PRSC has been the focus for donors that provide budget support to participate in joint discussions with government and to link their disbursements to the fulfilment of agreed prior actions that are themselves derived from the PEAP (World Bank 2004; PEAP 2004).

The World Bank's Country Assistance Strategy (CAS) (and in the later period of study through the UJAS) is meant to support the Government of Uganda (GoU) to reduce poverty through increased growth, and to enhance the equitable distribution of this benefit. The support is designed to respond to the country's needs as defined by the country in its PEAP, which the government's overall development strategy and policy framework which guides actions for reducing poverty and accelerating private sector-led growth. As at September 30, 2006, Uganda's country portfolio is one of the largest in the African region of the World Bank, with active projects of US$1166 million (World Bank 2006).

4.5 CONCLUSION

Uganda during the colonial era and at independence had good economic prospects. However, due to the ensuing political and economic mismanagement after the post independence period, the country reached the brink of collapse and has since then, relied heavily on foreign aid for sustenance. The Government launched the PEAP in 2005 in attempt to harness the daunting poverty levels in the country. The World Bank responded to this with the Uganda CAS and UJAS (jointly with other development partners), which is the strategy to support the country's poverty eradication bid as defined in the PEAP.

In an attempt to intensify its pursuit of its daunting mission of poverty alleviation and economic development, the World Bank has changed over the years in response to the changing environment in its client countries. Given this and the fact that Uganda's economic performance has relied very heavily on donor support, it is crucial to establish the role of the Bank in supporting Uganda to sustain its own development without undue reliance on foreign assistance. It is also crucial to examine how the World Bank has repositioned itself, in order to avert the now popular notion that it is partially responsible for 'regime maintenance' of a 'benevolent dictatorship' and a 'donor funded government.

However, the Bank cannot work in isolation; its processes need to work in tandem with the government's own programmes. A review of the PEAP planning process and most recently the National Development Plan (NDP) demonstrate that there have been participatory approaches in developing these plans which the Bank in Uganda has aligned its support accordingly through its Country Assistance Programmes (CAS). In order for sustainable economic development to occur, the Ugandan population needs to be involved at all policy formulation and implementation levels. The citizens must hold their governments accountable for delivering development results. However, this is easier said than done. Governments are fundamentally political and politics in Uganda, unfortunately determine the economic policies of the country. Consequently, some decisions are made based on non-economic basis. For instance, the abolition of poll-tax was a clear intention to appease the majority of Ugandan who are peasants and may not have taken the time to debate the issue of any economy funded by 'hand-outs' as opposed to citizens taxes.

This research study therefore, has examined management of change in the World Bank and assessed the impact of these changes on poverty eradication. It has evaluated the decentralization of the Bank's operations as defined in its Strategic Compact, how it was translated into the Uganda CAS and UJAS, and the impact on poverty eradication in Uganda.

CHAPTER 5

THE DECENTRALIZATION OF WORLD BANK OPERATIONS

5.1 INTRODUCTION

Chapter five is aimed at providing a background to the decentralization strategy that was implemented in the entire World Bank. Thus, an extensive review is given as to why the strategy was proposed and the changes its implementation resulted into in terms of structures, technologies and systems. This is followed by a discussion on the changes in policies and procedures and Bank culture to support the decentralization strategy. This chapter concludes with a review of the changes and their implications.

In 1997, Wolfensohn, President of the World Bank presented to the Board a long term framework 'for the Bank's future direction and resource needs. He presented 'The Strategic Compact Renewing the Bank's Effectiveness to Fight Poverty' as the means of doing this. The Compact proposed a comprehensive programme of renewal for the Bank with associated costs and benefits which would seek to position it as the premier global development institution in the next century. The general concept of the Compact before its launch on February 13, 1997 had been discussed with the members of the Board at the Bank's annual meeting in the previous year and a buy in obtained from every Vice President. The Compact also reflected input from Board members at various stages of its formation and the purpose of this chapter is to examine the overall changes in the Bank's strategy and the attendant changes that resulted from the decentralization strategy.

The Compact was a remedial response to the diagnosis that the institution was under substantial stress and in possible decline. The vision presented by the Compact was that of a flexible, cost effective institution which worked through partnerships, which had technically astute staff whose expertise in their areas of competence was recognised thus, as a catalyst for the entire development community. Above all, Wolfensohn (1997: 1) in his presentation of the Compact asserted that, the Compact was a vision of an institution which delivered results in reducing poverty. 'The Compact's benefits for clients promise to be substantial; the range, quality, and timeliness of our services will improve significantly; a new, world-class knowledge management system will under-pin and reinvigorate all that we do; and we will be better equipped to respond to the evolving development challenges facing our membership'(Wolfensohn 1997). Wolfensohn, reiterated that increasing the development impact was the very core issue of the Compact. He promised to monitor more systematically, development progress made by the client countries using the new World Development Indicators (WDIs)[xvi] High level goals were set for the Bank's own performance in terms of client responsiveness and the main drivers of project outcomes, and building a deeper and evolving performance measurement system to better capture the impact of all activities, including non-lending services (NLS) in achieving 'results on the ground' (Wolfensohn 1997: 1). NLS resources are allocated by the Country Directors to achieve the development objectives of the country assistance programmes. They include strategic economic and sector work geared to the reform agenda and the policy dialogue, client-driven requests for analytical and advisory services, and other tasks that respond to internal priorities.

> I am determined that we should attain maximum impact for every dollar we spend, and so cost effectiveness is a core theme of the Compact… We have embarked on a thorough Cost Effectiveness Review to help us in this effort. I recognize that the Compact represents an ambitious agenda. Some tough choices and difficult decisions lie ahead. We must keep foremost in our minds, however, that our clients face every day the massive, grinding challenge of poverty and that we have a responsibility to assist them as effectively as we can (Wolfensohn 1997: 2).

The objective of the Compact was to achieve greater effectiveness in the World Bank's basic mission, which is reducing poverty through delivery of better products and services to its clients. The Compact proposed that in return for the investment in its implementation, the quality and impact of the Bank's entire effort would result in making it quicker, more responsive and efficient; more decentralized and closer to its clients; more accessible and open to partnership; with stronger and more relevant skills, thus making the Bank a more effective development institution, relevant in the 21st century (World Bank 1997: I).

The rationale for the Compact was:

Firstly, on the international scene, the development business was undergoing a dramatic change with a significant increase in private capital flows and declining support for the official aid; greatly diversified sources of advice and technical assistance; and recognition of a broader development paradigm which emphasized on local capacity and social, environmental and governance dimensions.

Secondly, a critical technological revolution was facilitating access to knowledge, which was a crucial factor for development. Its effect on how all organizations do business was profound, causing more competition, faster and flatter structures; more networks and partnerships, more learning orientation, with knowledge as a key driver of effectiveness.

Thirdly, the other agencies engaged in development, such as regional development banks, NGOs and the private sector et al were increasing their capacities.

Fourthly, there was recognition of a broader development paradigm, with greater emphasis on social and environmental sustainability, local capacity building and governance dimensions (World Bank 1997: 4).

In many respects, the Bank, according to its own analyses, had failed to keep up with the trends with the following results and indications:

1. Close to a third of Bank-supported projects were rated by the Operations Evaluation Department (OED) (now called the Independent Evaluation Group, IEG**)** as unsatisfactory and often due to poor quality right from the conception of the projects.

2. The demand for the Bank's standard loan product had diminished and its financial tools were becoming extinct in a rapidly changing world. Furthermore, the Bank was not lending as much as it could even with financial terms which were purported to be the best in the market, the lending having declined in real terms since the fiscal year 1995.

3. There was a lack of professional expertise in key areas e.g. social and financial sector development, plus core services such as procurement and project financial management which were critical in supporting the Banks operations and the Banks development

experience was not being systematically catalogued or retained, in order to establish what worked and what did not work as a reference base for future operations.

4. Clients also complained about the Banks slowness and standardized approach, while many potential partners had often been critics or perceived as competitors. These included certain multilateral development banks and private sector agencies (World Bank 1997: 3-4).

Given all these failures as established by the organization itself, the Bank required fundamental changes in its strategies and implementation of its mission of poverty eradication thus, this section of the thesis seeks to examine the decentralization strategy, what changes have taken place during the period 1995 to 2008 in terms of the Bank's strategies, structures and systems, policies and procedure and culture, as defined in the Strategic Compact.

Wolfensohn in his speech at the Annual Meeting in 2000 stated that poverty remained a key challenge. The Strategic Framework Paper (2001) and Global Economic Prospects paper (2001) asserted that the fight against poverty was taking place in a 'dramatically changing global context'. Participation of the private sector was on the increase, trade as a source of growth was being debated, and rapidly changing technology changed the 'rules of the game'. Furthermore, civil society was exercising a visible presence in the development world.

The global development community aligned around the MDGs[xvii] (Table 5.1), in an unprecedented manner, providing a unique opportunity to make progress in the fight against poverty. The Bank also committed to supporting the international community and developing countries in this effort.

Table 5.1: The International Development Goals

1. Reduce the proportion of people living in extreme poverty by half between 1990 and 2015.
2. Enrol all children in primary school by 2015.
Make progress towards gender equality and empowering women by eliminating gender disparities in primary and secondary education by 2005.
4. Reduce infant and child mortality rates by two-thirds between 1990 and 2015.
5. Reduce maternal mortality ratios by three-quarters between 1990 and 2015.
6. Provide access for all who need reproductive health services by 2015.
Implement national strategies for sustainable development by 2005 so as to reverse the loss of environmental resources by 2015.

Source: World Bank Strategic Directions FY02 –FY04 (2001).

Wolfensohn stated that the Bank had come a long way under the Compact, with significant changes in agenda over four years. According to the assessments, the Bank was doing more and doing so, more effectively than before, as shown in the selective data below (Table 5.2):

Table 5.2: A More Effective Bank – Improvements Over the Compact Period.

	Before the Compact	The Bank in 2001
Improved our quality across the board: • Project quality at entry • Economic and Sector Work quality • Quality of Supervision	In FY97 was 78% In FY98 was 72% In FY97 was 63%	In FY00 is 89% In FY00 is 86% In FY00 is 92%
Improved development impact as measured by the percentage of projects rated satisfactory for development outcomes by OED	In FY96 was 69%	In FY00 is 77%
Introduction of the CDF and PRSPs to sharpen our poverty focus and improve country ownership	No CDFs No PRSPs	12 pilot CDFs 32 Interim and 4 full PRSPs to date
An increased proportion of projects with civil society involvement	Less than 50%	More than 70%
Reduction of the time taken from the project concept document to Board consideration	In FY96 it took 24 months	In FY00 it took 15 months
Shifting of staff and authority to the field: • Non ACS regional staff in CO • Country Directors outside of Washington	From 28% in FY97 From 3 in FY97	To 40% in FY00 To 29 in FY00
More transparency: • Country Assistance Strategies disclosed	Zero CASs disclosed	86 % of CASs in FY00
Significant increase of funding to nev priorities ▪ Programmes to combat HIV / AI ▪ Debt relief via HIPC	$35 million in FY96 $0 in FY96	$622 million in FY01 (estimate) $ 34 billion of nominal debt relief value committed to date

Source: World Bank Strategic Directions for FY02 –FY04 (2001).

The main focus of the research is the decentralization to the country offices as envisaged in the Compact and the resultant changes to support this strategy. Decentralization is the process of assigning the decision making authority to lower levels of an organization's hierarchy. The optimal degree of decentralization is where the decision right is assigned to that level in the hierarchy so that the organization's performance is maximised for the given environment (Chang 2004). From an economic point of view, arguments in favour of decentralization are mainly concerning the issue of allocative efficiency (Robino 2009).

Definitions of decentralization are numerous and with the current popularity of the term, it has become 'slippery' and therefore, can mean all things to all people (Katsiaouni 2003; Oluwu 2001). Borrowing from semiotics, the use of the concept of a 'floating signifier' for such an overloaded term seems appropriate (Robino 2009). A floating signifier means different things to different people; they may stand for many signifiers as they may mean whatever their interpreters want them to mean.

According to a discussion note 'Toward a Global Bank', decentralization has been a central feature of organizational reforms undertaken since 1997. It has been driven by the need to improve the institutions effectiveness, response to demand for increased country ownership and for donor harmonization and alignment (World Bank 2008:1). The note went on to reiterate the Bank's decentralization objections of:

1. Increased client responsiveness,
2. Improved country ownership and stronger partnerships,
3. Integration of global and local knowledge, and
4. Cost effective Bank support.

It is against these critical success factors that any future decentralization policies would be judged. There were, however, concerns about the current model because the financial costs of decentralization increased by 41% between 2003 to 2008; the current 'hub and spoke' model with Washington as the sole base no longer fitted with global best practices and it also impended decision making delegation. Furthermore, global knowledge was also still not being leveraged across the Bank. According to the 'Toward a Global Bank' discussion note, there was a need to ensure that the structures, systems and culture changes were conducive to implementation (World Bank 2008:1).

5.2 STRATEGIC CHANGES

The Bank found itself facing the enormous challenges of globalization, environmental and civil strife, and requirements for a much more differentiated and tailored response to the poorest nations, transition economies and post-conflict states. However, the Bank considered itself to have some valuable assets and comparative advantages with which to respond to these challenges including:

1. A wealth of cross-country development experience and new opportunities for partnerships;
2. A core of talented, dedicated staff and 'energetic', committed leadership; and
3. The change initiatives which had been ongoing which offered a real opportunity to carry the renewal effort forward and yield fruitful benefits.

The Bank, therefore, chose, instead of incremental change, punctuated by disruptive reorganizations which had been tested and found wanting, a fundamental change geared to greater development effectiveness. Under the Compact, four priority areas of focus of re-energising the current business activity, refocusing the development agenda, retooling the knowledge base and revamping institutional capabilities were chosen, at a net cost over the FY97 budget of USD250 million over the fiscal years 1998 and 1999 (World Bank 2001: 6). Due to budget cuts, key aspects of the Bank's country programmes were in distress, specifically, new lending development and economic and sector work. In some countries, the Country Assistance Strategy commitments could not be met in terms of programme deliverables and quality of service (World Bank 2001: 6). The Bank's future effectiveness required increased attention to issues of social and environmental sustainability, and the changing roles of the private and public sectors. The Bank, therefore, put into place, measures to build partnerships; develop better products and services; and strengthen staff capacities in these critical areas. The institution repositioned itself to focus on the social dimensions of sustainable development, rural development, capacity building in Africa, financial sector development, and anti-corruption measures. Catalyzing private capital, especially for infrastructure investment was also increased (World Bank 2001: 6). Access to lessons learned and best practice was considered key to development effectiveness thus, world-class knowledge management systems was proposed to collect, synthesize and disseminate knowledge and make it more readily available to staff, clients and partners. Better access to information was a prerequisite for a more decentralized Bank (World Bank 2001: 6).

A plan was put in place to measure the Bank's renewal programme and to justify the programme by the development impact of the changes. The projected benefits to the institution's clients included, the development impact, service delivery, professional excellence, resource allocation and efficiency and stronger partnerships. The Bank worked towards developing a practical method to capture and measure the impact of sustainable development in the country programmes, to replace the narrow measures of project impact being used at the time. The Bank used to provide support through projects but since it moved to budget support, project impact became an inappropriate measure of development impact thus; the measure of sustainable development is the more appropriate one and not the sustainability of economic development which can be assessed through project sustainability. However, the evaluation departments' ratings indicated that about a third of all projects did not achieve their objectives fully thus, the urgent need to address effectiveness. It was anticipated that as a result of the renewal programme, the Bank would be in a better position to respond to client needs for both lending and non lending services. The range, quality and timeliness of the services were expected to improve significantly, with project design, policy advice and conditionality, which are specified conditions under which the Bank will provide assistance, better tailored to country conditions (World Bank 1997:29).

The Bank also increased the skills levels of its staff and management, the capacity to adjust to changing client demand for skills, smoothly and cost effectively; and 'it will be run more like a modern business, rather than a bureaucracy' (Wolfensohn 1997: 31). It also proposed to improve resource allocation and efficiency through changes in business processes (World Bank 1997: IV) and budget practices (World Bank 1997: IV), and the cost effectiveness review (World Bank 1997: 17). Resources were redeployed from central units and overhead to front-line services (World Bank 1997: 17). Stronger partnerships with client governments, other international agencies, the private sector and civil society were instituted (World Bank 1997: 31). The Bank repositioned itself to get much closer to its clients through participatory Country Assistance Strategies (CASs). It is a response to a country's poverty eradication plan which is prepared in consultation with the client country), project preparation and Economic Sector Work (ESW)[xviii] well as relocation of staff, functions and authority to the country offices (31). The Bank also proposed to work more effectively with other development partners with a focus on its comparative advantage, and thus leveraging its own impact and that of the entire development community (World Bank 1997: 31).

As part of the Compact, a new system of performance indicators was proposed. At a broad level, development objectives were to be tracked using the new World Development Indicators (WDI). More tangibly, the Bank proposed high level goals for its own performance in terms of client responsiveness and the main drivers of project outcomes which were quality at entry and portfolio management. There was also a proposal on how to improve the system for measuring the overall effectiveness of the institution.

In addition to improving portfolio management practices, exercising selectivity in lending was also on the agenda. This was to be done for all countries through the CAS process, supported by appropriate budget allocations. Policy performance was also anticipated to continue being reflected in the assessment of creditworthiness and risk for IBRD countries and criteria for IDA[xix] ending allocations. Since quality could not be fully captured by indicators, performance was also to be monitored through regular client and staff surveys, in-depth Operations Evaluation Department (OED) and Quality Assurance Group (QAG), and independent external evaluations.

The relevant global trends which the Bank had to take into consideration included the:

1. End of the cold war;
2. Rise of East Asia's newly industrializing countries;
3. Global integration;

4. Increasingly differentiated clients with different patterns of poverty. Bank products were basically, a ‘one size fits all’ scenario (World Bank 1997: 1).

At the time the Compact was presented to the Board, plans for relocation to the country offices and decentralization was still in the preliminary stages and was expected to be defined by the time the FY98 budget was to be discussed. The strengthening of the country offices was planned to take place through two types of relocation programmes:

1. Expanding the role of the field offices while retaining overall country management responsibility at the headquarters;
2. Relocating country directors fully, empowered with country resources management authority to the field.

The assessment of the Compact was done in 2001, four years after it was launched. The assessment report ‘the Assessment’ confirmed that the fundamental premise and direction of change as stated in the Compact was sound and relevant in the current day. It was established that major progress had been made in implementing the change programmes of the Compact and in responding to new developments in the international environment. However, the report also acknowledged that progress on some of the important elements of the Compact and the Cost Effectiveness Review (CER) had not satisfactory.

The reviews indicated that given the complexity and interdependence of the institution’s business objectives, decentralization and matrix management, the basic approach was directionally correct and positive contributions were being made. It was acknowledged that refinements needed to be made thus, management planned to continue the case by case approach to decentralization based on the guiding principles of consistency with Bank’s strategic vision partnerships based on clear synergies, a client and business-driven approach and attention to cost effectiveness (World Bank 2001: 53). The evolving matrix management system was based on good practice models that were implemented for country teams, sector boards and regional sector units, emphasized sound management practices and decision making; and implementation of supportive budget and HR practices (World Bank 1997: 31). The matrix was envisaged to enhance the reporting system by compressing the decision making levels thus, reducing the time it took to respond to the clients. This in turn, ultimately, was expected to contribute to progress in the poverty eradication endeavour by enabling the clients to be able to act on development issues faster than when the Bank had tall hierarchical and extremely bureaucratic structures. However, an ongoing debate in the World Bank suggests that the matrix is not working as anticipated due to too many layers and unclear spans of control (World Bank 2010).

The Assessment noted that decentralization needed further strengthening with the CAS process being used more explicitly to enhance the Bank's understanding of the local environment through decentralization and its unique capacity to deliver global knowledge and expertise. The decentralization process for staffing and skills mix decision needed to be augmented by a more active involvement of the different regions and networks, categorised under the matrix. The optimal location of staff was envisaged to support the intended devolution of authority, ensuring an appropriate balance between global and local perspectives (World Bank 2001: 29- 31 & 53). This was a critical issue because in order to have any real impact on poverty eradication, the Bank needed to understand the local conditions and to also apply its global expertise, appropriately.

In the fourth and final priority programme of the Compact, the actions included shifting accountabilities and resources to the field; strengthening matrix management; integrating information systems; realigning human resources to new priorities; improving resource and performance management. These were expected to result into a highly aligned and performance-based organization; modernized and efficient information and financial management practices; and a collaborative culture (World Bank 1997:53). These efficiency gains would then be transferred to the client governments thus, having a positive impact on poverty eradication.

The design of matrix management and decentralization was left at a general level. Each region and network was allowed to design its organization relatively autonomously and in the spirit of deliberate experimentation. However, the institutional process for evaluating progress and collecting best practices was not clearly set at the design stage and was put in place only during the course of implementation (World Bank 2001:6).

During the Compact, the Bank transformed many of its organizational architecture, with some encouraging results but some unintended consequences and disconnects. The organizational structure significantly changed towards strong country directors and more client-focused and country-based organization supported by global sectoral and thematic networks. However, steps taken towards delayering and empowering of frontline staff were not as successful and in some cases, had to be reversed. The Bank identified the culture attributes that it considered critical to its development agenda: client focus, pragmatism, innovation, listening, teamwork and trust. Progress was uneven across these attributes and not sufficiently ingrained to withstand high stress due to the fact that implementation challenges had been severely underestimated (World Bank 2001:29).

The pace of decentralization of staff, functions and authority increased under the Compact, thus enhancing the capacities of the country office. Functions now being carried out in the country offices included project supervision[xx], procurement, financial management and disbursement which improved the Bank's responsiveness to the clients' needs and also the quality of its work. Furthermore, working in partnerships with clients' right from the beginning of projects to their fruition reduced the transaction costs of project implementation thus, harnessing efficiency gains which could be used for poverty eradication endeavours. The required authority to carry out these tasks was significantly delegated during the three years of implementation. In parallel, the enabling environment for decentralization, including HR policies and communication was also improved (World Bank 2001: 29-30). It was noted that although by 2008, three quarters of the Country Directors were based in the 'field' as compared to the five percent in 1997, there had been, proportionately less decentralization of responsibility for task management (World Bank 2008: 1).

Partners, clients and staff responded positively to decentralization. Independent surveys of other development agencies established that decentralization had improved the Bank's responsiveness and quality of work. Within the overall improvement country performance measures for the Bank, it also appeared there had been slightly better results in more decentralized locations, although it was not possible to attribute the improvement solely to decentralization (World Bank 2001: 30). The Bank's own evaluation units showed evidence of better quality and relevance from decentralization. Stronger country offices had enabled more rapid response, adaptability and client responsiveness, especially in responding to disasters. The growth of 'field' staff presence resulted into better performance according to a survey by the Organizations for Economic Cooperation and Development (OECD) and the Accra High Level forum (World Bank 2008)[xxi]. This study suggests that due to the sensitivity of issues pertaining to the current staffing model, the Bank should re-examine it otherwise there is a real risk that the achievement of goals of decentralization may stall if the implementers' needs are not adequately addressed. This may ultimately impact on the Bank's mission to eradicate poverty.

The transformation of the institution began with considerable energy and enthusiasm but became difficult to sustain momentum. Over time, the Bank-wide transformation programme was adversely affected by the many and often new competing demands and priorities and it was not always possible to build on specific gains to give encouragement to the organization and boost change. Based on feedback from focus groups in Washington and interviews carried out by the Bank's internal review committee with key change players, it appeared that the Bank culture had shifted towards the intended direction, but was not sufficiently ingrained as to withstand high stress (World Bank 2001: 43). Furthermore, the staffing model came under stress with the distinction between Internationally Recruited Staff (IRS) and Locally Recruited Staff (LRS) becoming blurred as decentralization advanced (World Bank 2008).

A timeline was constructed of significant events affecting the change process. The timeline was then validated and upgraded by those participating in interviews and focus groups. Numeric data were collected from surveys and organizational data to supplement and validate other data, the main data source being the 1997 and 1999 Staff Attitude Surveys (World Bank 1997 & 1999). Interviews of key change actors, by the Banks internal reviewers, were undertaken and focus groups were used to gather additional data and diverse perspectives and to validate, compare and confront different assessments. However, the participation of the country office staff was not included in the transformation efforts and no doubt, the effects of none ownership in implementation would be felt (World Bank 2001:43).

In examining the relationship between decentralization and poverty reduction, this research argues that though the relationship is neither straightforward nor causal, some degree of positive relationship can be and has been established and therefore, decentralization can to some extent be considered as a precondition for poverty eradication. It is, therefore, crucial that the Bank's strategy to decentralize was adopted. A review of secondary data reveals that there were problems in the implementation stage but, fundamentally, the overall strategy was the right one. One may question the institutional framework for, say, devolving power and responsibility to the country offices or the issues of capacity but overall, the strategy of decentralization, if achieved, would have some positive contribution to poverty eradication.

However, given how diverse the issues of poverty are, it is important to put the Bank's contribution in the context of other preconditions and macro-variables which also need to be assessed, in tandem, to ensure that the decentralization initiatives have a fair chance of succeeding. In any assessment, it is important to analyze the political economy and other variables that could favour or hinder the achievement of decentralization objectives.

The change in the organizational strategy of decentralization led to changes in its systems and structures designed to support the strategic changes and the new initiatives by 2008, included establishment of technical hubs to provide a critical mass of specialised skills for the Region (World Bank 2008: 3).

5.3 CHANGES IN STRUCTURES

The pace of decentralization of staff, functions and authority accelerated under the Compact with the support of $47 million of Compact resources. The number of regional staff in the country offices increased by 33% to 2,251 between FY98 and mid FY01, while those in Washington decreased by 5% to 2,635. The number of international staff in country offices in the regions had increased by 9% to 276 and the number of local staff by 39% to 1,975, of whom 40% were professional staff, enhancing the capacity of these offices (World Bank 2001: 29). This has enabled the country offices to be more responsive to client needs thus, fulfilling the objective of client responsiveness.

This is consistent with Chang's (2006) optimal degree of decentralization where the decision making where assigned to the country office based staff thus, maximizing organizational performance in the country offices.

Functions carried out in country offices expanded over the past three years in areas such as project supervision, procurement, financial management, and disbursement. Although the majority of such continued to be managed by international staff, an increasingly larger share was being managed by experienced national staff (World Bank 2001: 29).

Authority significantly delegated by 2001, changing the dynamics between Washington and country offices. Following the changes, twenty nine country directors were now located outside Washington, up from only three in FY97. This led to, relatively, quicker decision making processes in an organization which is still highly bureaucratic according to the Client Surveys 1999 and 2003 (appendix III & IV) and the Citizen Report Card (2004). Citizen Report Cards (CRCs) are participatory surveys that solicit user feedback on the performance of public services. But they go beyond being just a data collection exercise to being an instrument to exact public accountability through the extensive media coverage and civil society advocacy that accompanies the process.

The faster response time and more use of partnerships with other development partners has had a positive contribution to reduction of poverty rates. By having Country Directors on the ground who were more familiar with the local issues, This thesis concurs with the Client Surveys and Citizen Report Cards that this has enhanced the development process and also improved the atmosphere of trust as clients and partners deal with people they perceive as having a better perspective of local issues. Furthermore, frequent interactions with country office staff have led to camaraderie amongst development practitioners.

About 70% of the new lending in FY00 was accounted for by field based country directors, who covered over 75% of the Bank's client population and 80% of the Bank's loan portfolio (World Bank 2001: 30).

Table 5.3: World Bank Decentralization Indicators, FY 02 – 07

Indicators	FY02	FY03	FY04	FY05	FY06	FY07
Deconcentration of staff						
GE in the CO	41%	42.9%	44%	45.5%	46.2%	46.9%
IRS working in CO	17.2%	19.1%	19.6%	21.3%	22.3%	23.1%
LRS/IRS ratio in CO	3.01	2.84	2.89	2.73	2.68	2.66
Devolution of work						
LEN sws in CO	37.7%	39.1%	42.7%	41.7%	43.5%	45.4%
SPN sws in CO	51.3%	52.7%	52.8%	53.1%	53.5%	54.0%
ESW sws in CO	27.6%	31.8%	33.4%	35.1%	35.3%	35.5%
LEN+SPN+ESW sws in CO	42.5%	44.4%	45.2%	45.5%	46.5%	47.5%
Delegation of authority						
LEN tasks in CO	19.1%	24.4%	30.7%	27.8%	30.3%	35.2%
SPN tasks in CO	29.7%	31.4%	31.6%	31.9%	36.9%	37.6%
ESW tasks in CO	20.3%	21.9%	23.7%	25.7%	29.3%	31.2%
LEN+SPN+ESW tasks managed in CO	26.8%	28.5%	29.7%	30.2%	34.7%	36.1%

LEN – Lending, SPN – Supervision, ESW – Economic and Sector work, IRS – Internationally recruited staff, LRS – Locally recruited staff, CO – Country Office.
Source: Controllers' Strategy & Resource Management, based on system generated data (2008).

The physical shift of staff was accompanied by a progressive delegation of authority and responsibility, along with changes in HR policies and improvements in communication technologies. Thus, progress was made not merely in deconcentration of staff from the centre, but decentralization through location of work and delegation of authority and decision making (Table 5.3). However, significantly more progress has been made in decentralizing staff and work more than authority, as demonstrated by the lower proportion of tasks managed in country offices, compared to either the proportion of staff based in country offices or of staff weeks spent by country office-based staff on operational tasks (World Bank 2008:2).

In parallel, the enabling environment for decentralization, including human resource policies and communications also improved. Satellite links were established in 84 of the 95 country offices by end of FY00 compared to 30 out of 80 offices in FY97. All the offices were fully integrated into a world-wide budget management and knowledge management system with real time connectivity. The Bank has adopted a 'one staff' philosophy to treat staff equally regardless of location. The goal was to position staff doing comparable jobs at comparable points in the labour market in which they were recruited and work and to provide all staff with a comparable set of social benefits. However, the 'one-staff' philosophy was still not clear to all staff with some national staff, in particular, understanding it to mean 'equal' as opposed to 'comparable' salary and benefits. In addition, concerns still remained on re-entry of international staff back to headquarters (World Bank 2001: 30).

Decentralization in the Africa Region vice presidency occurred as detailed in Table (5.4) below.

Table 5.4: Decentralization Reports for Africa Vice Presidency FY 05 – 09

Indicators	**FY05**	**FY06**	**FY07**	**FY08**	**FY09**	**FY09 vs FY05**
Deconcentration of staff (*) LRS/IRS staffing ratio in CO						
Devolution of work LEN+SPN+ESW sws in CO	24.38 %	29.57%	24.38%	32.47 %	37.70 %	7.26%
Delegation of authority LEN+SPN+ESW tasks managed in CO	11.6%	25.89	16.40%	17.92 %	13.82 %	2.23%

LEN – Lending, SPN – Supervision, ESW – Economic and Sector work, IRS – Internationally recruited staff, LRS – Locally recruited staff, CO – Country Office.
*Deconcentration of staff figures not available
Source: Controllers' Strategy & Resource Management, based on system generated data, 2009

The physical shift of staff was accompanied by a progressive delegation of authority and responsibility. The Bank did not just deconcentrate staff from its HQ base but also decentralized through changes in location of work and delegation of authority and decision making. However, the Africa Region as well as Bank wide, significantly more progress was made in deconcentrating staff and work than was done with the authority required to carry out the work from the country office bases. This is clear from the lower proportion of the tasks managed in the country offices compared to either the proportion of staff based in COs or of staff weeks spent by country office-based staff on operational tasks (World Bank 2009).

The response to decentralization from partners, clients and staff was positive (appendices III, IV & V). Surveys of other development agencies, clients and staff found that they consider decentralization to have improved the Bank's responsiveness and quality of work. Decentralization also led to hard-to-measure but real enhancements in the in-country capacity building, partnerships and country dialogue. In all these areas, the Bank benefited from having a daily substantive presence rather relying on a series of visiting missions and from having more national staff of high quality and with better training and mentoring. Within the overall improvement in country performance measures for the Bank, it also appeared that there had been slightly better results in more decentralized locations, although it is not possible to attribute the improvements solely to decentralization (World Bank 2001: 30). Experience, independent evaluation (see, World Bank 2001), and operational research suggest that the impact of development assistance can be increased if development agencies support efforts to strengthen the institutions and systems that countries already have in place and work more directly with them since external development assistance accounts for only about one percent of annual development spending by developing countries. Using country systems also enhances country ownership and thus the sustainability of development programmes. In addition, using country systems can lower transaction costs and increase aid effectiveness by providing a natural focal point for donor efforts to harmonize their processes.

The strategy and goals of decentralization to achieve poverty eradication were followed by the attendant and appropriate changes in structures, systems, policies and procedures and cultures. Both the 'hard' and 'soft' changes are needed in change management.

5.3.1. Structure

According to Senior (2002: 70), 'the allocation of responsibilities, the grouping of workers' activities and the co-ordination and control of these, are all basic elements of what is called an organization's structure which is in essence the social structuring of people and processes.'

Talking about the strategy-structure 'fit', Johnson and Scholes (1999) said:

> Strategy is the direction and scope of an organization over the long term: which achieves advantage for the organization through its configuration of resources within a changing environment, to meet the needs of markets and to fulfil stakeholder expectations (Johnson and Scholes 1999: 10).

As part of the Compact, the Bank undertook a thorough review of its HR policies and in March 1998 agreed on a new framework for managing its staff. This framework recognized that the Bank needed: an integrated global staff; a compensation system which linked pay and performance, coupled with strengthened performance management and a better professional development for all staff (World Bank 2001: 34).

In keeping with its decentralization strategy, the Bank changed its structures to support this initiative aimed at getting increasing returns in poverty alleviation. These included:

1. Change from hierarchical structures to the flatter matrix structure;
2. Skills renewal and strategic staff planning and;
3. A new compensation system.

The Compact and associated structural reforms had a profound impact on the Bank's staffing in operations. Internal factors which shaped this transition and the way the Bank managed its skills mix included, inter alia, the introduction of the matrix system and commitment to decentralization (World Bank 2004: 10). These HR initiatives were meant to parallel the Bank's strategic agenda to ensure that staffing strategies met the emerging, evolving business needs.

The Bank's strategy to decentralize its operations to the country offices was followed by a change in its organizational structure from a tall hierarchy to 'matrix management'. The aim of this was to position the organization to:

1. Respond more quickly and flexibly to the changing environments;
2. Balance potentially conflicting objectives regarding, global strategies and product lines vs. locally customised programmes and services, effective delivery of services to clients and efficient allocation of specialist skills, global knowledge and local knowledge; and,
3. Deal better with complex and interdependent activities.

According to Chang (2006), most modern firms are both multi-unit and multi-level organizations. These organizations tend to have a hierarchical structure but inevitably, there is a central problem facing the hierarchical organization of where to allocate the decision making authority. In the World Bank's case, should the decisions have continued to be made in Washington or should they have been decentralized and made by Country Directors/Managers and the staff based in the country offices?

Chang (2006) frames the question of centralization versus decentralization by first identifying the features that are central in all human decision making:

1. What is the decision-maker's objective?
2. What are courses of action available to the decision-maker?
3. What are the constraints on the available courses as perceived by the decision–maker?

The World Bank's basic premise in the Compact was to renew its effectiveness in 'fighting' poverty. However, with the authority centralized in Washington and the prerequisite knowledge dispersed among multiple individual and country specific details, largely, available to country office staff, it became necessary to transfer the decision making authority to the knowledge base.

However, the ‘agency problem’ may arise given that an agent at a lower level of a large organization tends to have an objective which is not, necessarily, the same as the CEOs (Chang 2006). However, the top management can decide the ‘allocation of decision’ rights and maintain some level of control over the entire organization. Thus, optimal location of decision authority in an organization is then identified as the one that minimizes the total organizational costs consisting of the information cost and the agency cost (Chang 2006).

In this respect, the World Bank has still centralized some of its functions, for example, the Vice Presidencies still sit in Washington (although there is a proposal to eventually change this) and, budgets are still allocated centrally.

This research argues that a more responsive organization that is able to exercise flexibility in a rapidly changing environment in which the ‘development game’ is being played, yields more positive results. Furthermore, the Bank has been on record for being a highly bureaucratic dinosaur, charging out an assembly line of its products, delivered by its business-class flying staff who are deficient in their knowledge of how to actually deliver results on the ground (Hooke 2007). So, by customising its products and having them delivered by knowledgeable decentralized staff, confidence in the Bank has been on the increase. Additionally, in spite of the problems with the matrix structure, it is a better structure for delivering on the mission of poverty eradication. This research recommends that the Bank analyzes the issues staff have raised concerning the matrix and have them addressed in a manner that will enhance the achievement of the development process.

The Bank in explaining the shift to the matrix environment to its staff, the critical success factors highlighted were:

1. Getting the right people;
2. Simple, workable processes;
3. Facilitating knowledge seeking/sharing;

4. Investing in communication, collaboration, conflict resolution, coaching, leadership and;
5. Senior management modelling, valuing and rewarding the right behaviours (World Bank 2001: 31-32).

The Strategic Compact underscored the importance of replenishing the skill sets of Bank staff. This objective was considerably advanced with the completion of a Bank-wide strategic staff development planning exercise in which each unit was asked to take stock of its existing and future skill needs, staffing levels and anticipate resulting staff movement. The immediate impetus for the exercise was a general concern about the apparent lack of staffing flexibility and capacity of units to respond in a timely way to changing skill needs as well as a desire to predict with some precision the levels of redundancies to be funded under the Compact (World Bank 2001: 38).

The internal market served a purpose to help the managers obtain objective feedback on the demand for individual skills. It played a role in the skills shift that the Bank achieved in the previous years. However, this created some dysfunctional outcomes: for instance, promoting competition rather than team work and instilling a sense of uncertainty, even for good performers. Managers had to develop new systems to assess the demand for skills. Exchange of skills and work across boundaries continued but, without the stigma attached under the internal market to having a less-than-full workload at the start of the year. Among the operational sectors, the largest increases were in financial management and procurement, with 122 and 156 staff, respectively in June 2003. These increases were a direct result of the Compact which provided dedicated funding to rebuild these skills set in the Bank (World Bank 2004: IV).

The staff development component of the Human Resources Reform included the creation of an integrated leadership development programme, strengthening professional/technical training, and upgrading the training for Administrative & Client Support (ACS) staff and national staff in country offices. Since Board approval of HR Reform, several objectives were added to this agenda to support the implementation of the new development framework and build the infrastructure, culture and systems for learning and knowledge management (World Bank 2001:38).

Over the years and in response to the challenge of designing and implementing coherent, medium term strategies in a decentralized decision making environment constrained by short term budgetary considerations, management paid more attention to the concept of strategic staffing (World Bank 2004:V). The basic model which drove decentralization centred on taking advantage of complementing skills between the IRS and the LRS. This model, however, became subject to stress regarding its relevance in decentralization and how to achieve the right staff mix.

After extensive consultations with managers and staff across the Bank Group, in December 1998 the Board unanimously approved a new compensation system which replaced the Revised Compensation System (RCS) whose main premise was a single salary structure for both higher level and support level staff; and that structure was increased in order to make the Bank more competitive internationally. An annual salary survey was to be done to ensure that the salary structure remained competitive (World Bank 2001).

The New Compensation System (NCS) was envisaged to better align the Bank's salary structure to the market, strengthen the links between pay and performance and yield significant budgetary savings in future years following the conclusion that the Revised Compensation System (RCS) was inappropriate in a decentralized Bank. The NCS was based on the 75th percentile of the labour market, including the incorporation of the cash value of in-kind benefits, bonuses and allowances as well as base salaries. It was annually updated based upon market movement and merit/performance, and intended to offer protection with no loss of pay. In addition, the NCS was designed to provide for greater emphasis on rewarding individual/team performance and competitive pay for skills that were in short supply in the local labour market through recruitment bonuses and pay premiums. Compensation Officers in the Compensation Management Unit were assigned to provide ongoing technical support and advice to country office managers and HR team colleagues in the design and implementation of salary programmes in the wake of the decentralization efforts (World Bank 1999).

In order for the Bank to deliver its decentralization strategy, it was fundamental that the HR issues be dealt with in a manner that enhanced the development process. Aside from staffing issues, the Bank also implemented some changes through the systems renewal process.

5.4 TECHNOLOGY AND SYSTEMS RENEWAL

According to Pellisier (2001) in her discussion of 'Toffler's Collision of Economic Waves':

> 'Change' is too mild and misleading a term to account for the market chaos that businesses faces today... the current explosion of telecommunications, material sciences… the proliferation and integration of workstations, laptops, fax machines… and personal digital assistants have served to democratise information, spread power and dismantle traditional organizational forms based on hierarchy and functionalism.

Theoretically, structures and technologies should support the strategy but the reality is that sometimes, it drives the strategy and determines the way people work. The chaos paradigm has revolutionised the way the universe works and defined the external forces that organizations have had to respond to. Chaos in a business sense does not infer the collapse of an organization and its structure but to the eminently orderly disorder in the environment within which the organization functions.

5.4.1 Changes in the Bank's Technology and Systems

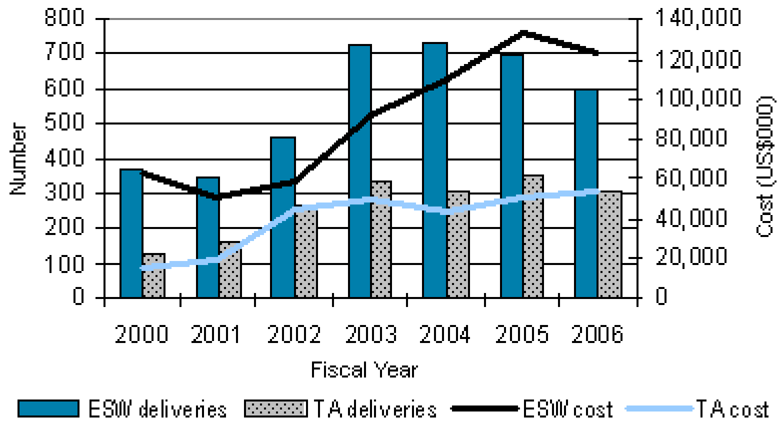
Through the Strategic Compact and the Cost Effectiveness Review in 1999, the leadership of the Bank called for the comprehensive renewal of the information systems, detailed in Annex 5 of the Assessment of the Strategic Compact (2001) to play a vital role in realizing the vision of a stronger, more effective World Bank: able to deliver higher quality services to the clients, more rapidly, at lower cost, and able to easily share development knowledge and expertise with partners and clients through a global network (World Bank 2001:13).

When the Bank decided to create a 'one-stop-centre', replacing over 65 systems, with SAP, for the renewal of its information systems in response to the Compact, the change agents called for 'Renewing the Way We Work'. The Bank introduced integrated systems and data management meant to address the business needs of administrative and financial systems and operations businesses processes. A newly introduced 'Operations Portal' provided task teams with an integrated web-based workspace to simplify day-to-day project management. At its rollout, only lending products were available on the Operations Portal and step-by-step process support provided by the Roadmap was available but additional product lines were to be added gradually (World Bank 2001: 32).

The Bank also offered prepaid e-learning courses such as Bank Operations and Harvard Business Online, available to all staff at all levels. This use of technology was instrumental in leveraging and enhancing the Bank as a 'Knowledge Bank.' The World Bank committed itself to becoming a 'global knowledge bank', using knowledge to improve the development effectiveness of its work. Two of the analytical and advisory ways the Bank provides knowledge to its client countries are economic and sector work (ESW) and non lending technical assistance (TA). ESW and TA are an essential part of the Bank's engagement with its clients—it spent $910 million (26% of its spending on country services, Figure (5.1) on these products during fiscal 2000-06.

Figure 5.1 Economic Sector Work and Technical Assistance Delivered to Clients

Number and Cost of ESW and TA Delivered to Clients (US$000)



Source: World Bank 2006 internal administrative database.

The Integrated Records and Information Service (IRIS) electronic filing system was introduced to move the organization to paperless filing and it was also envisaged to enhance the accessibility of documents by all relevant groups which would reduce the problems that had continuously been experienced with the manual filing and retrieval system. Furthermore, the speedy development of the SAP/World Bank software package was a major achievement resulting in the Bank having an enterprise-wide system that is available real time and in a transparent manner, globally. However, its operationalisation proved difficult at the beginning resulting in a longer and deeper 'performance dip' than was anticipated (World Bank 2001: 32-33). Lower performances are usually encountered in the early stages of restructuring of organizations. The crucial issue is to make the inevitable 'dip' as short and shallow as possible (Harper quoted in World Bank 2001).

The new Operations Procurement System was implemented in FY00 to help task teams facilitate procurement planning and monitoring. Its introduction was accompanied by training and the establishment of a task force on disbursement and procurement issues to identify and mitigate causes of disbursement delays. During FY01, the new system was modified and simplified in response to feedback from the Regions, and training continued throughout the year. Further development and simplification of the system, such as e-documents submission was in progress, and integration of implementation completion reports and a database of complaints from bidders were planned for FY02 (World Bank 2001:27).

The changes in technology were crucial because now all staff in decentralized locations had access to the same information which had previously been centralized. In 2008, the Bank also created 'Client Connection' a secure website that offers government officials and project implementing agencies quicker access to information about their portfolio and the Bank's country analytic work (World Bank 2009). This enhanced the decision making capability thus, providing real time response to the clients on the ground. According to my findings, the comprehensive renewal of the information systems strengthened and made the Bank more effective in the delivery of its products and services by providing the clients with relevant and timely development knowledge and expertise required to enhance the fight against poverty through the global networks. The research findings also confirm studies by Edwards (2002); Olugbode, Richards and Biss (2006) et al. proposing that information systems, when properly aligned with the strategy, contributes to an organization's achievement of its objectives.

5.5 CHANGES IN POLICIES AND PROCEDURES

According to the assessment of the Compact in 2001, it had reached many of the operational goals that it had set itself. It had met or was close to meeting the quality performance targets set under the Compact. Client responsiveness was improved by reducing the time taken from project conceptualization to Board approval and implementation. During the Compact period, the way the Bank carried out its business had changed with more emphasis on openness and participation, social and environment assessments, procurement and financial management. Resources were moved from the support functions to operations. However, it was not clear that some of the operational efficiencies underpinning the Compact had been achieved, raising questions about the sustainability of the changes made under the Compact.

It was concluded that the quality of the Bank operations had also improved. The performance targets focused on the quality of the Bank's project preparation work as measured by projects considered satisfactory or better by the Quality Assurance Group, QAG in their review of projects (Table 5.5) approved by the Board ('Quality at Entry' index), realism in assessing the Bank's portfolio ('Realism' index) and the Bank's effort in addressing problem projects ('Proactivity' index) (World Bank 2001:7).

Table 5.5: Compact Performance Targets

Indicator	**Baseline**	**FY97**	**FY98**	**FY99**	**FY00**	**Compact Target FY01**
Quality at Entry a/ Realism index b/ Proactivity index c/	70% 64% 61%	78% 66% 70%	82% 68% 73%	86% 74% 83%	89% 78% 84%	100% 75% 90%
Percentage of projects rated Satisfactory for development outcomes by OED	66%	74%	73%	72%	77%	Informal (75%)

a/ % of projects approved during the year with satisfactory or better quality at entry.
b/ % of actual problem projects to the total of actual and potential problem projects.
c/ % of projects rated as problem projects 12 months earlier which have been upgraded, restructured, closed, suspended or partially cancelled.

Source: Strategic Compact Assessment 2001

The Bank also improved client responsiveness by reducing the time it took to develop and deliver projects to the countries. The time taken to go from project concept to Board approval declined from just under 24 months in FY96 to just over 15 months in FY00. The Bank carried out client surveys to obtain feedback on performance in FY99 and FY00 in 21 countries. However, given no such surveys in the period before the Compact, it was not possible to compare client evaluation of the Bank's performance over time and assess clients' reactions to changes brought about by the Compact, at the time of review. However, according to the survey covering 21 countries, the clients rated the Bank very effective in the social sectors, a relatively new emphasis within the Bank. However, the Bank was perceived not to be doing so well in its main mission of poverty alleviation (World Bank 2001: 11).

The Cost Effectiveness Review (CER) committed the Bank to a significant improvement in the efficiency both of operations and of the 'back-line' units and services. In the case of operations, the following areas were highlighted and targets for FY00 savings were established (in 1997 dollars):

1. Reduced lending (preparation) costs: $8 million;
2. Better pipeline management: $14 million;
3. More efficient supervision: $11 million;
4. More efficient Economic and Sector Work, ESW: $8 million.

In the case of lending, the average costs of lending preparation between FY96 and FY99 went down (13).

Substantial progress was made in refocusing and broadening the development agenda, through sectoral and thematic initiatives such as post conflict lending and social safeguards, partnerships with other development players, and new products and services like Innovation and Development Marketplace. The overall level of Bank services in targeted sectors and thematic areas increased. New products were purposefully developed and in some cases, mainstreamed. The processes and the requisite infrastructure to foster ongoing innovations were developed and partnerships strengthened at both country and global levels. However, the resource implications of much of this work were not adequately assessed, resulting in serious levels of stress and strain on the organization (World Bank 2001: 20-21).

In examining changes in policies and procedures, this research paper has limited itself to the changes in the Bank's lending instruments and procedures relating to project implementation and procedures for procurement, contracting and disbursement.

5.5.1 New Lending Instruments

The Compact provided for the Bank to respond to broader and changing development agenda by, among other things, developing new products and front-line innovations emerging from strategic priorities and initiatives. The Learning and Innovation Loan (LIL) supported small, time sensitive programmes to build capacity, pilot promising development initiatives, or to experiment and develop locally based models prior to large scale interventions (World Bank 1997: 1). The Bank also developed new lending instruments, which enabled governments to transfer funds directly to local communities. Prior to decentralization, the Bank only channelled funds through the central government by means of special accounts. However, this was been amended to permit for certain types of procurements at community level and the Bank can now enable direct funding of some components to local governments (Okwero 2000).

As noted earlier in this chapter, in order to stay relevant to poverty reducing initiatives in specific countries, the Bank needed to customise its products and services. Participation of communities in the development process is crucial and, indeed, there has been a shift to participatory approaches thus, involving the stakeholders in the decision making process. However, a committed approach to meaningful participatory local government should entail training and motivation of a new breed of local government officials (Pieterse 2002) because other studies indicate that there are diverse understanding of citizen participation which may sometimes, translate into weak encouragement of community participation (Robino 2009: 255). Cleaver (1999) suggests that the concepts underlying participatory approaches to development should be subject to greater critical analysis, there being a need for a more complex understanding of issues of efficiency and empowerment in participatory approaches. This research finds that if the new lending instruments, specifically those, channelling funds through the local governments, are used appropriately, backed by the relevant prerequisite systems, they have a potential to translate into economic growth and development at the grass-roots level.

5.5.2 Changing Bank Procedures

Jim Adams, Vice President of Operations Policy and Country Services (OPCS), and former Director of Country Department 4 (CD4) comprising Uganda and Tanzania, led a review of Bank policy, programmes, and procedures with one aim: to see where and how obstacles can be removed or streamlined to make the Bank's development work more effective. For operational staff, the objective is to create an environment where, if staff found a policy or procedure inappropriate, they could raise the issue with OPCS and get a sensible answer. It also made the policies more supportive of decentralization by:

1. Reforming the investment lending instrument thus, shifting from the prescriptive 'one-size-fits-all' approach to a principles-based and risk-adjusted one.
2. Revising the prevailing supervision approach from HQ missions' visitations to a more day-to-day portfolio management by the country offices.
3. Revamping of operational training targeting key staff to equip them with the necessary skills in a decentralized organization

(World Bank 2008: 24-25).

These procedural changes were meant to lead to poverty reduction by providing the clients with more effective and timelier responses. This study has confirmed the findings in the Client Survey 1999 and 2003 (appendix III & IV) that the clients found decentralized staff more effective and recommended that the Bank increase more of such staff in the country office. It is not just about the numbers of staff but that these staff had a better understanding of the local conditions than their Washington counterparts and were, therefore, better placed to understand what needed to change in the Bank's policies, programmes and procedures. The 'field' presence of the World Bank staff was, therefore, very instrumental in streamlining the procedural changes thus, contributing to making the Bank's development work more effective.

5.5. 3 Project Implementation

The Bank changed the way it implemented projects, in ways that were strengthening local government and civil society. Prior to the Compact, special project management units were set up to oversee daily project operations and handle such tasks as procurement and the contracting of services. These were established to overcome what was regarded as weak local government capacity to manage the many complex tasks of project implementation and to adhere to cumbersome Bank procedures for reporting and accounting. While the approach helped to smooth project execution, it did not improve local government capacity. With the Bank's assistance, many local governments began to take responsibility for project development and execution and proved that they are quite capable of efficiently performing them, provided they had access to technical assistance when required. The government acquired specialized and skilled procurement staff (Okwero 2000).

5.5.4 Procedures for Procurement, Contracting and Disbursement

The World Bank's Articles of Agreement require arrangements to be made to ensure that the proceeds of loans are used only for the intended purpose with due attention to efficiency and economy, thus the policies and procedures for financial management, procurement and disbursement. Under the Compact, management committed to:

1. Strengthening controls upfront at the project appraisal stage and during project implementation;
2. Addressing the serious skills shortage in professionally qualified accounting staff and;
3. Assessing Regions on issues of borrower accountability, project financial management, and internal controls (World Bank 2006: 1).

The Compact envisioned the Bank to be more responsive to the client's needs and procurement was identified as one of the core functions that needed improvement (the borrowers are responsible for procurement, but the Bank has developed procedures and rues to discharge its fiduciary responsibility), especially in the light of corruption which had become a pervading issue amongst the borrower clients. The paper presented by the Bank's Compact assessment committee to the Board on October 30, 1997, did not propose any changes in the prevailing policies but focused on strengthening the function internally through:

1. A stronger focus on the development function of procurement and on increased borrower accountability;
2. Emphasis on upfront project work stressing better procurement planning and client capacity to ensure good quality at entry; and
3. An integral approach to supervision of procurement that strengthens post-review of contracts, set prior review thresholds on the basis of borrower's procurement capacity and past performance, and aimed to assist borrowers by adding procurement capacity to field offices and selectively delegating review functions (World Bank 1997: 1).

These measures were, fundamentally, to enhance the development process; however, as discussed in detail in chapter seven, there is significant attrition of funds in the procurement processes due to corruption, non compliance to procurement rules and other mal-practices.

The Bank also developed more flexible procedures for procurement, contracting and disbursement in Bank-financed projects, which were better adapted to the needs of the local communities that were designing, planning and implementing small projects. These were intended to overcome the problems associated with traditional Bank procurement guidelines which were considered extremely cumbersome and bureaucratic (Okwero 2000).

In terms of dealing directly with the local government and communities, the questions that have arisen is the availability of capacity at these levels and systems for monitoring and evaluating disbursement of funds and their subsequent financial reporting and auditing procedures. To bridge this gap, the Bank has supported numerous capacity building initiatives (Okwero 2000). It is, generally, accepted that the communities are better placed to understand and determine their priorities (Okwero 2000) as opposed to dealing with 'shouting from the top'. This research concurs with Robino (2009: 272) that despite the contradictions and the 'implementation gap', there are real possibilities in poverty reducing activities, if people are placed at the centre of the initiatives and take part in them.

5.6 CHANGES IN ORGANIZATIONAL CULTURE

Kroeber and Kluckhohn (1952) summarised the various definitions of organizational culture they had studied as:

> Culture consists in patterned ways of thinking, feeling and reacting, acquired and transmitted mainly by symbols, constituting the distinctive achievements of human groups, including their embodiment in artefacts; the essential core of culture consists of traditional (i.e. historically derived and selected) ideas and especially their attached values.

Hofstede (2001) said:

> Culture is the collective programming of the human mind that distinguishes the members of one human group from those of another. Culture in this sense is a system of collectively held values.

According to Senior (2000), organizational cultures, along with values, attitudes, beliefs, power, politics et al, fall under the informal organization. They form the invisible part of the organizational iceberg and if not addressed in the change process can lead to the fall of, presumably, invincible organizations as the Titanic management learnt, a little too late, to their detriment. In their article 'The leadership Challenge – A call for the Transformational Leader' Tichy and Ulrich (2008) proposed that resistance to change can come from three areas: technical systems, political systems and cultural systems. Cultural systems resistance includes the perception that an organization is one thing, and cannot be another, that the past holds security, and that current organizational culture makes change difficult thus, the need to 'disengage, disidentify, disenchant and disorient with past practices'. This current research finds this argument compelling, especially in today's rapidly changing world. The main critique regarding their discourse is that they did not address the question – what happens when a transformational leader leaves the organization? Indeed, as seen in this study, the Compact was proposed by Wolfensohn in 1997 and implementation is currently in earnest, a decade later. Was the momentum sustained as previously anticipated?

In the next section, the study focuses on the Bank's analysis of its organizational culture before the Compact and the proposed changes that were required for the organization to implement its decentralization strategy.

5.6.1 Cultural Changes in Support of the Strategic Compact

> Our internal culture needs to become more aligned with the poverty-focused, client-oriented and accountable institution that we aspire to be. Encouraging more open communication and transparent dialogue across the institution is a key factor… to reduce staff stress…and provide a clearer sense of priorities… (Wolfensohn 2001).

The Compact was designed as a vehicle for transforming the Bank and this went further than just the 'hardware' but also included the 'software' – perceptions, values, behaviours and cultures. Some of the new cultures the Strategic Compact sought to instil in the staff, aimed at achieving the change in the organizational strategic direction included: client focus, pragmatism, innovation, listening, teamwork, professionalism, trust and focus on results in order to articulate the connection between new behaviours and corporate success. The main guide that was used to handle the cultural changes was Kotter's 'Eight Steps to Transforming Your Organization' (World Bank 2001).

From the Attitude Surveys, Client Surveys (appendices III & IV) and Assessment data, the shift from being inward looking to client focus was the dimension on which progress was the most clear-cut. Prior to the Compact, there was a general tendency of being more inward looking than being client focused through the creation of strong Country Directors, the relocation of functions and staff to the field, the multiplication of partnerships, and in many other ways, staff believed real and durable progress had been achieved in multiplying interactions between Bank staff and clients and other external stakeholders and in making those interactions more meaningful and mutually rewarding. Decentralization thus, did change the organizational culture (World Bank 2001: 14).

A culture change from perfectionism to pragmatism was also noted in that there was less over processing of official documents. However, according to the World Bank's own assessment, considerable time was still spent on perfecting CAS and other macro documents and that the use of presentations for communications diminished the importance of written style and gave verbal communications greater weight, both of which represented pragmatic advances (World Bank 2001: 14).

The Assessment also established that there were vigorous efforts to innovate under the Compact leading to an impressive innovation record, from a previous culture of risk aversion. Many internal clearance processes were eliminated to support an innovative and empowered work environment. However, staff perceived mixed messages. Innovation was dampened by new internal safeguard and fiduciary policies which were seen as reintroducing checks and balances. It was generally felt that when the creative phase of innovation itself was supported, there were often no resources to sustain its development (World Bank 2001: 14).

There was a lot of emphasis on listening, but staff perceived a difference between the Bank's rhetoric and the reality they faced in their work. Many staff still, freely, wielded the weight of the Bank in their dialogue with clients. While staff were encouraged to listen to their clients in the field, they frequently, found resistance in Washington to tailoring Bank approaches to heed messages from the clients. Furthermore, still to an apparently excessive degree, they found themselves pressing their clients to use Bank guidelines, policies, systems, and ways of planning (World Bank 2001: 14), for example, the Bank's much exalted 'log frame'[xxii] , basically continuing the notion of 'he who holds the purse, pulls the strings', and confirming the reputation of arrogance of which the Bank has been accused of, many a time.

There was no doubt from the data in the Assessment, that there had been an improvement in team behaviours from a previous culture of individualism. Many staff recognized that the matrix had produced a greater requirement for collaboration, and that many Country and Task Teams operated in ways which improved Bank work with its clients. However, team quality was still uneven, and competing for resources within a team could be hard on the team, especially under prevailing conditions. The individual contracting market had also militated against teamwork because the system required individual staff to establish a full work programme for themselves. Contrary to beliefs that the individual internal market would contribute to achieving client responsiveness, indications were clear that it inhibited teamwork, knowledge sharing, cross organizational work, and created a preoccupation with individual rather than client objectives (World Bank 2001: 12). The commitment of the team leader at all levels had been found to be the greatest single determinant of team quality (World Bank 2001: 15).

With regard to a cultural change from patronage to professionalism, as a participant in the surveys put it, it is ‘who you know versus what you know’. Most staff agreed that the more inclusive and transparent procedures put in place for management selection had reduced the element of patronage in the system. However, staff found that connections were still important to get something done across organizational boundaries, to secure both assignments and resources (World Bank 2001: 5).

The Staff Attitude Survey (2000) revealed that the redundancies resulting from the Compact increased fear and reduced trust because many staff believed that management could have provided more warning and information about the prospect of the severe budget crunch and its implied redundancies. They also felt that the process of the redundancies had not been transparent. In order to move the organization forward, management actively sought to change the culture from fear to trust (World Bank 2001: 14).

The change from a focus on process to a focus on results was about whether the focus was on satisfying internal Bank requirements (the ‘approval culture’), or on contributing to results on the ground. The staff attitude surveys showed that there had been clear progress in simplifying the project process, but that new fiduciary and safeguard requirements had partially reversed earlier gains, added to paperwork and process complexity, and to the time and cost required to prepare a given project. Staffs was pulled in both ways: they had to satisfy a more demanding internal process and were asked, at the same time, to focus more on results on the ground, all without an increase in resources (World Bank 2001: 15).

Overall, the combination of reducing reporting levels, empowerment, teamwork, dual reporting relationships, and a more participatory and inclusive approach to project preparation, confronted regional and network managers and staff with an extremely steep behavioural learning curve. While there had been a substantial attempt to upgrade the Bank's professional skills, by contrast the level of effort expended to help staff meet the behavioural challenge, especially through behaviourally-oriented training, team and individual coaching, was limited. This was even truer of managers having to develop all the skills mentioned above and in addition the skill to coach, according to the Assessment (World Bank 2001: 15). It also seemed that although the Bank recognized the challenge of cultural change at one level, it underestimated the sustained attention and discipline needed over time to make a significant shift. The Bank's culture ran deep and was long in the making, and achieving the vision presented a formidable endeavour requiring patience, commitment and resources (World Bank 2001: 15).

The test for transformation management is whether the organization develops a sustainable change capability, whether people in the organization have developed the commitment and skills to address challenges as they arise. Staff experienced a lot of change during the Compact period, but many were still not convinced of the inevitability of change or equipped to thrive in an environment of continuous change. Past notions such as lifetime employment were now spent, but many staff still saw change as episodic, and in their state of change fatigue they received the prospect of further change with apprehension. Part of it was the pain of redundancies, part the harshness of the competition for resources, part general unpredictability, lack of trust, the lack of understanding of ‘how this all comes together’, and part of it was a lack of conviction that internal constraints would be effectively addressed (World Bank 2001: 15 – 16).

This study agrees with the theories proposed by Keup, Walker, Astin, and Lindholm (2000); Riley (2010); et al. In order for the organization to experience the transformational changes required, the organizational culture must a supportive one that contributes to the fulfilment of the required changes. Consequently, as stated by the Wolfensohn (2001), the Bank's internal culture needed to change to be more aligned with poverty focus, client orientation and more accountable for the fulfilment of its mission of poverty eradication. It was, therefore, imperative that the culture changes discussed in this section be implemented. However, this study suggests that these changes were analyzed at institutional level and there are no records of country specific changes.

5.7 CONCLUSION

There are many definitions of decentralization and it can mean difference things to different people (Katsiaouni 2003; Oluwu 2001). Furthermore, there are several dimensions of decentralization, the main ones undertaken by the Bank being; devolution, deconcentration and delegation. Given this, there isn't an all encompassing definition which makes any assessment of the process complicated and calls for surpassing the centralisation-decentralization dichotomy (Robino 2009: 115). The economic rationale for decentralization according to the 'Musgravian' dimensions for evaluating public policy are; efficiency, equity and macroeconomic stability (Musgrave & Musgrave 1959).

Devolution is the transference of power and authority to an authority that is autonomous and independent from the devolving authority. This is the strongest from of decentralization as it implies transfer of authority for decision making, finance and management responsibility (Robertson 2002; Oluwu 2001).

Deconcentration is the transfer of authority and responsibility among different levels in which redistribution of routine administrative functions are transferred to offices which are dependent on the central government, that is, transfer of work and tasks but not the authority. The centre retains basic decision making power in this limited horizontal distribution of function.

Delegation on the other hand is the distribution of authority and responsibility to local units of agencies that are not necessarily branches or local offices of the delegating authority with the bulk of the authority still being vertical and to the delegating central unit. It is a more extensive form of decentralization as it involves the transfer of responsibility for decision making and administration of public functions from the centre to the semi autonomous organizations. Usually, theses organizations have a considerable degree of discretion in decision making although, again, ultimate authority is vested in the centre, and the direction of accountability is upward and can be withdrawn (Robino 2009; Katsiaouni 2003; Robertson 2002).

This research has analyzed different views on the forms and extent of the decentralization of the World Bank operations. It has been noted, however, that in most cases, the terms, devolution, deconcentration and decentralization are used interchangeably thus, leading to a difficulty in analysis.

Whereas the Bank's overall strategy of decentralizing its operations in order to become a more effective and more efficient Bank was fundamentally the right thing to do, the prevailing decentralization model had the following limits:

1. Budgeting constraints,
2. Unattractive relocation conditions,
3. Reduced deployment flexibility and unsupervised sector staff in the CO,
4. Matrix management more difficult and blurring of roles and,
5. Little cross-regional movement bringing into question the notion of a 'Global Bank' (World Bank 2004).

The Organizational Effectiveness Task Force (OETF) presented a case for more and smarter decentralization in a bid to increase quality and quantity of direct client services, arguing that increasing 'face time' with clients would improve on the Bank's relevance and effectiveness. It also advocated for improving Bank's standing as a global development institution by being closer to clients, partners and civil society, and enhancing managers' ability to support staff in the field (World Bank 2004).

The changes brought about by the decentralization strategy and the attendant changes were implemented in differing degrees and later reviewed for progress analyzes. Each Region was given the liberty to design its own details on how to actually implement the overall strategy. Decentralization in the Uganda CO has followed the Africa Region strategy. However, this research finds that in Uganda and indeed, world over:

> ....after more than 50 years of operations, the Bank still faces a world where over 1 billion people live in deep poverty, with per capita income of less than a dollar per day. Many countries suffer poverty rates between 25 and 50 percent of their population. These conditions persist despite important movements in critical social indicators such as life expectancy, infant mortality, access to safe water, primary school enrolment and immunization (Fine 1999c).

The researcher concurs with the view that the World Bank has become like a 'regular' government and can no longer function efficiently without decentralizing its operations to the country offices. This led to the maximisation of the benefits accruing to the decentralization strategy. However, one of the fundamental errors that were made was in not involving the country office staff in the design of the strategy and process which has led to some unintended consequences. Nevertheless, despite the renewed emphasis to undertake decentralization reforms and to enhance a participatory approach, the assumption of a symbiotic relationship is suspect. Robino and Haines (2010) demonstrate that contrary to most studies and literature, (citizen) participation (applicable also in staff participation) and decentralization can be frequently at odds. Robino and Haines (2010) examined Participa's (2004) empirical assessment of 'participatory spaces' in which four differential levels were established:

1. Information: The objective is to provide information on the issue under discussion.
2. Consultation: The objective is to invite citizens to participate by offering their opinions
3. Decision-making: The objective is to invite citizens with real possibilities to influence a particular issue.
4. Co-management: The objective is to invite citizens and stakeholders in a decision-making process that involves more than just one issue.

Although preliminary analysis strongly suggests that the country office staff were not actively involved in the initial stages, there has been a tremendous increase in nationally recruited Task Team Leaders from 3 in 2003 to over 20 by 2008 World Bank (2010), thus fulfilling the decision making and co-management requirement. But still, the relation between citizen participation and more inclusive models of development are uncertain. According to Robino (2009), Roodt (2001) was concerned with the way in which certain groups and individuals monopolised power and development resources at the local level, excluding other groups and from participating. Others concerned scholars include Fox and Ananda (1996); Leach et al (1999); McEwan (2005); Molyneux (2009) and Pozzoni and Kumar (2005). Therefore, the relations between decentralization and citizen participation are not necessarily straightforward although decentralization scholars regard it as a condition (necessary but not sufficient). For others, however, it is a precondition for effective decentralization. This research argues that citizen participation is necessary for implementation but that it must be implemented in tandem with all other factors affecting poverty alleviation.

This research has also not been able to ascertain whether or not the Bank took into account how the governments themselves were decentralized and whether there was a deliberate intent to create a fit with governments own decentralization programmes. This said, even if the Bank involved its national staff and their respective client governments, aligned its decentralization structures to the clients structures, there is still no guarantee that this alone would have produced better results. The development arena remains very complex and the research of appropriate paradigms will continue. Nevertheless, some paradigms have produced better results than others and whatever the World Bank's shortcomings are, decentralization was a step in the right direction but, perhaps, a more participatory approach should have been used.

The Bank also under estimated the cost of the process and the length of time it would take for concrete returns on the investments to accrue. Furthermore, some of the conventional economic assumptions do not apply to most developing countries (Robino 2009: 125) and yet the Bank seems not to have taken this into consideration.

The results of this current study show that the relationship between decentralization and poverty eradication is very complex and therefore, not every facet of this has been captured. Although there is a positive relationship proven by both theoretical and empirical evidence, the results, as stated in earlier chapters, are real but hard to measure. This does not invalidate the impact of decentralization on poverty eradication but underscores the importance of supportive and effective structure, systems, policies and procedures and cultures that translate the overall strategy into results on the ground. It also emphasises the need to look at the issues, along with all other factors affecting poverty development, particularly, in Sub-Saharan Africa. While the issues are so complex, their weaknesses and contradictions should not lead to a feeling of hopelessness but rather, that the development discourse continues in search of appropriate paradigms.

On one hand, according to Pretorius (2010), the Bank should develop multiform strategies that take into account issues such as the local knowledge base, social, psychological, and ethical issues (e.g. community profiling, group dynamics, conditioned helplessness, autonomy, dependence, responsibility), culture, education (skills development), institutional support, enterprise development, markets and trades, transport, the technicalities of environmental sustainability (soil, water, seed, peak oil, climate change) food quality and safety, sovereignty and land policies. On the other hand, Shivak (1988) Escobar (1999) and Kapoor (2004) propose how most representations, especially of marginalized Third World groups, are intimately linked to one's positioning (socioeconomic, gendered, cultural, geographic, historical, and institutional). They, therefore, demand a heightened self-reflexivity that mainstream development analysts have failed to live up to (Kapoor 2004). For instance, the policies of the Bretton Woods Institutes recommended that Third World Countries liberalise socio-economic and trade regimes without any regard to imperialism and the unequal footing on which history has often placed such countries in the global capital system (Kapoor 2004). It is, therefore, imperative that the Bank carefully examines its proposals and ensures that they are appropriate in the locality of implementation. This necessarily requires customization.

This study finds that by increasing the number of country office based staff, accompanied by the appropriate levels of responsibilities and authority, this made a positive contribution to the Bank's effective presence in the 'field', acknowledged by the clients through the Client Surveys (appendices III & IV). Despite problems with some aspects of the HR reforms, the old systems would not have been conducive for a decentralized Bank. The review and adjustment of the HR policies are underway for another reform of the policies (World Bank 2009). However, this thesis would recommend that Bank improves its consultative processes, this time, in order to come up with more viable options. Admittedly, this would a tall order for an institution that is still so highly bureaucratic despite all its attempts to be otherwise.

According to the findings of this thesis, the Bank has excellent information systems, providing real time information required to enhance the development process. There is still room for improvements but with its current one-stop-centre for operational issues, for resource management, budgeting and accounting and more recently, Client Connections which enables clients to access information in the Bank's systems, teleconferencing and audio-conferencing facilities, etc. development information is available at the touch of a button. All these systems have a great potential to contributing to the achievement of development objectives.

Although many people find the Bank's policies and procedures still very cumbersome (Client Surveys 1999 & 2003; Staff Surveys) this study highlights the various changes that have been made since the launch of the Compact in 1997. Nevertheless, the Bank's policies and procedures are still largely, based on the 'Washington Consensus'[xxiii] and proponents of the 'post Washington Consensus' like Fine (2002) – 'The development state is dead – long live social capital!', Stiglitz (1998a), Wade (2001b) and other scholars argued that despite the Bretton Woods Institutions decades of development work, well founded criticisms against their policies have mounted. The post-Washington Consensus has emerged recently as an umbrella denoting the search for pragmatic and context-specific solutions to problems of developing countries. The recent financial crisis, with its epicentre in the rich economies, has demonstrated that the whole world, not just poor countries, is developing. One feature of the new pragmatism is that industrial policy is back. But in contrast to import substitution, it is an open economy industrial policy – the objective is to increase economic openness: enhance flows of knowledge, foster productive innovation, and promote non-traditional exports. Under rubrics such as productive development policies or innovation strategies, governments in developing countries are providing public inputs, each customized and bundled to suit the needs of particular domains of economic activity, but not others (Kuznetson 2010). Other scholars like Fine (2006) and Ocampo (2004) propose that the new generations of reforms have not really solved the issues.

With regard to changes in culture, it is not clear from review of secondary data what the recorded changes were based upon. The evidence suggests that the sample which was used by the Bank to review the culture change did not include country office based staff; consequently, the results may be skewed.

In the next chapter, the researcher has examined the implementation of decentralization in Uganda as proposed in the Compact. Although there are some information gaps, there is empirical evidence to suggest that, despite the complexity paradox, there has been a positive contribution to the fight against poverty in Uganda.

CHAPTER 6

IMPLEMENTATION OF THE WORLD BANK DECENTRALIZATION STRATEGY IN UGANDA

6.1 INTRODUCTION

> I r**e**alise that the Compact represents an ambitious agenda. Some tough choices and difficult decisions lie ahead. We must keep foremost in our minds, however that our clients face everyday the massive, grinding challenge of poverty – and that we have a responsibility to assist them as effectively as possible.... the irony is that the Bank has been losing its effectiveness even as the need for a global development institution has become greater than ever (Wolfensohn 1997).

This chapter focuses on examining the decentralization strategy of the World Bank, the attendant changes in structures and systems, policies and procedures and cultures and how these were implemented in the Uganda country office. However, given that the strategy was not implemented in a vacuum, the research has provided the historical, economic, political-legal, technological and socio-cultural context that have impacted on poverty trends in Uganda. Therefore, in examining how decentralization has been implemented in Uganda, the research highlights Uganda's economic trends and the contributing factors. The research will then focus on the World Bank's decentralization programme and discuss, in detail, how the structures and system changes were implemented, particularly, the changes to matrix management and technological changes to support the strategy. The Compact envisaged changes in policies and procedures to suit the country context and this research seeks to examine the changes, if at all, existent. In this chapter also, the cultures that were proposed at the strategic level to support the decentralization strategy, will be examined.

Poverty is a multidimensional issue thus, making it difficult to deal with. In Africa, several reasons have advanced for continued poverty such as poor planning or poor policy implementation, leadership weaknesses, the calibre of African leaders and their autocratic tendencies and more recently, corruption (Mabogunje 2000: 1). The Millennium Declaration signed by over 150 heads of state partnered in a global attempt to reduce poverty. Whereas the World Bank in its Compact decided on various strategies to attempt to address poverty, decentralization being the main subject of this research, there are many factors that have contributed to the levels of poverty in the country and they can broadly be classified as historical, economic, political/legal, technological and socio-cultural. Some of the factors cut across these classifications and others cannot be adequately addressed within these classifications.

The main historical factor which is purported to have had an impact on poverty in Uganda is colonialism. Colonialism is a practice of domination, subjugates one people to another (Burke 2000), when a state claims sovereignty over territory and people outside its own boundaries (Brett 1973).

In the wake of colonialism, Uganda suffered the ill effects of neo-colonialism with the result that:

> ...foreign capital is used for the exploitation rather than for the development of the less developed parts of the world. Investment under neo-colonialism increases rather than decreases the gap between the rich and the poor countries of the world. The struggle against neo-colonialism is not aimed at excluding the capital of the developed world from operating in less developed countries. It is aimed at preventing the financial power of the developed countries being used in such a way as to impoverish the less developed (Nkrumah 1965).

Most African countries are still experiencing very high levels of poverty leading to the debate as to whether it is due to the colonial legacy or inherent inadequacies of the African societies in relation to 'modernization'. For the apologists of the colonial legacy, colonialism despite its negative effects, set the continent on the path to development by laying the seeds of intellectual and material development in Africa (Obadina 2008). Critics of colonialism contend that colonialists exploited the continent's labour and resources and impeded the economic growth of the 'developing nations' (Obadina 2008; Baran 1957; Frank 1967; Cardoso & Faletto 1979; Palma 1979; Wood 2001; Mabogunje 2002; and Pietese 2001). Cornwell (1999: 64) in referring to Austin (1982), argued that the fundamental difference between the colonial state and the post independence regimes was that whereas the former was essentially bureaucratic, the latter was ultra political thus, making the state in the twentieth century Africa a primary arena for competition, power and influence over the distribution of scarce resources.

Atkinson (1999: 24) contended that the colonial administration discriminated among citizens, creating a hierarchy of unequal citizenship which still persists to this day. This structure facilitated access to resources for some and not all, and Mustapha (2002: 153 – 154) in reference to Nigeria's 'Diversity and the Burden of History' argued that:

> In many ways, the ethnicization of power and politics is contrary to pre-colonial experience… The potential for this apparent in the pre-colonial system, was more than realised under colonialism which had the intended and unintended consequences of accentuating the divisions between different groups, and converting conflict from mere potential to a reality of everyday life….giving a lie to the notion of a state standing above society.

Other factors affecting African economies include the 'economy of affection' (Hyden 1983), institutional constraints to economic development in Africa (Mabogunje 2000; Nafziger 1997); and soft and failed states (Cornwell 1999).

Uganda during the colonial era and at independence had good economic prospects. However, due to the ensuing political and economic mismanagement after the post independence period, the country reached the brink of collapse and has since then, relied heavily on foreign aid for sustenance. Uganda has been widely considered to be one of Africa's success stories in the 1990s. Economically and politically, it was gaining as a force in East Africa and as an example of development potential in sub-Saharan Africa (World Bank, 2007; Stavlota, Nannyonjo *et al* 2006; The Uganda PEAP 2005). 'Amidst all of the fanfare', however, owing to its colonial history, its diverse ethnic mix and the brutality of previous regimes, ethnic and clan identity predominate over national citizenship and a cycle of mutual mistrust and conflict prevails (Ahrens & Lofchie 1994).

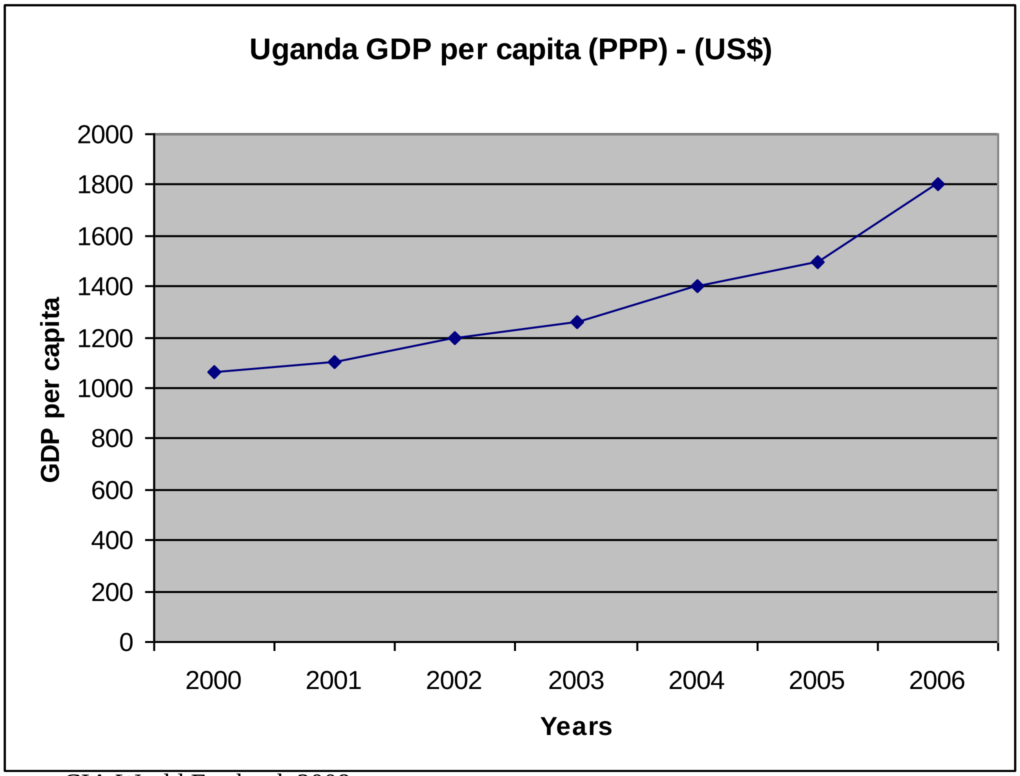
The research has established that the Compact did not address the aspects of poverty that are attributable to historical factors and neither is there any specific World Bank programme that has aimed at redressing these issues. This is an area where further research in how the World Bank might redress these issues, is recommended.

There are several economic factors which affect poverty levels in Africa in general and Uganda, specifically. However, even before analyzing these factors, there is the challenge of how to measure poverty given the large non-monetary sector which exists in most African economies. Nevertheless, the extreme poverty is undisputable and is partially, attributable to factors such as the pre-capitalist nature of African economies, terms of trade, the foreign aid burden and purportedly, brain drain.

The dynamics and different facets of poverty are so intricate such that economic issues cannot be separate and distinct from political issues and in Africa; politics has a great impact on the economy. Since 1986, Uganda has undergone dramatic political and economic changes. The most significant of these however, has been the country's economic growth. By most standards, Uganda's economic growth, since 1986, is exemplary. Brought back from the brink of collapse after years of mismanagement and plunder by successive governments and compounded by incessant political turmoil, economic growth has averaged over six percent per year over the last decade and half, with an increasing GDP (Figure 6.1) over the period of study (World Bank 2004). Inflation has declined, from a peak of over 200 percent in 1988 to about 30 percent in the 1990s, and agricultural output, the most important sector of the economy was showing signs of recovery after years of instability (Elson & Evers 1997). Despite this impressive economic record, Uganda remains one of the poorest countries in Africa with a per capita income of US$ 220 (UPPAP 2000).

GDP - per capita (PPP) is the GDP on a purchasing power parity basis divided by population as of 1 July for the same year and Uganda’s GDP has been rising over the years.

Figure 6.1: GDP per Capita



Source: CIA World Factbook 2008

.

After many years of focusing mainly on the economic factors, African governments and development partners have come to a realization that in Africa, economics cannot be divorced from the political aspects and therefore, in order to enhance economic development, the political aspects too had to be taken into consideration. Some of the political issues that have been discussed in Uganda include: governance, constitutionalism, multi-parties, electoral politics, human rights, justice, law and order, corruption, and security. The technological factors like industrialization, utility services and infrastructure, move from subsistence to commercial agriculture and the tax collection system have also impacted on the country's development agenda and so have socio-cultural factors. Some researchers argue that Uganda, like most of the other African countries, went straight from pre-capitalist states to capitalism without the prerequisite social and cultural changes that were fundamental to this move. Therefore, they contend, some of the cultural practices like the traditional gender roles, the land tenure system, and the affinity for large families, regional disparities and insecurity arising from certain cultural practices, do not promote economic development (Fukuyama 1996; Lipset, 1981; Harrison & Huntington 2000). However, according to Thompson (2001: 1), the relationship between 'culture' and 'economic development' during the past fifty years can be, and has been, viewed variably as causal, positive or relatively autonomous.

It is in the context of all these numerous factors that affect development in Uganda that the Bank's decentralization strategy in Uganda should be assessed. The strategy and its implementation cannot be isolated from the country context.

Decentralization is an evolving reform that aims to move the Bank closer to the client in order to:

1. Deliver more services to clients in an operationally effective and cost efficient way,
2. Improve timeliness and relevance,
3. Provide greater flexibility in responding to client needs,
4. Locally adapt its global knowledge and add to the knowledge base, and
5. Strengthen partnerships, including being prepared to assume leadership in donor coordination when needed (World Bank 2008).

In order for effective decentralization to take place, the World Bank model needed to focus more on delegating more authority with accountability for quicker and better results. By creating 'hubs of excellence' in Kenya and Senegal, the Africa Region pooled a critical mass of skills in close proximity to clients and increased options for staff mobility and significant productivity gains arising from shorter travel time, increased face time with clients and ability to work across fewer time zones (World Bank 2008).

In an attempt to achieve its mission of poverty eradication, through its Strategic Compact, the World Bank decentralized its operations and transferred responsibilities for achieving its development objectives to the country offices. Decentralization in the Uganda country office took the form of strategic changes which were followed by the prerequisite changes in structures and systems, policies and procedures and cultures.

6.2 STRATEGIC CHANGES

The overall goals of decentralization were meant to enable the achievement of the decentralization strategy. Broadly speaking, there were three major goals:

Firstly, increased responsiveness to clients and improved country ownership and partnerships. This was being done by: increasing the country office-based task leadership, enhancing the role of the country office sector staff in all core business products, providing country management services in country offices and providing fiduciary services from the field. The decentralization process devolved the power that was previously vested in Country Directors, mainly based in HQ to Country Managers, based in the country offices. This enhanced dialogue with the government and improved the decision making process further enhanced by the fact that many of the Country Directors relocated to the country offices (World Bank 1999 & 2001).

Secondly, better integration of global and country knowledge by: creating joint team of internationally recruited staff and locally recruited staff for task execution, managing country office staff as a regional resource and re-aligning the presence of such staff in country offices based on sector/client needs (World Bank 1999 & 2001).

Thirdly, maintaining the cost-effectiveness of Bank Group support by: customizing regional decentralization actions and goals to allow for flexibility in decision-making, strengthening monitoring of progress and management of cost and obtaining feedback on outcomes to ensure balance among goals (World Bank 1999 & 2001).

The customization of the regional decentralization actions, which were meant to maintain the cost-effectiveness of Bank Group support were driven by Washington and the researcher has not been able to establish any active participation by Uganda country office based staff. The Uganda country office decentralization indicators are detailed in Table (6.1) below:

Table 6.1 Decentralization Reports for Uganda FY05-09

Indicators	FY05	FY06	FY07	FY08	FY09	FY09vs FY05
Deconcentration of GE+ staff LRS/IRS staffing ratio in CO	4.50	3.40	3.6	2.71	2.7	-1.79
Devolution of work LEN+SPN+ESW sws in CO	24.38%	29.57%	24.38%	32.47%	37.70%	7.26%
Delegation of authority LEN+SPN+ESW tasks managed in CO	11.6%	25.89	16.40%	17.92%	13.82%	2.23%

LEN – Lending, SPN – Supervision, ESW – Economic and Sector work, IRS – Internationally recruited staff, LRS – Locally recruited staff, CO – Country Office.

Source: Controllers' Strategy & Resource Management, based on system generated data, 2009

The physical shift of staff was accompanied by a progressive delegation of authority and responsibility. This deconcentration is demonstrated by the decrease in the Locally Recruited Staff (LRS) ratio to Internationally Recruited Staff (IRS) (Table 6.1), although in absolute terms, the LRS numbers also continued to grow (the figures do not take support staff numbers into consideration and the numbers of the Administrative Client Support (ACS) staff is a direct ratio of the 'professional' level staff). The problem with this model was that the IRS, mainly originated from HQ and when they did leave, their positions in HQ were not eliminated, thus increasing the decentralization costs. The other issue that also arose at the beginning of the process, but has now been resolved was that local staff did not have the opportunity to compete and obtain the international positions without having to have worked in HQ. It is now possible to become an IRS member in another office directly from another country office or even through external recruitment (World Bank 2009).

Progress has been made not merely in terms of deconcentration of staff from the centre, but decentralization through location of work and delegation of authority and decision making (Table 6.1). However, significantly more progress has been made in decentralizing staff (7.26% in comparing FY09 to FY05) and work more than authority (2.23%), as demonstrated by the lower proportion of tasks managed in country office, compared to either the proportion of staff based in country offices or of staff weeks spent by country office-based staff on operational tasks (World Bank 2009).

The decentralization strategy necessitated changes in the structures and systems that were more supportive in the achievement of the new directions the Bank had elected to pursue.

6.3 CHANGES IN STRUCTURES AND SYSTEMS

> I am hopeful that one day the Bank will live up to its reputation as a truly global Bank that gives equal opportunity to its staff, and that it will start walking the talk on decentralization (Sellen 2010).

At the beginning of the decentralization process in 1997, the Uganda Field Office had twenty-one staff members consisting of nine operations staff and twelve support staff. The operations staff was not specialized in sectors but combined two or three sectors and they did not have appropriate levels of decision-making authority. The position of Health Specialist as that of the Financial Management Specialist (responsible for ensuring compliance with financial management policies by government projects) and Procurement Specialist (ensuring compliance with procurement policies), did not exist (Okiria 2000).

Prior to the change to matrix management, the World Bank had tall bureaucratic structures. The current matrix was conceived in 1997 and had undergone modifications in order to ensure an appropriate fit with the changing client environment. In this matrix, sector staff report to the Country Manager in Uganda and to the Sector Managers based in Washington. Apart from the Administrative Client Support (ACS) and non networked staff who report only to the Country Manager, all other staff have dual reporting relationships as elaborated in the matrix, discussed in chapter 3.

By June 30, 2004, the staff mix in Uganda consisted of four internationally recruited staff and thirty-one national staff. There were also fifteen recruitments for national staff underway for the financial year ending June 2005, and by end of calendar year 2008, over sixty staff positions and several other recruitments were underway. The staff composition diversified to include staff seconded from other donor agencies.

However, the staff members of the World Bank, Uganda inclusive, contend that the matrix does not work and this is due to too many reporting layers and too many different managers. All the numerous layers of managers, all making decisions on budgets, strategies and projects ultimately leading to dispersed decision-making and accountability. The fundamental problem, the evidence suggests is one of span of control. The matrix does not work in part because it:

1. diluted accountability, by creating new roles with unclear 'bottom line' responsibilities (which in turn generates confusion as to what the responsibilities of existing roles really are), and even less clear ways to empower those in such roles;
2. fostered the creation of many niches/initiatives competing for resources in a flat-budget environment, and having, in many cases, difficulties in generating added-value to the Bank's mission;
3. enticed very capable operational staff to move out from the front line to positions in the additional (usually quasi-) management layers; and
4. crowded out from high-priority tasks on busy staff agendas, topics such as quality of Bank operations, quality of policy advice, and knowledge management (World Bank 2010).

In the beginning, the matrix worked fairly well because Country Directors (CDs) had fewer countries and met directly with the Country Teams working on their countries. Country Team members all knew each other and were an active part of the CAS and budget discussions. Frustrations have mounted along the decentralization course and one staffer even commented in a World Bank blog:

> I think we are being too kind to the concept of matrix management, which is fundamentally flawed. It does not merely merit a review; it deserves to be abandoned completely. We should return to the unitary command structure that we had before the matrix was introduced (World Bank 2008).

Hofman 2010 asks,

> What factors have driven the World Bank to become such a complex, cumbersome apparatus where so much time is spent with internal processes, sometimes surpassing the amount of client interaction and leaving only a small fraction of time and resources for delivering the top notch technical expertise the Bank is committed to? If it were client demands for more checks, controls, layers etc. then, the Bank cannot but continue being complex and (sometimes) convoluted. If the majority of clients and partners, however, are as confused as many Bank staff by the Matrix, then the case for upholding this system is hard to support.

Despite all the attendant problems, the matrix structure is considered by some to be vital to separate the responsibilities for development effectiveness (i.e. knowledge) from development efficiency (i.e. lending). Closeness to the client, including good personal relations, continuity of key staff presence, and speedy responsiveness are paramount principles of operations. To further enhance the decentralization process, members of the Administrative and Client Support (ACS), group were contracted to individual sectors in a formalized cross support work agreement where these staff were expected to be full members of the sector families. Prior to decentralization, the ACS staff was mainly providing secretarial services. However, their work content changed with decentralization and they took on a more assistant to the operations function role (Okiria 2000).

To an outsider, this looks great. It connotes empowerment of country office staff, in particular local staff. Also, it suggests that operational decisions are being made quickly and locally, as opposed to suffering the bureaucratic delays in Washington, exacerbated by the 10-12 hour time difference. Daniel Sellen in his World Bank blog March 24, 2010, says that there is no doubt that decentralization has brought more positive developments to both the Bank and the client countries and has, in fact, brought the Bank closer to its clients. Unfortunately, he contends, this process has happened at the expense of country office Staff, particularly locally-recruited staff (LRS), who have had to bear much of the work and responsibility, sacrificing their work-life balance, without the necessary reward and incentive systems being put in place. Many LRS manage tasks, are overwhelmed with the demands coming from the government counterparts, and have the same or equal responsibility and accountability as internationally-recruited staff (IRS). While the pace of the Bank's decentralization has been unprecedented, the pace of the Human Resource

Department to adjust to this new reality is considered to have been quite slow and has been a big disappointment. The staff of the Uganda country office, have in several staff meetings, reiterated this position.

In a meeting held in November 2010 to discuss the compensation package, the Uganda staff reiterated their appreciation of the decentralization strategy and affirmed their commitment to it, recognizing that it is fundamental to delivering the Bank's mission in the current century. However, the bone of contention was the HR policies in general and specifically, the compensation package. The staff argued that the HR policies had been out-paced by the decentralization agenda, leaving the LRS, overworked and inadequately compensated in comparison to their internationally recruited counterparts.

This current research finds that benefits, career development and opportunities remain an elusive dream for most LRS. Simply put, the enormous amount of responsibility and accountability given to LRS resulting from decentralization has not been matched by the Bank's reward and incentive systems. Many years after decentralization has taken place, LRS, to this day, are still talking and dreaming about career development, cross-country and cross-regional exposure, educational benefits.

Although the impact of this continued internal discord on the delivery of the decentralization strategy may be hard to measure in real terms, there is no doubt that it has a detrimental effect on the delivery of services to the clients. In response to this debate, the Bank has proposed the 'Global Bank' decentralization initiative which proposes three options that have been studied for feasibility including: extending the current 'hub and spoke' model; decentralizing to regional or sub-regional hubs that complement country offices; or decentralizing to fewer but larger offices in strategic locations that complement country offices (World Bank 2010).

While grappling with 'soft' people issues, the Bank has made better progress with its 'hardware' - knowledge and information technology strategies. Better access to information is a prerequisite for a more decentralized Bank thus, the knowledge strategy for the World Bank formed a core element of the internal reform agenda. It was closely integrated with operational improvements to the matrix, work on decentralization options, Human Resources (HR) reform, Information Technology (IT) renewal, Investment Lending (IL) reform and results agenda. There are clear linkages among the internal reforms. For example, effective decentralization must be accompanied by knowledge management reform to keep decentralized staff abreast of global developments, and improvements in the matrix are needed to increase the flow of staff and knowledge across regions and networks. The causality runs both ways. By locating staff closer to clients, decentralization supports investment lending (IL) reform and the deepening of country-level tacit knowledge. IT reforms increase connectivity and knowledge capture and retrieval, which are crucial to enhance knowledge services and realize the full benefits of a decentralized Bank (World Bank 2008).

Technology innovation is a rapidly changing environment. As the pace of the World Bank Group's business innovation is accelerating, Information Management and Technology changes will need to be at the heart of the proposed solutions. According to industry experts, the pace of technology innovation is projected to continue to accelerate rapidly. The scale and scope of these changes will have broad and far-reaching impacts on the Bank's business model.

Through the Strategic Compact and the Cost Effectiveness Review in 1999, the leadership of the Bank called for the comprehensive renewal of the information systems to play a vital role in realizing the vision of a stronger, more effective World Bank: able to deliver higher quality services to the clients, more rapidly, at lower cost, and able to easily share development knowledge and expertise with partners and clients through a global network (World Bank 2001: 13). Overall, the information systems renewal was envisaged to provide:

1. Higher quality services,
2. Faster speed with clients access to the Bank's knowledge being accelerated and transaction costs reduced,

3. Best practice with the Bank leveraging its comparative advantage in providing international best practice,
4. Further decentralization with a better knowledge management system facilitating geographical dispersion,
5. Stronger capacity building with genuine partnership being facilitated through the sharing of knowledge with clients and stakeholders,
6. Better incentives for excellence*:* with knowledge generation and dissemination at the center of the Bank's development role,
7. Greater development impact: all of the Bank's products and services will benefit in terms of better information and analysis, design, implementation and feedback.
8. On-line communities with an environment for diverse individuals and groups concerned with economic development to exist side by side (World Bank 2001).

While investments in knowledge management would facilitate internal and external access to development knowledge, the information systems renewal was envisaged to enhance interconnectivity and consolidate internal management information systems. Bank staff and stakeholders have found that relevant information was, generally, too difficult to find. Informed decision-making requires confidence in easily verified sources of data. Bank staff expected to be able to easily sort through information sources and identify relevant experience that could be applied to new challenges, including contacting colleagues who could provide context and current thinking related to formal reports. Business risk managers also expected access to information to be provided in a manner whereby all official records relevant to fiduciary, legal, and social responsibilities were fully captured and appropriately disclosed (Acuc 2009).

When the Bank decided to create a 'one-stop-centre', replacing over 65 systems, with SAP, for the renewal of its information systems in response to the Compact, the change agents called for 'Renewing the Way We Work'. The Bank introduced integrated systems and data management meant to address the business needs of administrative and financial systems and operations businesses processes (World Bank 2001).

The new Operations Procurement System was implemented in FY00 to help task teams facilitate procurement planning and monitoring. Its introduction was accompanied by training and the establishment of a task force on disbursement and procurement issues to identify and mitigate causes of disbursement delays. During FY01, the new system was modified and simplified in response to feedback from the Regions, and training continued throughout the year. Further development and simplification of the system, such as e-documents submission was in progress, and integration of implementation completion reports and a database of complaints from bidders were planned for FY02 (World Bank 2001: 27). The ‘Operations Portal’ provided task teams with an integrated web-based workspace to simplify day-to-day project management. At its rollout, only lending products were available on the Operations Portal and step-by-step process support provided by the Roadmap was available but additional product lines were to be added gradually. The Operations Portal provides task teams with an integrated workspace that can be used to simplify day to day project management. The staff of the Uganda country office confirm that the availability of this one-stop-centre has, greatly, enhanced their ability to deliver results to the clients by reducing time spent on obtaining data and overall simplification of day-to-day business (World Bank 2001).

World Bank staff and stakeholders have found that increasingly complex deliverables and processes require more collaboration and coordination globally. Geographically dispersed staff work on several products at different points in the business process, while expectations remain that project collaboration support will include guidance on official processes and automatic work flow around key documents. Effectively leveraging global development expertise requires facilitation of communications among communities of practice. Effective collaboration with external experts, clients, and partners across organizational boundaries is a key requirement, accompanied by provisions for access control based on authorizations, which also requires support for changes in organizational culture and incentives (World Bank 2008).

Collaboration tools are a relatively new technology with new business models and a different model of information ownership. Current collaboration patterns in the Bank focus primarily on email circulation, one of the most widely used collaborative tools. Videoconferencing of meetings is widely used in the Bank and to a limited extent audio conferencing. There is limited use of text messaging (World Bank 2008). The global communication networks such as the ‘DAMA’ has reduced communication costs and enables all offices world-wide to communicate easily and at affordable costs. There are increased usage of audio and video-conferencing being carried out at the Bank's office in Kampala, with government officials and donor partners and other parties across the world. At the introduction of the Compact, the office did not have any video-conferencing facility but it now has four facilities and audio-conferencing can be done by all the staff, right at their desks.

The administrative systems such as time and leave recording, travel authorization and reimbursement, critical financial business processes for loan disbursement, payment of staff and consultants, 24X7 availability of IT services and help desks are all real time and accessible from any Bank office, worldwide. All managers are provided with black-berries, the security management team with cellular phones, home internet connectivity, VHF radios and satellite telephones. Hardly any of these technological advancements existed in the first phase of the implementation of the decentralization strategy. Bank staffs rely, daily, on their desktops and notebook computers, phone systems and applications such as email, intranet and Microsoft applications.

The Bank also offered prepaid e-learning courses such as Bank Operations and Harvard Business Online, available to all staff at all levels. This use of technology was instrumental in leveraging and enhancing the Bank as a 'Knowledge Bank.' The World Bank committed itself to becoming a 'global knowledge bank', using knowledge to improve the development effectiveness of its work (World Bank 2001).

The Integrated Records and Information Service (IRIS) electronic filing system was introduced to move the organization to paperless filing and it was also envisaged to enhance the accessibility of documents by all relevant groups which would reduce the problems that had continuously been experienced with the manual filing and retrieval system. Furthermore, the speedy development of the SAP/World Bank software package was a major achievement resulting in the Bank having an enterprise-wide system that is available real time and in a transparent manner, globally. However, its operationalisation proved difficult at the beginning resulting in a longer and deeper 'performance dip' than was anticipated (World Bank 2001: 32-33).

The changes in technology were crucial because now all staff in decentralized locations had access to the same information which had previously been centralized. In 2008, the Bank also created 'Client Connection' a secure website that offers government officials and project implementing agencies quicker access to information about their portfolio and the Bank's country analytic work. Bank staff and stakeholders found that increasingly differentiated client base required global solutions customized to local conditions. A premium on speed of response through close proximity to clients and access to cutting edge global knowledge and skills requires anywhere, anytime information access to enterprise knowledge bases. Partnership and stakeholder engagement required connecting practitioner knowledge from internal and external sources. The focus on country dialogue and the Bank's 'convene and coordinate' role also leverages geographically dispersed teams. Bringing new staff up to speed quickly requires standard global operational processes that are easy to learn. This enhanced the decision making capability thus, providing real time response to the clients on the ground (World Bank 2009).

Additionally, Bank staff and stakeholders have found that they must manage reputational risks that may affect the Bank's credibility in the development and crisis response arenas, while managing financial risks through IT systems that are the 'point-of-proof' for demonstrating compliance with audits, fiduciary ratings and industry certifications. It is also imperative to manage the information security risks associated with new broadly decentralized information technologies like websites, while ensuring there is secure access to information anywhere, anytime without restricting innovation, collaboration, or transparency (World Bank 2009).

The Bank's Information Management and Technology (IMT) department recognised the need to balance rapid innovation with imperatives of security, business continuity, information management and transparency. Additionally, it needed to extend business continuity beyond decentralizing the Bank's data centres and functionality of country offices, while retaining key IT knowledge and control of key business systems through careful sourcing and succession planning. The institution proposed to develop an information authorization framework to better balance reputational risks with growing expectations of open information access, while retaining focus on ways to leverage IT for staff personal safety and security on a global basis. From both the technology and business perspectives, there is a need to refine the Bank's ability to quantify measure and consolidate risk and technology can help (World Bank 2009).

According to this research's findings, the comprehensive renewal of the information systems strengthened and made the Bank more effective in the delivery of its products and services by providing the clients with relevant and timely development knowledge and expertise required to enhance the fight against poverty through the global networks. The findings also confirm studies by Edwards (2002); Olugbode, Richards and Biss (2006) et al, proposing that information systems, when properly aligned with the strategy, contributes to an organization's achievement of its objectives.

However, there is no documented evidence on the extent to which technology has enhanced the decentralization strategy in Uganda but, nevertheless, preliminary research indicates a strong positive relationship which can be explored further during a primary research thus, providing an opportunity for further research.

The Compact apart from changes in the structures and systems, also introduced several supportive policy and procedural changes which will be discussed in the next section.

6.4 POLICIES AND PROCEDURES

Preliminary research demonstrates that the Bank had indeed simplified its procedures in order to be more responsive to the client. The Bank has modified its procurement and operational manuals in a bid to simplify its procedures. Procurement guidelines were now much more simplified and transparency in the implementation process has been enhanced.

With regard to drug procurement for instance, previously, the Bank's rules insisted on international procurement of vendors regardless of whether or not they were registered with the Uganda National Drug Authority, blatantly ignoring the country's rules. Consequently, when a non- registered vendor won the bid, it would take up to six months to obtain registration. The Bank subsequently amended its regulations to adhere to the Government's regulations (Okwero 2000).

The Bank's assistance programme to Uganda is now delivered through both Investment and Development policy Loans/Credits. In FY04, for instance, the portfolio was made up of four types of Investment Loans/Credits:

1. Specific Investment Loan/Credit (SIL)– 14 projects (or 64% of the number of projects in the portfolio),
2. Adaptable Programme Loan/Credit (APL) – 4 projects (Roads Development Programme, Roads Development Programme Phase 2, Energy for Rural Transformation, and HIV/AIDS Control Project),
3. Learning and Innovation Loan/Credit (LIL) – 1 project (Makerere Pilot Decentralization), and
4. Technical Assistance Loan/Credit (TAL) – 2 projects (Second Economic and Financial Management Project and Road Sector/Institutional Support) (World Bank 2004)[xxiv]

Investment Loans/Credits accounted for about 81-100% of total Bank lending to Uganda compared to 75-80% of total Bank lending. The Adjustment Loans/Credits accounted for 0-19% of total Bank lending to Uganda compared to 20-25% of total Bank lending. Uganda is one of the countries with the longest experience with the Poverty Reduction Support Credit (PRSC). Lending through PRSC has increased from 42% of total IDA lending and grants to Uganda in FY01 to 79% in FY04. Of the credits and grants approved so far in FY05, budget support accounts for about 46% of the total (Uganda Country Portfolio Performance Review 2004: 29).

The purpose of a Country Portfolio Performance Review (CPPR), which is carried out on a three year cycle is to:

1. Learn from implementation experience to improve both the implementation of the existing portfolio and the quality of projects entering the portfolio;
2. Reinforce borrower ownership of Bank-financed projects;
3. Provide input into the design of the future Assistance Strategy; and
4. Ensure the continued relevance of projects in the portfolio for sector strategies.

By 2005, the Bank's portfolio in was among the largest in Africa; fourth after Ethiopia, Tanzania and the Democratic Republic of Congo. The US$886.9 million portfolio commitment was the most immediate instrument for the Bank to achieve impact on the ground that it sought in Uganda. The portfolio was also one of the mechanisms of implementing the Bank's Country Assistance Strategy (CAS), the latest CAS having been built upon the country's own Poverty Eradication Action Plan (PEAP)/ Poverty Reduction Strategy (PRS), as envisaged in the decentralization strategy (World Bank 2005). Official Development Assistance (ODA) increased from US$192 million in 1986 to US$1.79 billion in 2009. Relative to GDP, total ODA to Uganda stood at 5 percent in 1986, peaked at 25 percent in 1992, and averaged 14 percent from 2004 to 2008 (World Bank 2009).

The CPPR 2004, unlike the previous CPPRs, put special emphasis on results on the ground. This enabled tracking of records of Bank-assisted projects/programmes in Uganda, how the Bank could best contribute to outcomes, and how to leverage the ongoing portfolio to achieve intended outcomes. This change in policy and process enabled the tracking of Bank projects in Uganda focusing on their outcomes, sustainability, and institutional development impact. The CPPR review also includes establishing whether or not projects meet their objectives, their sustainability, creation of institutional capacity, how the Uganda Government performed in terms of project preparation, implementation and compliance with covenants, the Bank's performance at project's entry into the portfolio and during supervision and how well Uganda had done vis-à-vis Africa Region and the Bank (World Bank 2005). The Bank also analyzed the extent to which the portfolio was consistent with Government's PEAP/PRS, checking for responses in development priorities of the government as reflected in the PEAP or whether amendments were required to make some projects in the portfolio more relevant (World Bank 2005).

The CPPR (2004) also assessed the consistency between actual Bank lending programme and the Bank CAS for Uganda. This is done in the context of the country's longer-term strategic goals (PEAP), to which the Bank's CAS was aligned. Later CPPRs also continued to monitor this (World Bank 2005, 2008). The Poverty Reduction Support Credits (PRSC) was the principal instrument to deliver the strategy. The PRSCs incorporated PEAP targets, and they evolved over time as the strategy was executed and they were later, found to be consistent with the Millennium Development Goals (MDGs) which were introduced after the PRSCS (World Bank 2005; 2008).

The Bank's Lending Strategy, as promised in the Compact, was an emphatic shift from 'business as usual,' conducted primarily through the Ministry of Finance. The Bank focused significant effort in engaging spending ministries and civil society in the development effort and shifting lending modalities to 'disburse against progress in policy and institutional reforms.' PRSCs were, implicitly, the default lending option, with self-standing projects restricted to 'capacity building and infrastructure investments directly targeted to poverty alleviation and private sector development,' and where institutional strengthening was needed for improved service delivery. Programmatic and project lending were to be supplemented by a second-phase social fund, as well as sectoral operations in local government reform. Migrations to programmatic lending through PRSC instrument were fairly successful.   The choice of this lending instrument was consistent with the GOU's preference for donor funding through budget support (World Bank 2005).

However, there were and still are, several issues that have been found to be a constraint to implementation:

1. Delays in project start-up/effectiveness,
2. Inadequate public capacity and institutions,
3. Weak GOU-donor coordination/high transaction costs,
4. Weak procurement management/delays and costs,
5. Weak financial management/audit delays,
6. Shifting towards an integrated donor programmes reviews process,
7. Inadequate counterpart funds, and
8. Uncoordinated monitoring and evaluation/multiple reporting requirements (World Bank 2005, 2008, Bing Li et al 2005).

In order to address these problems, the 2004 CPPR, in the spirit of being more responsive to the client, proposed streamlining effectiveness conditions, involving parliamentarians in project preparation instead of bringing them on board at the end of the process, aligning

Government project preparation timetable with that of IDA and harmonizing negotiations with parliament approval. Now, projects under preparation have fewer conditions of effectiveness which are mostly related to financial and procurement management capacity and other issues related to preparedness for project implementation. However, Parliamentary approval has continued to delay effectiveness of projects. It still takes about six months from the date of approval to effectiveness (World Bank 2005: 2007). In an attempt to address this issue through more interactions with the Bank, Ugandan Parliamentarians are now involved earlier in World Bank-financed projects, a key measure that strengthens the dialogue and engagement between the World Bank and Members of Parliament. In a pilot programme announced in December 2007 the Uganda Country Manager promised the Parliamentarians access to World Bank teams, with Government counterparts, to brief parliamentary committees periodically on topical development issues and Bank-supported projects (World Bank 2007). At the launch of the Parliamentary Network on the World Bank - Uganda Chapter (PNoWB - Uganda Chapter), on December 13, 2007, the Country Manager said 'These important steps will not guarantee that we agree on every point but that we will take time to listen to each other and understand each other better' (World Bank 2007).

Another area of concern was inadequate public capacity and institutions, particularly, the shortage of qualified staff, especially, in the Local Government and community capacity structure. The Bank, consequently, focused on GOU capacity building and institutional development/strengthening as well as improving incentive structure. The GOU also took some actions to improve capacity in procurement and financial management (World Bank 2005).

Problems/weaknesses associated with GOU/donor coordination were fragmented systems for general supervision, financial management, procurement, disbursement and monitoring and evaluation. This was addressed by strengthening the capacity of GOU for coordinating donors, develop and disseminate guidelines on financial and procurement procedures to Local Governments and streamline donors' modalities for audit/procurement/reporting requirements for Local Governments and joint supervisions.

The problem of fragmented approaches to financial management was addressed through Country Integrated Fiduciary Assessment (CIFA) process which was one of the first exercises by Development Partners and the Government to adopt an integrated and holistic approach to the assessment of Public Financial Management (PFM) (World Bank 2005).

With regard to procurement management, several weaknesses were identified. These are lack of clarity regarding procurement procedures; low approval thresholds; weak capacity in ministries; delays in tax inclusive contracts under donor financed programmes, higher costs of works, services and goods; weaknesses related to capacity in the Bank's country office and delays in Bank clearances. To rectify these problems it was agreed to distribute procurement procedures to line ministries, build capacity of both procurement committees in ministries and country office, and provide technical assistance in reviewing, streamlining and rationalizing tax treatment under donor programmes. Subsequently, actions were taken to improve capacity in procurement, culminating into the Public Procurement and Disposal of Public Assets Authority (PPDAA) which was established under the new Procurement Act and the Central Tender Board, which had been rife with mismanagement and corruption, was abolished (World Bank 2005).

The legal and regulatory framework governing public finances was enhanced through the enactment of the Public Finance & Accountability Act (2003). Capacity building was also carried to improve the accounting and audit profession and their contributions to the public sector management (World Bank 2005).

There were a number of inefficiencies and inconsistencies arising from the existence of different evaluations of donors' programmes. This was corrected through the development of mechanisms for improving GOU-donor coordination and joint country portfolio review by donors, especially on cross-cutting issues. Progress made so far includes the coordination mechanisms developed by GOU and donors, culminating into the Uganda Joint Country Assistance Strategy (UJAS) which was an additional mechanism for donor harmonization (World Bank 2005). However, beyond the period of study, this research established that due to too many problems arising from the UJAS, the World Bank reverted to its CAS programmes (World Bank 2009).

On counterpart funds, the key issue identified was untimely counterpart fund releases for IDA-funded projects, especially at district level. To correct this, the Government, with development partner agreement, makes provisions for counterpart funds in sectoral ceilings (World Bank 2005; 2009). In spite of these provisions, this research finds that the issue of counterpart funds is still being cited as impeding project implementation for the few projects that the Bank still supports. The concept of 'In-kind' Counterpart Funds contribution is now being accepted under IDA-assisted projects such as Northern Uganda Social Action Fund (NUSAF) and Local Government Development Programme (LGDP), and IDA is considering flexible approaches to the problem including a higher percentage of project costs and financing of taxes (World Bank 2005; 2009).

Prior to the Compact, the World Bank's overall approach to procurement was designed for traditional investment projects, which generally consisted of a limited number of large contract packages. The Bank relied primarily on the procurement skills of engineers with experience in implementing infrastructure projects (World Bank 1997 & 2005; Kayani 2005 & Olowo 2006). In 1997, the Strategic Compact identified procurement as one of the core functions that needed improvement. In addition, a growing recognition of the pivotal role procurement plays in implementing an effective anticorruption agenda had brought about a new emphasis on procurement as an element in public sector management. All of these factors indicated a need to strengthen the Bank's procurement function. Thus, the Bank set out a reform strategy in 'The World Bank Procurement Function—Adjusting to Emerging Needs', which was discussed by the Executive Directors during a Board seminar on November 20, 1997 with the aim of:

1. Improving the efficiency of fiduciary oversight;
2. Implementing a more systematic approach to help clients improve their national procurement systems; and

3. Building internal capacity to successfully discharge such responsibilities (World Bank 1997).

Although progress was made, the Bank's efforts, since 1998, to strengthen up-front procurement project work, develop risk assessment instruments, strengthen the Bank's procurement capacity, and the Bank's ability to fulfil its fiduciary obligation through prior review of procurement important, challenges remain—in the areas of compliance, promoting effective procurement systems in client countries, and building capacity within the Bank (World Bank 2002).

The 2007 Country Policy and Institutional Assessment (CPIA) rates Uganda's PFM systems at 4.0 for, higher than the average for all IDA borrowers (3.2). Several PFM reports for Uganda have noted the substantial progress in improving Public Financial Management (PFM) systems. In recent years, Uganda has been rated consistently as being above the average for Sub-Saharan Africa. Uganda's legal framework for PFM is highly developed. Major improvements have been made in budget classification, budget formulation, improving the credibility of the budget and minimizing overall deviations, making the budget more in line with agreed strategies and policies by adopting a medium-term expenditure framework (MTEF), successfully implementing the Oracle-based Integrated Financial Management System (IFMS) across the whole of central government and several local governments, and external audit (World Bank 2008).

It is argued, therefore, that the Bank, in partnership with other development actors has instituted and implemented viable changes in policies and procedures which can contribute, significantly, to poverty eradication in Uganda. However, one of the greatest challenges is in implementation, which is the responsibility of the Government and its citizenry. Many factors have been cited as reasons for persistent implementation failures including: lack of capacity (despite so much funds being spent on capacity building), lack of political will (regime maintenance by 'illegal' beneficiaries), et al. Without these issues being addressed, the benefits envisaged by the Compact will not be fully realised.

Table 6.2 below shows the performance of both the Bank's and Government's policies and procedures during the period 2006 to 2009. The Uganda Country Assistance Strategy (CAS) supports the country's Poverty Eradication Action Plan (PEAP) and the information below shows areas requiring improvements on both the parties' part.

Table 6.2: Bank and Government Performance during Uganda CAS Implementation, FY2006-09

What did the Bank do well?
• Quality and impact of analytical work: ESWs (CEM, PERs) had significant impact as evidenced in policy priorities of GoU and in subsequent lending operations. • Supporting government reforms; sector dialogues led to reforms in some sectors (e.g. in roads, education) but not in other sectors (e.g. health, agriculture). • Using PRSCs to address policy reforms with cross sectoral importance. • Post conflict development: the Bank played an important role in supporting GoU with post conflict rehabilitation of northern Uganda. • Portfolio performance relatively good and disbursements higher than the Africa region average.
What did the Bank not do well?
• Limited results focus: the Bank elaborated a joint assistance strategy in the spirit of the Paris Declaration, but the CAS was of limited operational value because of the weak results framework. For example, indicators were often irrelevant to planned Bank interventions; targets were too ambitious; data for indicators was not available or not observed frequently enough to measure progress; or change in indicators could not be attributed to Bank interventions. • Limited selectivity: the Bank was engaged in almost all sectors of the PEAP, alignment with Government strategy does not imply that the Bank needs to have an active lending portfolio in all areas. • Limited focus on the governance agenda: the Bank lacked a clear focus for interventions o address governance challenges and did not make much progress on advancing public service reform, good governance and accountability.
What did the Government do well?
• Maintenance of stability and growth; the Government managed to maintain macroeconomic stability and continuous growth with prudent fiscal policies. • Realignment of budget priorities towards infrastructure, in line with CEM and PER recommendations. • Suggesting and pursuing policy reforms in complex areas, including the roads and energy sectors. • Effectively achieved stability in northern Uganda.
What did the Government not do well?
• PEAP as a planning tool: the Government did not use the third PEAP as the central • framework for policy making, budgeting, implementation and review in the CAS period. • Limited results focus; no clear results framework to measure progress of PEAP implementation. • Implementation challenges: lack of effective coordination and clear division of labour between main actors (MoFPED, OPM, NPA) led to weak implementation of the PEAP. • Inequality; the Government did not adequately address inequality, as evidenced by poverty • headcounts in the north and northeast. • Effectiveness delays were a recurrent problem during the CAS period, mainly due to long parliamentary approval processes and lack of sufficient consultations between the Bank, relevant Government institutions and Parliament.

Source: World Bank 2010

The Bank also changed its culture to be supportive of the decentralization strategy and the next section sought to establish what these changes were in the Uganda office.

6.5 CULTURE CHANGES IN THE UGANDA COUNTRY OFFICE

The Bank needs to find a better balance between the hardware of change (strategy, structure, process, systems) and the software (culture, behaviours, mindsets, management, and leadership) (World Bank 2003). Given the formidable task of changing the Bank's culture, and the interdependent nature of hardware and software, the software does seem to have received a proportionately low amount of attention, discipline, measurement, reflection and resources. The contention is that many of the transformation's limitations result from a tension between the mindsets and behaviours required by change designs and vision, and the existing culture. This is especially true of managers: they have three demanding if overlapping change roles: modelling new behaviours, communicating change to their staff, and coaching their staff to help them develop the new behaviours themselves. Few come fully equipped for these tasks, and little was done, except through the Coaching Programme, partially by EDP and on a small scale by LDG Leadership Partnerships, to help them develop these competencies (World Bank 2003).

The cultures of client focus, pragmatism, innovation, listening, teamwork, professionalism, trust and focus on results, that the Bank actively sought to enhance, were adopted by the country office in the move to fulfil the goals of decentralization.

Client focus was fulfilled through the creation of strong Country Directors (CDs) and relocation of functions and staff to the CO. James Adams was the first CD for ‘Country Department 4’ (Uganda and Tanzania) based in Tanzania. The presence of the CD in the Region enabled the office not only to respond more quickly to the issues in country but also to have a better understanding of the client’s country specific needs as attested by the clients themselves in the Client Surveys (1999 & 2003) (appendices III & IV). Adams, later led a Bank-wide move to focus more on pragmatism from a previous culture of perfectionism in the ‘over processing’ of official documents. The Surveys also revealed that according to the clients, the Bank had improved in its listening skills from a culture of arrogance and they were using the country's systems (the donor partners have played a major role in strengthening of these systems) more.

The 1999 Survey, however, revealed the clients' dissatisfaction with the Bank's ability to adapt its knowledge to the Uganda's needs, including involving the participation of beneficiaries and local project experts and respect for local culture. The 2003 Survey did not show a marked improvement in these areas. Participatory development assessment has been more concerned with 'efficacy' and 'efficiency' in general. It has been attributed to the implementation of participatory methodologies (Possoni & Kumar 2005). But the evidence on the development effectiveness is mostly anecdotal and rigorous evaluation studies are lacking (Robino 2009).

Review of secondary data has not revealed the following aspects of cultural change in Uganda country office and this presents an enormous information gap requiring further research:

1. Risk aversion vs. innovation,
2. Individualism vs. teamwork,
3. Patronage vs. professionalism,
4. Fear vs. trust, and
5. Focus on process vs. focus on results

6.6 CONCLUSION

There is a renewed emphasis on the need to undertake decentralization reforms and to enhance participation in development and this has gained momentum in the most influential development institutions, multilateral and bilateral donors, developed and developing countries government, Non-Governmental Organizations (NGOs) and research institutions (Robino 2009: 15). The definition of decentralization and participation are a contested field and important debates have been held among development practitioners and scholars on these topics. Participation has been described as a means and an end: as a means to improve policies or project effectiveness, efficiency and sustainability (Robino 2009: 16).

The decentralization reforms in the Bank have taken place but these processes, have been neither participatory and democratic nor, inclusive (Blackburn 2000; Grindle 2007; Johnson 2001; and Robino 2009). Some degree of country office participation is a pre-condition for effective decentralization although some may argue that participation and decentralization have a 'symbiotic relationship' (Litvack et al, 1998).

Frequently, decentralization reforms have implied more responsibilities but not more resources and power and Uganda country office's case as it is in the rest of the country offices, the locally recruited staff (LRS) compensation has not responded to these changes, resulting into an inevitable friction between LRS and management, and LRS and internationally recruited staff (IRS).

This research finds that the matrix is better suited to delivering the Bank's decentralization strategy and that going back to its former hierarchical structures is not a viable option. In order to deliver more services to the client, in an operationally more efficient and more effective way, the Bank should assess why the matrix is not working as planned and take remedial action.

The participation of the Uganda country office staff in the Bank's overall mission is critical, however, although there is significant documentation of the introduction of the Compact Bank wide in general terms, the implementation of decentralization in Uganda and the resultant changes have not been systematically, documented. This significant information gap is an area suggested for further future research. The information gaps found during the secondary analysis, specific to the Uganda country office includes:

- Participation of Uganda CO staff in strategy development;
- Technology and systems renewal;
- What the increase in CO-based task leadership was;
- How the role of CO sector staff was enhanced;

- What country management services were to be provided from the COs;
- How the teams of international and local staff were formed;
- How staff were managed as a regional resource;
- How sector staff were realigned according to sector/client needs;
- Customization of regional decentralization initiatives;
- Skills renewal efforts and strategic planning;
- The New Compensation System and its fit with new requirements and,
- What cultural changes took place.

The hypothesis is that there is a link between decentralization and poverty reduction, in Uganda. In theory, as a result of more direct involvement of beneficiaries in allocation of resources and in oversight of implementation of decentralization, it is expected to have led to higher effectiveness and efficiency. This study, therefore, goes beyond just establishing how decentralization was implemented in Uganda and attempts to establish the impact on poverty trends in Uganda.

CHAPTER 7

THE IMPACT OF THE WORLD BANK'S DECENTRALIZATION STRATEGY ON POVERTY TREND IN UGANDA.

7.1 INTRODUCTION

This chapter focuses on examining the decentralization goals of the World Bank, as defined in its Strategic Compact and how their implementation has impacted on the trend of poverty in Uganda. Having reviewed Uganda's poverty trend over the period of study, this chapter proceeds to analyze the objectives of the decentralization strategy (client responsiveness, country ownership, partnership measures, integration of global and local knowledge and cost effective support) and concludes by analyzing the impact of their implementation on poverty reduction. As already stated, due to the multiplicity of the factors contributing to poverty, it is not possible to establish a causal or direct relationship between decentralization and poverty trends. Nevertheless, because the evidence strongly suggests that there is some relationship, this research focuses on the positive relationship.

Decentralization has been advocated by donors because it is an important factor in broadening citizen participation and improving local governance thereby promoting poverty reduction from the bottom up. An unambiguous link, however, between decentralization and poverty reduction cannot be easily established (Jutting, & Kauffman quoted by OECD 2004).

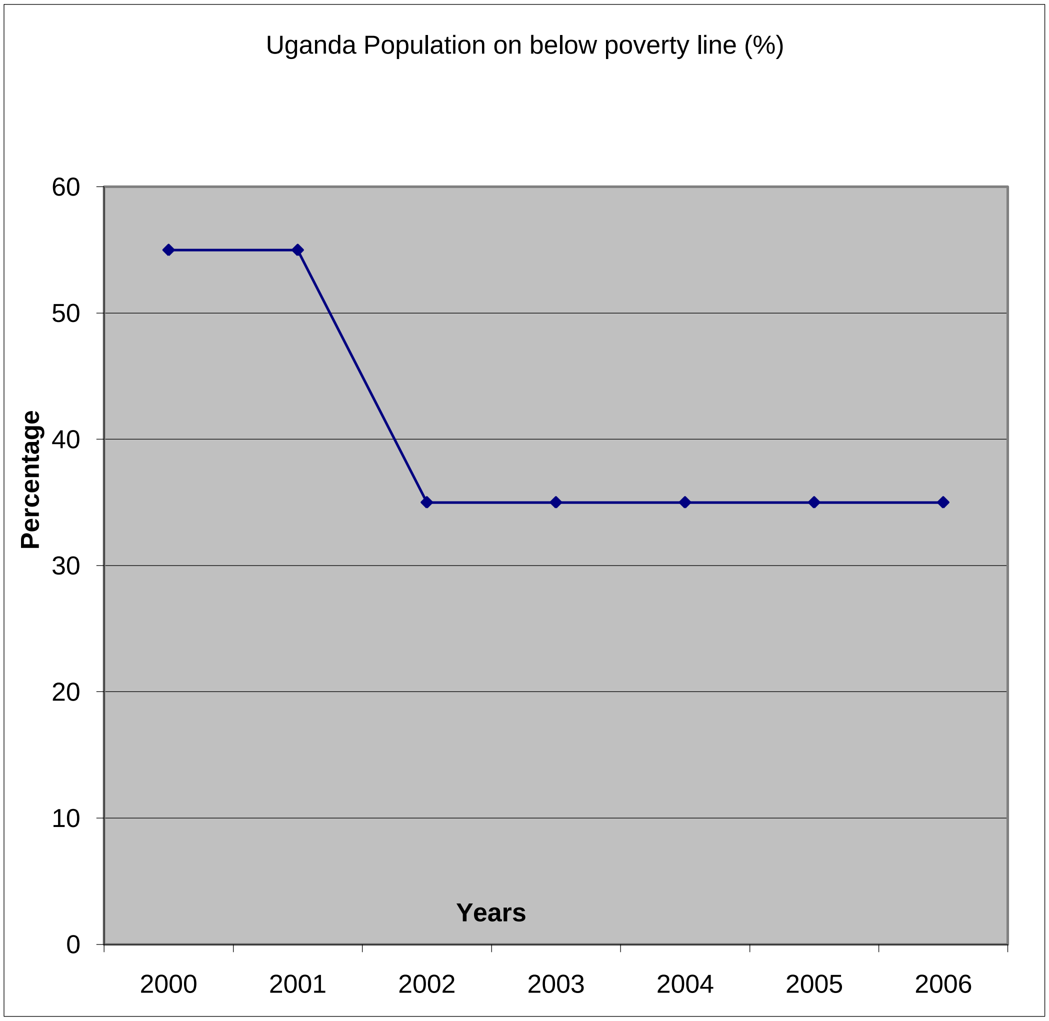
One of the major premises of the Compact was that through decentralization, the Bank would achieve its goal of poverty eradication and sustainable economic development by devolving power and resources to the country offices. This is consistent with the generally accepted notion that decentralization reforms are a necessary response to the failures of highly centralized states and the World Bank with its immense power and bureaucracy, backed with significant financial clout, is really like a government.

Dasgupta (2007: 5) argues that the GDP or the Human Development Index (HDI) is a measure of long-run human well-being and the movements in these factors is, therefore, a poor basis for judging economic development. HDI is measured on a scale of 0 to 1, as an aggregate of three indicators: longevity, knowledge and command over resources needed for a decent life. In advocating HDI over GDP, the UNDP (1994: 14-15) castigated the proponents of GDP as an index of an economy's well-being on the grounds that it is a measure of a country's 'opulence'. However, this argument has been found to be faulty in two respects: firstly, opulence is a stock concept and GDP is not a return on any index of opulence. Secondly, it is not a mistake to seek to measure a society's well-being on an index of opulence; the issue should be the right measure of opulence (Dasgupta 2007: 6). Other proponents and critics of HDI include Haq (1995) (quoted by Klugman, Rodriguez & Choi 2011)[1]; McGillivray and White (2006) (quoted in the World Development Report 1991); Davies and Quinlivan (2006) (quoted by Davies 2009) and Hastings (2009).

However, GDP is the main method used for tracking poverty in Uganda and Uganda's trend analysis is shown below in figure (7.1). The 'poverty line' is the US$1 per day, as established by Appleton (1997).

[1] Hastings, (2009) discussed proposals on how to fill the gaps in the Human Development Index.

Figure 7.1: Population Living Below the Poverty Line



Source: CIA World Factbook, 2008

The demand for evidence based decision making has reached unprecedented levels today more than ever before. The level of data usage has extended not only to cover basic administrative data but also to include more detailed household level information. Household surveys therefore, have become an invaluable source of information for monitoring outcome and impact indicators of national and international development frameworks. This research has, therefore, examined some qualitative data to track the progress on poverty reduction.

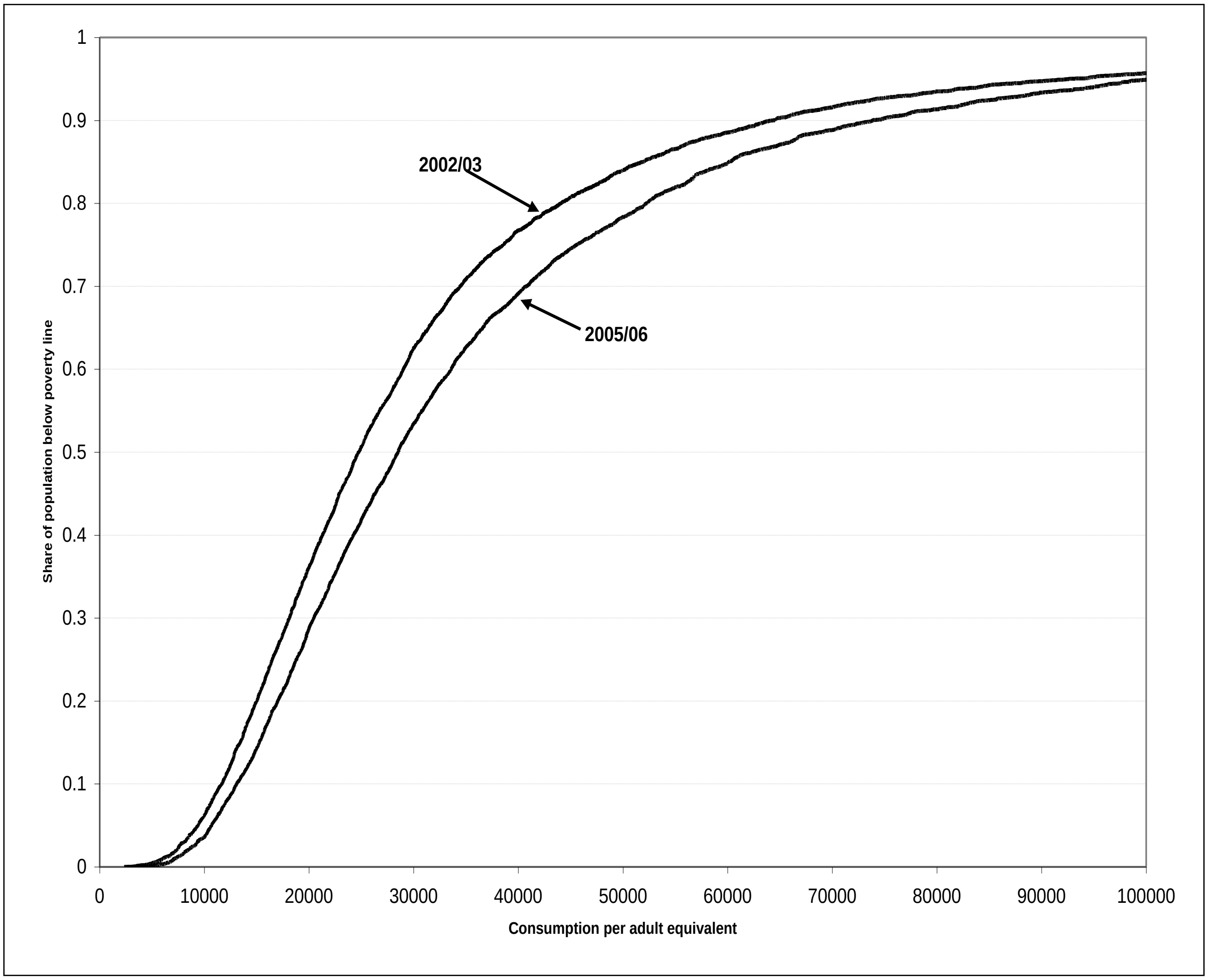
As a key contributor to the monitoring framework, Uganda Bureau of Statistics (UBOS) has conducted large-scale surveys since 1989. The surveys have had a nationwide coverage with varying core modules and objectives. The 2005/06 round of household surveys was yet another in a series conducted by UBOS. The last household survey was conducted in 2002/03 with a focus on labour force and informal sector in addition to the standard Socio-economic module. In 2005/2006, the survey carried an agriculture module in addition to the Socio-economic module. The surveys primarily collect socio-economic data required for measurement of human development and monitoring social goals with special reference to the measurement of poverty under the Poverty Eradication Action Plan (PEAP) and Millennium Development Goals (MDGs) (Uganda National Household Survey 2006).

The absolute poverty line defined in Appleton (2001), obtained after applying the method of Ravallion and Bidani (1994) to data from the first Monitoring Survey of 1993 was used. The poverty line was revalued into 1997/98 prices using the Consumer Price Index (CPI) and compared with the adjusted household consumption data (Uganda National Household Survey 2006). Thus, the main finding is that, the incidence of income poverty declined significantly between UNHS 2002/03 and UNHS 2005/06 for Uganda as a whole, whichever poverty indicator (P0, P1 or P2)[xxv] was used. The percentage of the population living below the poverty line declined from 38.8 percent to 31.1 percent between the two surveys (Uganda National Household Survey 2006).

At national level, poverty remained the same in urban areas. However, a significant decline is observed in rural areas between UNHS 2002/03 and UNHS 2005/06. The percentage of people in poverty declined from 42.7 percent to 34.2 percent, corresponding to a decline in the number of rural people in poverty from 9.3 million to 7.9 million in rural areas. In urban areas, the corresponding decline was from 14.4 percent to 13.7 percent, recording a slight increase in the absolute number of the poor from 0.5 million to 0.6 million. Other income poverty estimates (P1, P2) mirror similar trend as observed in P0. For example, the P1 indicator which is related to the cost of eliminating urban poverty using transfers decreased faster in rural areas by nearly 25 percent (from 13.1 to 9.7) compared to the 10 percent in urban areas (from 3.9 to 3.5) (Uganda National Household Survey 2006).

Between UNHS 2002/03 and UNHS 2005/06, poverty headcount in Uganda fell by nearly 8 percentage points. There is need to investigate the robustness of this drastic drop over a three year period. This is done by drawing on the theory of stochastic dominance. Each point on a stochastic dominance curve gives the proportion of the population consuming less than the amount given on the horizontal line. Figure 7.2 shows that for every possible choice of poverty line, the poverty rate in 2005/06 is below that of 2002/03. Hence, there is first order stochastic dominance. The precise choice of the poverty line is unimportant because no matter what poverty line is chosen, the survey concluded that poverty fell between the two surveys. Similar conclusions are reached for both rural and urban areas (Uganda National Household Survey 2006).

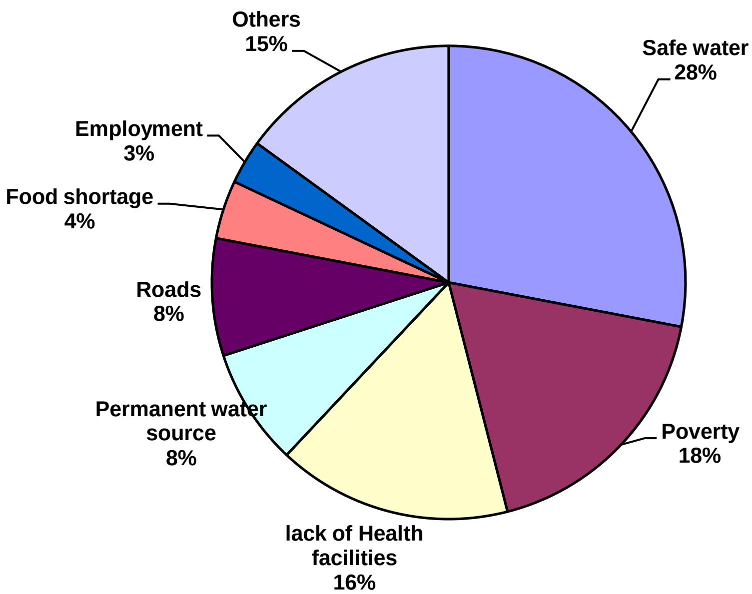
Figure 7.2 Poverty Incidence Curve for 2002/03 and 2005/06, Uganda



Source: (Uganda National Household Survey 2006)

Since the distribution of income became less unequal between 2002/03 and 2005/06 surveys, and growth in consumption was positive and strong, it is not surprising that poverty declined during the period.

Figure 7.3: Distribution of Major problems reported by Communities (%)



Source: Uganda National Household Survey 2006

Although the survey highlighted a number of problems (Figure 7.3) the poverty numbers have been declining over the period of study. Although, it is difficult to attribute this solely to the World Bank's decentralization strategy given the numerous factors contributing to the poverty quagmire, a positive relationship has been established.

According to the results of the 2000 National Household Survey data, 35% of Uganda's population lived below Uganda's poverty line (Figure 7.1). This was a sharp decline from 1992 when it was estimated at 56%. However, due to the high fertility rate (7.3), the absolute number of the poor marginally fell from 9.3 million to 7.8 million. There were a core number of households in chronic poverty and a substantial number that moved into poverty after being non poor in 1992. A third of the chronically poor and a disproportionate number of households moved back into poverty in Northern Uganda. More than 91% of chronically poor households and those sliding back into poverty live in the rural areas. The dependency ratio is so high and the aging population (60 plus) has declined from 5% in 1999/2000 to 3% in 2002/03. This research questions the current applicability of the poverty line at one dollar a day which was established over a decade ago. Can a dollar now purchase what it could then? This research suggests that there would be more people below the poverty line if the purchasing power was analyzed.

Uganda in 2007 had the third highest fertility rate in the world (6.9 live births per woman). This has increased pressure on the land, the environment through soil degradation and delivery of services. Uganda also has the highest dependency ratio in the world (World Bank 2007). Ssendi (2008), reporting on how Uganda's population is outpacing economic growth said Uganda's growing population would lead to poverty, given the high rate of unemployment and dependency levels and costly demands for improved health, education and sanitation. The Uganda Country Economic Memorandum referred to this as Uganda's 'time bomb' (World Bank 2006). Uganda's population is expected to double by 2025 to over 50 million residents (UBoS 2005).

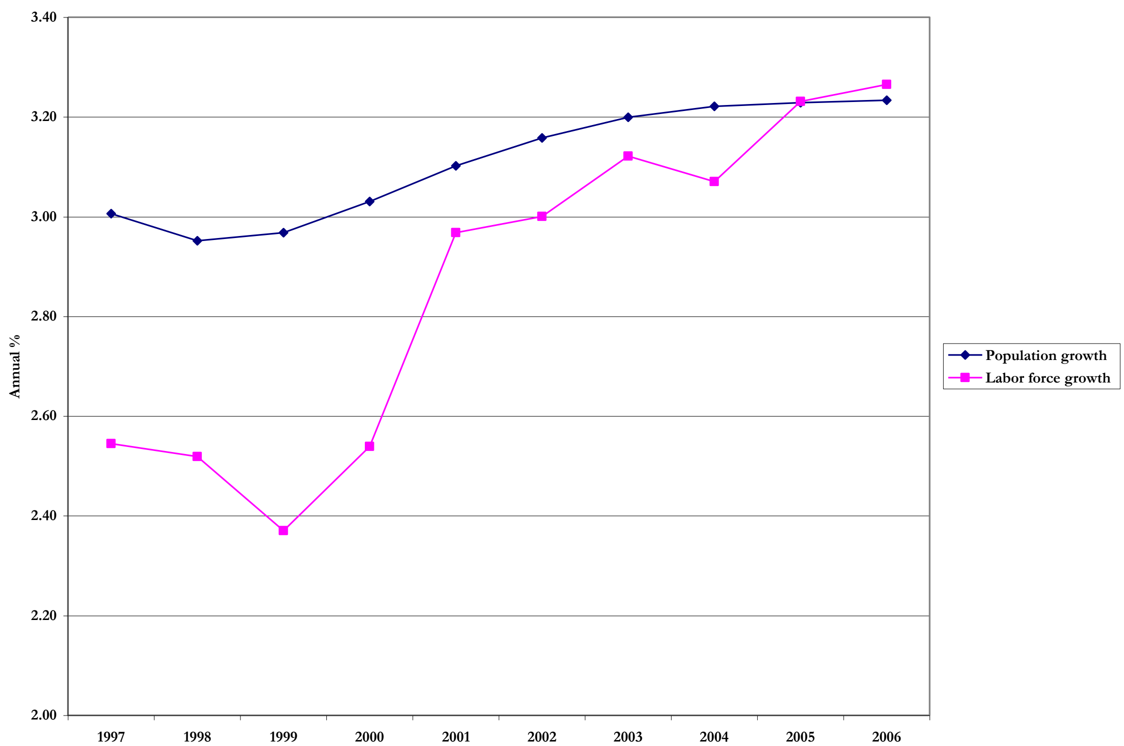
The population growth rate has outpaced both the SSA and the world wide rate (Table 7.1) However, President Yoweri Museveni contends that Uganda is still under-populated and needs a bigger internal market to boost the economy but, family planning experts say improved social services like health care are not likely unless the population is controlled. Development experts are also asking for improved efforts aimed at keeping girls in school which many say could lower the number of young women having children. They urge the international community to begin dealing now with the consequences of the likely population explosion – rather than later (World Bank 2008).

Table 7.1: Population and Labour Force Growth in Uganda (*annual percentage*)

	Growth	2002	2003	2004	2005	2006	Average
Uganda	Population	3.16	3.20	3.22	3.23	3.23	3.21
Sub-Saharan Africa		2.52	2.53	2.49	2.50	2.48	2.50
World		1.25	1.25	1.21	1.22	1.18	1.22
Uganda	Labour force	3.00	3.12	3.07	3.23	3.27	3.14
Sub-Saharan Africa		2.50	2.42	2.88	2.64	2.66	2.62
World		1.60	1.50	1.73	1.63	1.52	1.60

Source: World Bank (2008b)

Figure 7.4: Population and Labour Force Growth in Uganda – 2002 – 2006 (*annual percentage*)



Source: World Bank (2008b).

Data (Figure 7.4) shows that population growth of Uganda averaged around 3.21 percent while annual labour force growth averaged around 3.14 percent over the last 5 years. Both are higher than world and Sub-Saharan Africa averages. Projected population rate changes of 4 other countries with similar GDP levels were compared with Uganda data; the results show that average annual rate change in Uganda will be higher than the other countries in the next two decades.

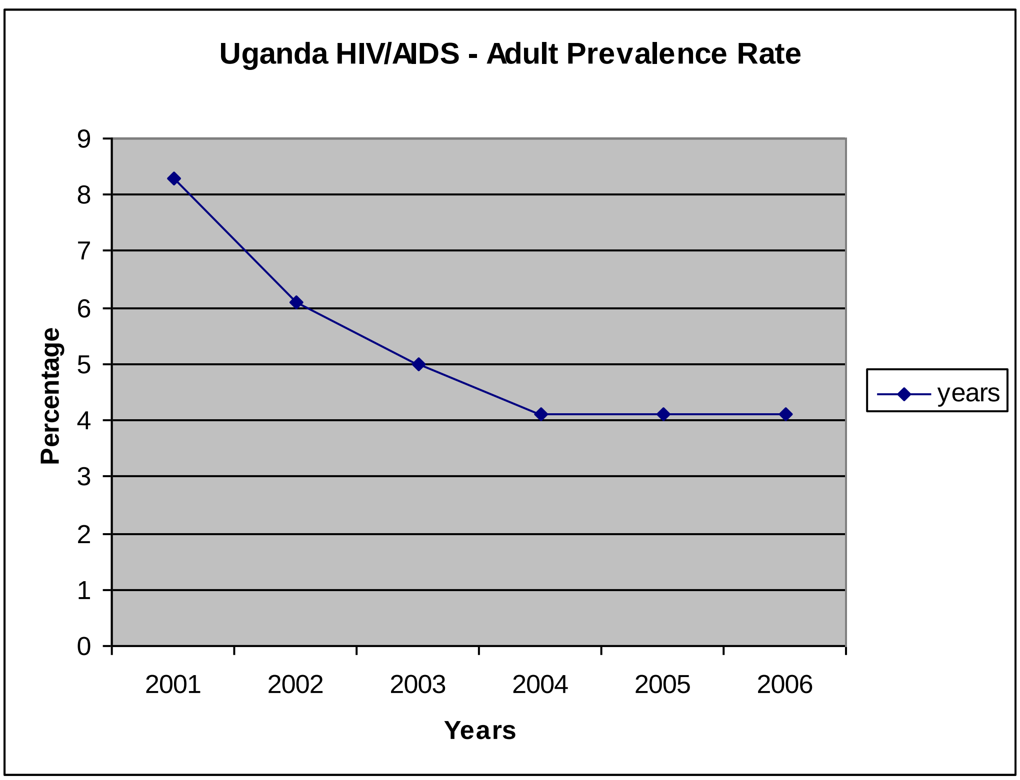
Uganda's population growth rate of 3.4% is higher than the average for sub-Saharan Africa of 2.1% (UNDP 2004). Uganda has a young population with people below 15 accounting for as high as 49.3% of the total population. Only 4.5% is above 60 years. A large young population in an environment of high levels of fertility creates a population momentum. This situation has a substantial impact on the socio-economic development of an individual, the family, the country at large, and on the natural resource base (World Bank 2008).

A high population and high dependency ratio also affects the accessibility to, affordability and the quality of health services. Poor health leads to poverty and vice versa. According to WHO (2001) report on macroeconomic and health, the main components of ill health in low income countries include HIV/AIDs, malaria and tuberculosis (Sachs 2001). Ziglier and Griffiths (2000) demonstrated how disease is a severe barrier to economic growth. The Participatory Poverty Assessment of Uganda identified ill health as the most frequently quoted cause and consequence of poverty by the poor (Economic Commission for Africa – Uganda, 2003: 29).

The government has taken a multi-sectoral approach to addressing ill-health. For example, health education on maternal and child health, family planning and the prevention and control of HIV/AIDS (Economic Commission for Africa – Uganda 2003: 29). HIV/AID has resulted into a significantly high dependency burden in the country. 'Health poverty trap' (Sacks et al 2004) explain, is a state of being trapped into low productivity capacity and income deprivation due to ill health conditions and related health and social costs. The causality may run both ways, according to some researchers. The HIV challenge and global disasters have also contributed to the continued poverty trends in the country (Sacks et al 2004; Deininger and Mpuga 2005; Uganda Participatory Poverty Assessment Project 2 2002: 108).

The HIV/AIDS - adult prevalence rate: is an estimate of the percentage of adults (aged 15-49) living with HIV/AIDS. Although the rates in Uganda have been falling over time (Figure 7.5), the percentage rate of people living with AIDs is still significant and thus, has an impact on the economy. One of the key challenges in achieving sustainable improvements in poverty indicators are the high numbers of HIV infections. The World Bank has strongly supported Uganda's efforts in its efforts in the fight against AIDs by committing to US$145m for HIV/AIDs related programmes. Sustained efforts by government to combat the disease have resulted in a dramatic decline in the HIV prevalence rate from 18.5% in the early 1990s to 6.4% in 2004 (World Bank Country Brief 2006).

Figure 7.5: HIV/AIDs Adult Prevalence Rate



Source: CIA World Factbook, 2008

Prevalence of HIV dropped between 1992 and 1997, but the number of people who had been previously infected and became ill with AIDS and died may have increased (Uganda National Household Survey 1999; Economic Commission for Africa – Uganda 2003).

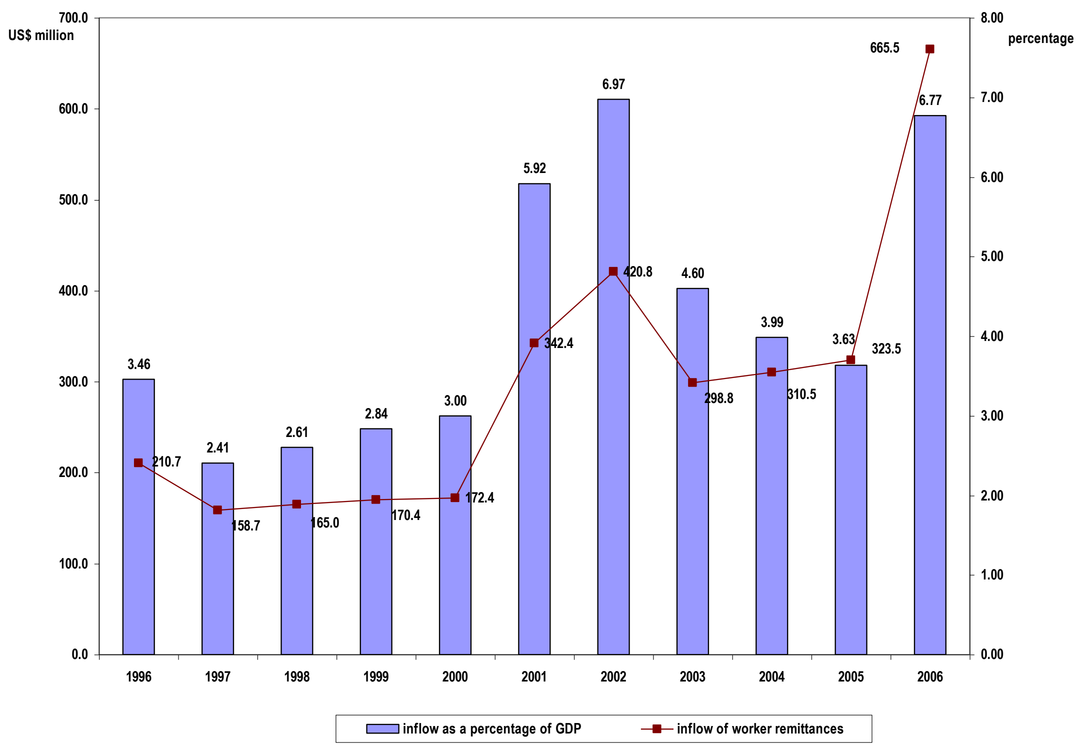
Furthermore, malaria has become more prevalent or virulent. Malaria is the leading cause of morbidity in Uganda. Over 90 percent of the population live in highly endemic areas with perennial transmission, while 10 percent are in low transmission areas which are prone to malaria epidemics. Data collected by the Malaria Control Programme indicate that the proportion of cases with fever among total medical cases has risen significantly throughout the last decade. Anecdotal and participatory evidence also point to an increased frequency and severity of malarial episodes. In 1999, the Uganda Participatory Poverty Assessment Project (UPPAP) reported changes in the type of disease during the 1990s, highlighting in particular deaths due to malaria and measles (UPPAP 1999).

Overall, about 55% of the population is not economically active. While there is no detailed statistics about children and the ageing population living in poverty in Uganda, the poverty profile in 1997 indicated that 54% of those living below the poverty line in Uganda were children. Unemployment is high and poverty is massive aggravated by low commodity prices, uncontrolled urbanization, low skill levels and, insecurity, especially in the northern region (Uganda Bureau of Statistics 2000). From the data above, it is clear that the poverty levels in Uganda have fallen over the years, although they seem to have levelled out for the last several years.

Due to the high unemployment rate, many Ugandans have been forced into Diaspora thus creating a great debate about ‘brain drain versus brain gain’. According to Rena (2006), on his debate on globalization and brain drain and brain gain in Africa, the benefits of globalisation flowed primarily to the developed world and its principal trading partners. One divergent school of thought examines brain drain from the perspective of the highly detrimental effects arising from the loss of the, purportedly, brightest minds from developing countries, thus weakening capacity for development. On the other hand, representatives of the convergence school of thought argue that the problem of brain drain is over dramatized and is less critical than it is usually portrayed. They tend to emphasize the beneficial consequences of migration for both the receiving country and the sending country (Rena 2006; Beine, Docquier & Rapoport 2003; Carrington & Detragiache 1998). However, the fact remains that remittances play a significant role in economic development in African countries, Uganda inclusive (Rena 2006).

In 2006, remittances to Uganda were US$665.5 million in balance of payments, equivalent to about 6.8 percent of GDP. The remittance outflows in 2006 were US$282.3 million, resulting into net remittance position of US$383.2 million. Balance of payment estimates of remittances for 1996 to 2000, averaged US$175.4 million per annum. The average increased to US$339.2 million during 2001 to 2005 (Figure 7.6). The increase in remittance flows may be partially attributed to the gradual liberalization of the foreign exchange market that culminated in full liberalization of the capital account in 1997. With liberalization, foreign exchange bureaus joined the market at the retail end thus enhancing competition in the market.

Figure 7.6: Remittance Inflows to Uganda, 1996-2006



Source: Bank of Uganda, Balance of Payments

Uganda's unemployment rate has worsened over the years with college and university graduates coming into a market that is already super saturated (Uganda Bureau of Statistics 2007). One of the problems is basically, the education system which despite the recent efforts to reform the system, stills churns out job seekers. The major part of the system is not geared to technical/ hands-on orientation. Consequently, there are so many youths looking for jobs (The New Vision Dec 28, 2008). Secondly, with one of the fastest birth rates in the world, without a commensurate growth in the economy, it is almost inevitable that unemployment rates would be on the increase. Given this scenario, the hype on brain drain, the researcher has concluded, may be misplaced. The country has no capacity to absorb most of its potential working population and the working conditions are not that attractive even for those who remain in the country (The New Vision Dec 28, 2008). Certainly, the country needs its 'brightest' to stay and develop the country but the fact is that with their jobs abroad, the remittances are in excess of what their monetary contributions would have been, had they stayed. The government should put in place measures to; create an enabling environment for opportunities for job creation; curb the high population growth rate; further improve on education sector reforms; mainstream remittances from the Diaspora *et al* (Bakunda 2009).

While poverty has fallen in Uganda since 1992, inequality has increased. Most analysis of poverty reduction in Uganda have acknowledged this issue, recognizing that growth, inequality and poverty reduction are tightly linked. If the increase in inequality could be halted or reversed, the elasticity of poverty reduction to growth would be higher. Several analysts have looked extensively at the determinants of this inequality, including (EPRC), using the 2002/03 data, and (MFED/EPRC), using the 2005/6 data. As Uganda prepares the new five year plan National Development Plan (NDP), a key issue is how to increase the effect of growth on poverty reduction by reducing (or containing inequality) (Uganda National Household Survey 2007).

Between 1992/93 and 2005/6, the poverty rate fell by 25% points from 56 to 31 percent (Table 7.2). At the same time, national inequality in consumption per capita (as measured by the Gini) rose from 0.37 to 0.41.

Table 7.2: Poverty and Inequality

Poverty and Inequality in Uganda, 1992/93 – 2005/06							
	Poverty Headcount		Gini Index		Growth-inequality Decomposition of Change in Poverty Headcount		
	1992/93	2005/6	1992/93	2005/06	Growth Effect	Inequality Effect	Total Change
National	56	31	0.37`	0.41	-31	6	-25
Rural	60	34	0.4	0.43	-31	5	-26
Urban	29	14	0.33	0.36	-20	5	-15
Source: Uganda National Household Survey, 2007							

Regional differences in employment creation, wealth, opportunities, poverty reduction and civil strife have induced patterns of internal migration. Insecurity migration, a type of movement often destructive to household endowments, is common only to the North in Uganda's recent history. Economic migration which usually reflects both above subsistence living in the origin and the perception of even better opportunities in the destination, is largely confined to the wealthier parts of central Uganda as well as to Western rural (Uganda National Household Survey 2007).

It is in this dire poverty ridden context that this research attempts to analyze the World Bank's decentralization strategy. Although poverty eradication is a multifaceted phenomenon requiring a multi-pronged approach, this research attempts to 'open the black box' World Bank (2006), to try and establish the relationship between decentralization of the donor agencies and the trend of poverty , the hypothesis being that such relationships exists, albeit indirect ones and that they can be documented (Radelet 2006). Given the limited research establishing such relationships, this research has filled in some gaps and in so doing, brought new knowledge to this field of study. This thesis seeks to provide an overview of the concepts of decentralization and poverty eradication by reviewing their stated advantages and objectives, and critically assessing both their conceptual coherence and their utility as operational and policy tools. It endeavours to operationalise these concepts in order to be able to assess the extent to which such practices are being implemented and what is required to fulfil the promises associated with these key words in the contemporary development lexicon. However, the research recognises that to date, there is no unified theory of development due to the complexity paradigm thus, necessitating a paradigmatic shift in which development theory and practice operate sporadically. Missing or dismissing complexity is both a technical error and an ethical mistake (Ciliiers 2005: 256). There is a host of literature pertaining to poverty eradication but not its linkage the decentralization within donor agencies operations.

7.2 IMPACT OF THE IMPLEMENTATION OF THE DECENTRALIZATION STRATEGY

The core goals of the decentralization strategy are; increased responsiveness through devolution of authority to the country offices; improved country ownership and partnerships; integration of global and country knowledge and a cost effective Bank. The five aspects of these goals have been examined individually over the period of study and then, an attempt will be made to establish the relationships with the trend of poverty in Uganda over the period of study. The theory of change or rationale underpinning the Bank's approach to decentralization is, stated at its simplest: 'Investment in decentralization will establish a more effective field presence. This in turn will enhance the Bank's development effectiveness and impact, contributing to sustained and cumulative benefits in regional member countries' (World Bank 2003). As previously stated, initial research confirms that it is not possible to establish an unambiguous or an obviously causal relationship between these factors but there is evidence, both quantitative and qualitative, that some positive relationship does exist.

In light of the Bank and Government's enhanced focus on results/impact on the ground, it is important to review track record of past Bank-assisted projects/programmes in Uganda in that light. The Bank disbursed about US$2,273 million of IDA resources to Uganda through 47 projects/programmes that exited the portfolio between 1990 and 2004. However, at the end of the day, success is determined by how the financial support affects the quality of people's lives on the ground rather than how much financial support was received. The Bank's Operations Evaluation Department (OED) carries out independent assessments of completed Bank-assisted projects/operations to determine if they meet their development objectives, are likely to be sustainable, and create institutional capacity, among other things. Key OED outcome indicators include:

1. Percentage of disbursements;
2. Achievement of development objectives;
3. Prospects for sustainability; and
4. Creation of institutional capacity.

Review of data shows how well the Bank performed at project entry into the portfolio and subsequent reviews showed Uganda to be ahead in overall performance in the Africa Region. The Government played its role in terms of project preparation, implementation and compliance with covenants, the OED, found (World Bank 2005).

7.2.1 Client Responsiveness

The chief preference for decentralization in the classical and current debates is in the context of an organization that encourages motivation and creativity, accommodates flexibility and individuality thus, allowing more innovation and efficiency (Drucker 1995). This first and fundamental decentralization goal of the Compact was focused on the client for whom the Bank's vision of 'A World Free of Poverty' is all about. The World Bank has positioned itself as a 'Knowledge' Bank, one of its main products being knowledge. Knowledge arises from managing information and information is a vital resource. An institution that is client-focused will be constantly collecting information, analyzing it and making decisions on the basis of it and implementing these decisions (Brody 2003). This is better done in a decentralized organization than in a centralized one.

Analyzing the impact of the implementation of the goals of decentralization on the trends of poverty in Uganda '…is very high level, there are so many variables that affect poverty levels, it is not possible to establish direct linkages between it and decentralization. Decentralization is only a small part of the Compact, defined under 'revamping institutional capacity'. It is, therefore, difficult to attribute a significant portion of poverty reduction to a small portion of the Compact' (Ofwono 2009). Results from staff and client surveys and other qualitative feedbacks, however, suggest that decentralization has increased understanding of country needs, strengthened country level policy dialogue, increased client participation and enhanced consultation with partners for Poverty Reduction Strategy Paper (PRSP) process. The PRSP process aims at fostering an open and inclusive national dialogue among the stakeholders including government, civil society groups and the wider population in order to ensure participation and ownership of the strategy. Just as important, client ownership of programmes and projects is perceived to have increased and the clients seemed to value the role of strengthened COs in dealing with issues and providing greater outreach to civil society (World Bank 2004). Therefore, in order to assess the indirect impact of decentralization on poverty reduction, this research has also highlighted 'how decentralization impacted on the flexibility, efficiency and responsiveness of the Uganda country office, (Table 7.3) (Ofwono 2009).

Table 7.3 The World Bank Log frame

Narrative	**Indicators**
Overall Goal: Poverty Reduction	GDP
Compact Objective: A flexible, efficient and responsive Country Office	Trends in Portfolio size (Volume) Trends in lapsed time (to effectiveness) Trends in supervision budget
Outcomes:	
Refuelled Business Activity	Quality (at entry) of portfolio
Refocused Agenda	Partnerships
Retooled knowledgebase	Quality of staff (Qualifications/experience)
Revamped Institutional Capability	Trends in size (roles) of country office

Source: Ofwono (2009)

Client responsiveness can be measured in both qualitative and quantitative terms. According to the qualitative Uganda Client Surveys, 1999 and 2003 (appendices III & IV), the Uganda country office has improved in terms of responding to the client's needs. This has been attributed to a growing presence of the staff based in the country thus enabling more 'face time', and the appropriate delegation of authority to make decisions, thus reducing the turnaround time that had previously been a problem when most of the decisions were made from Washington. Some of the quantitative indicators are highlighted

(Table 7.3) by the country's portfolio performance indicators and the country's performance in Table 7.4 below.

Table 7.4 Uganda's Portfolio Performance (FY99-08)

	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Active Portfolio										
No. Of Projects	24	24	24	23	21	19	22	19	19	19
Net Commitments (US $m)	1031	1111	1210	864	961	887	1098	1044	1448	1305
New Commitments (US $m)	165	148	358	181	407	190	178	235	126	427
Total Undisbursed begin FY	517	531	414	485	598	768				
Portfolio Performance										
Problem Projects	4	8	0	0	5	21	21	4.8	0	0
Projects at risk (5) 1/	17	8	4	9	5	32	35	4.8	11	11
Commitments at Risk (%) 1/	23	4	13	11	2	29	21	4	7	8
Disbursement Ratio (%) 2/	29	26	21	17	18	17				
Practivity Index (%) 3/	100	100	100	73	100	100				
Realism Index (%) 4/	25	100	0	0	100	67				
Development Impact										
%tage rated as satisfactory	50	100	100	75	66.7	100				
Average days to effectiveness	222	228	192	293	167	187				
Overdue audit reports	80	93	85	29	55	0				
% not received by due date										

Definitions:
1/Includes problem projects (i.e. with unsatisfactory Implementation Progress (IP) and/or Development Objective (DO) ratings) and potential problem projects (i.e. at risk of not meeting DO and/or IP).
2/ Ratio of the disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year for investment projects only.
3/ Proactivity is defined as [# of projects that were problem projects 12 months ago, but for which proactive actions have been taken within the year] / [# of projects that were problem projects 12 months ago].
4/ Realism is defined as [# of Projects rated as problem projects]/[#of Projects rated at Risk]. Problem projects have DO or IP rated unsatisfactory. Projects at risk include both problem projects and potential problem projects.
*Some of the data analyzes methodology changed between FY05 and FY08 and cannot be used to track changes throughout the period

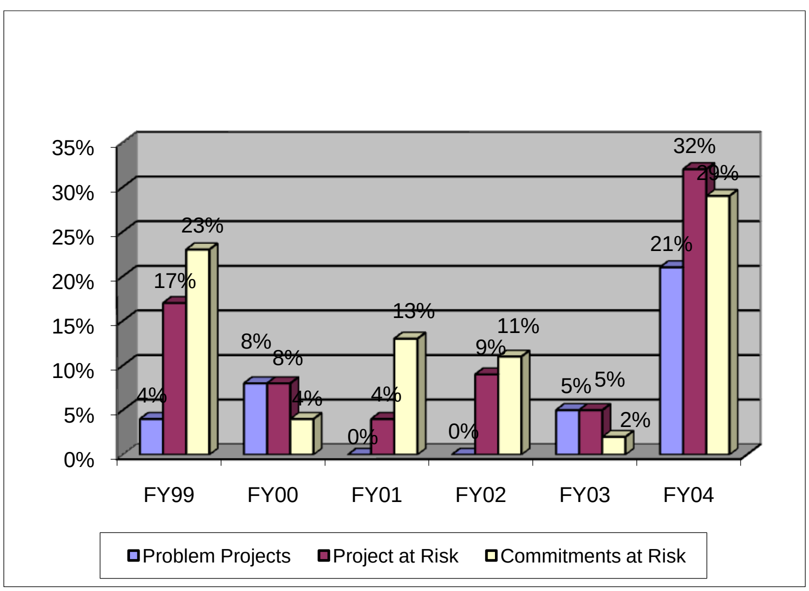
Source: Uganda Country Portfolio Performance Review (2004) and Uganda Joint Portfolio Review (2007)

Between FY99 to FY01, the net commitments increased, fell between FY02 to 04 but picked up again in response to the client's requirements for more development support (Figure 7.17). However, this research reiterates that just increasing funding does not necessarily increase the development impact or imply that the portfolio is delivering better results. Development has to be delivered in a holistic way and the interplay of the different variables managed in order to ensure a positive outcome. However, as stated in previous chapters, not all the variables are within the control of the World Bank and in any case, the development arena is rife with complexities and paradoxes.

Client responsiveness can also be measures in the time it takes for the project to become effective from the date of Board approval. Between FY99 to 04 (Table 7.4), the number of days were on a steady decline implying an improvement in responsiveness to the client.

Uganda's portfolio performance over time indicates how the country has responded to its clients' need and improvements have been recorded over the period of study (Figures 7.5 to 7.16).

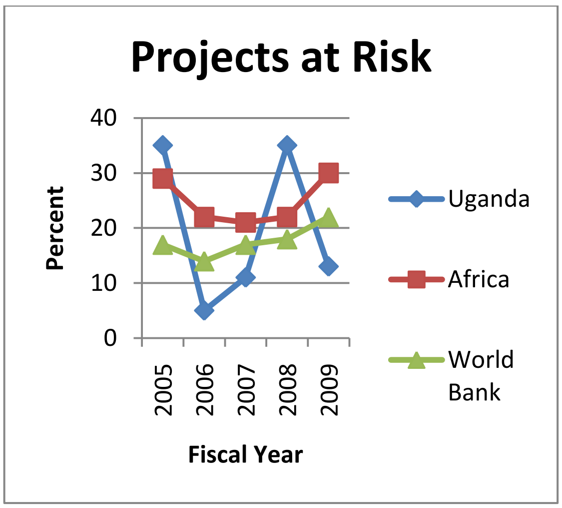
Figure 7.7: Uganda Problem Projects at Risk and Commitments at Risk (FY99-04)



Source: Uganda Country Portfolio Performance Review (2004)

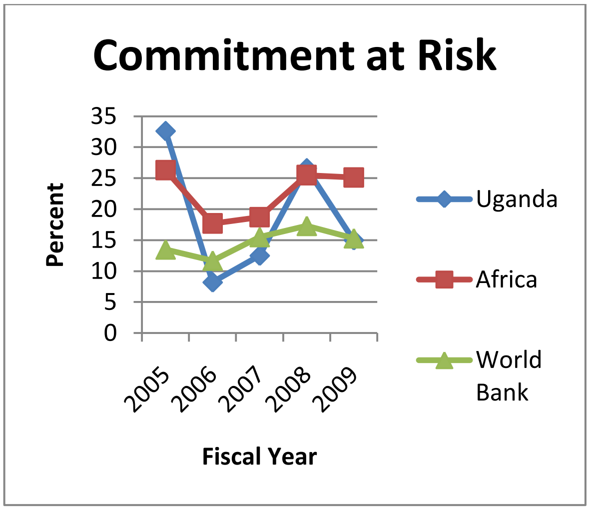
Figure 7.7 shows the country's performance between FY99 to 04. At the closing of FY09, two projects were classified as problem projects, Poverty Reduction Strategy Credit 7 (due to slow disbursement caused by lack of compliance with prior action) and Programme for Control of Avian Influenza (due to effectiveness delay due to lack of Parliament approval). This resulted in Commitments at risk of US$210 million (15%). Although there were no Potential Problem Projects, Private Sector Competitiveness 2, Local Government Management Service Delivery Project, and Kampala Institutional and Infrastructure Development Project all had two flags (efficiency delays, slow disbursement and country flags).

Figure 7.8: Projects at Risk



Source: World Bank (2006)

Figure 7.9: Commitments at Risk

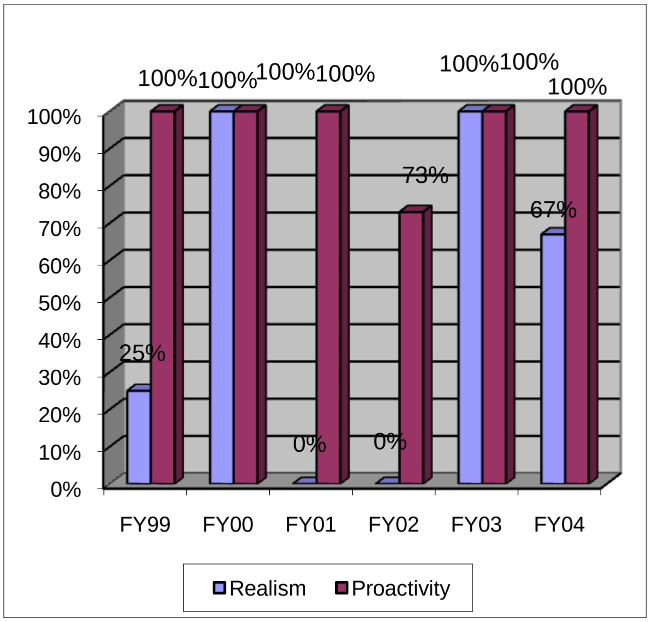


Source: World Bank (2006)

Figures 7.8 and 7.9 show comparisons of the Uganda portfolio's performance in comparison with the Africa Region and World Bank wide performances. For the period under review, the Uganda projects with unsatisfactory implementation progress or development objectives veered widely in comparison with the rest which maintained a more or less straight line. In 2005 and 2008, Uganda had a comparatively higher rate of projects at risk but in 2006, 2007 and 2009, they were significantly lower than the institutional averages.

With regard to commitments at risk, Uganda's performance was the same as the Africa Region's and institutional performances.

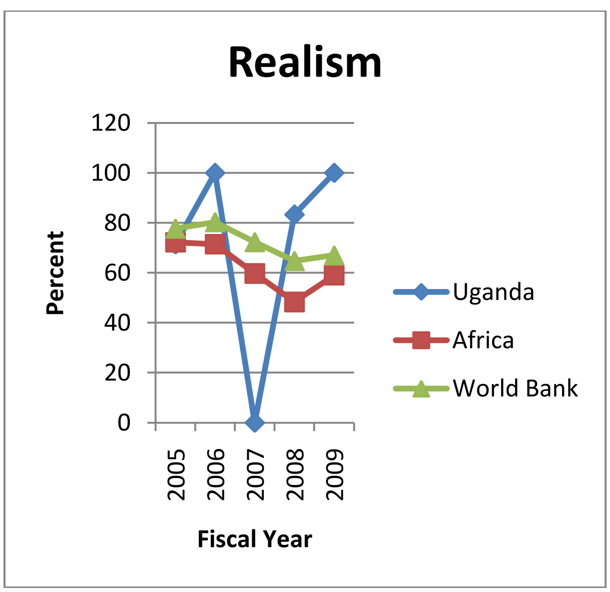
Figure 7.10: Proactivity and Realism Indexes FY99-04



Source: Uganda Country Portfolio Performance Review (2004)

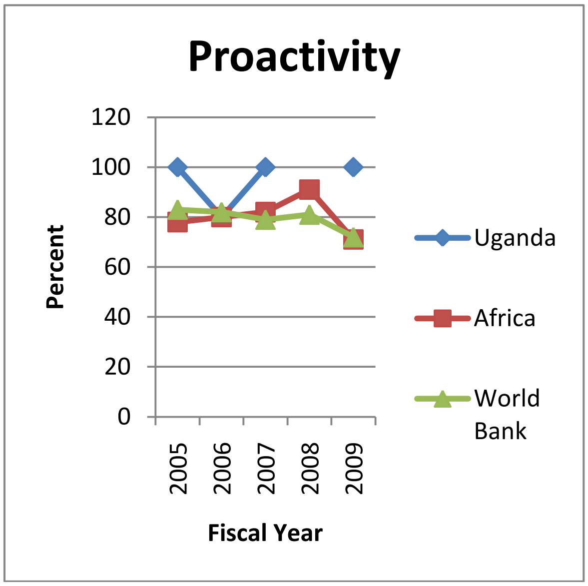
The Realism and Proactivity indices for period FY99 to 04 are shown in figure 7.10. The Realism index for Uganda in FY09 was 100%, compared to 59% for average of Africa Region and 67% Bank wide (Figure 7.11). The Proactivity index for Uganda in FY09 was 100%, compared to 71% for average of Africa Region and 72% Bank-wide (Figure 7.12).

Figure 7.11: Realism Index



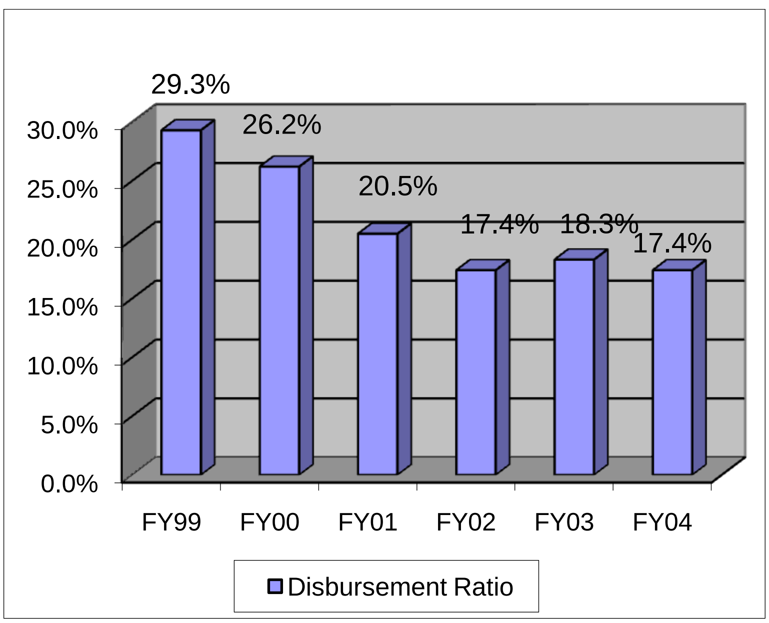
Source: World Bank (2009)

Figure 7.12: Proactivity Index



Source: World Bank (2009)

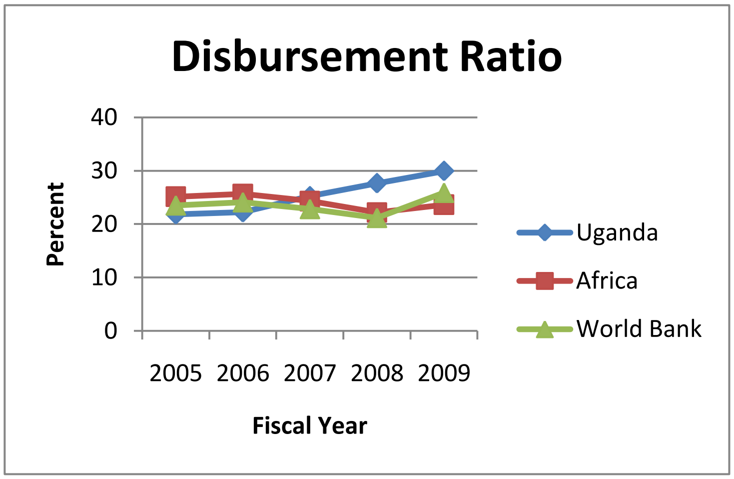
Figure 7.13: Disbursement Ratio – FY99-04



Source: Uganda Country Portfolio Performance Review (2004)

The disbursement ratios for period FY99 to 04 are shown in figure 7.13. The ratio (for investment operations) for FY09 (Figure 7.14) was 30% percent. This was a slight increase compared to FY08 (27.6%) and higher than the regional and WB average. By modality of disbursement, General Budget Support (i.e., PRSCs and other Development Policy Lending operations) comprised 36% of the total actual disbursement over the past fiscal year, while general investment lending comprised a total of 64%.

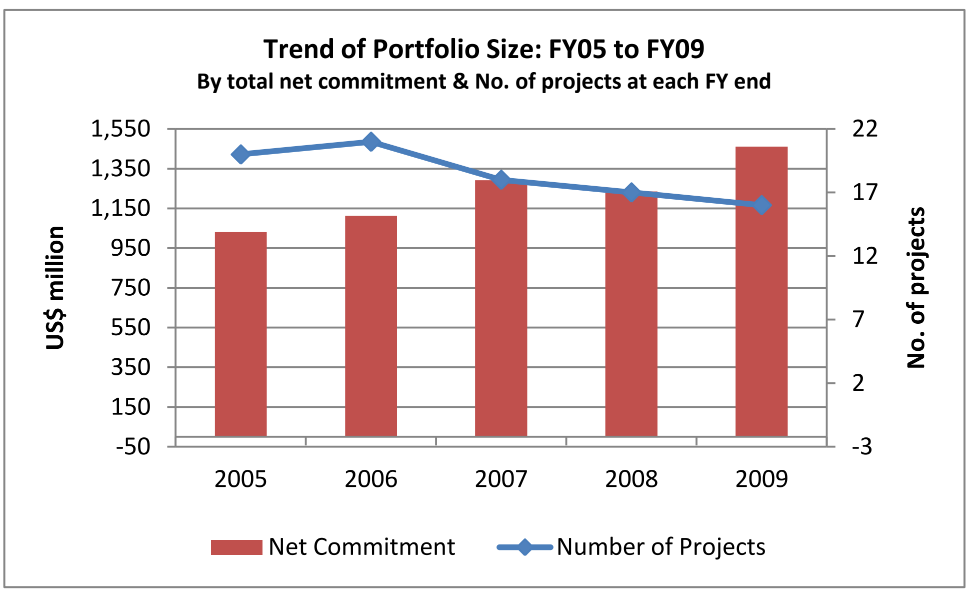
Figure 7.14: Disbursement Ratios



Source: World Bank (2009)

As of June 30, 2009, there were 19 active country operations in Uganda, with a total net commitment of US$1,416,750 million equivalent (Figure 7.15).

Figure 7.15: Uganda Trend of Portfolio Size



Source: World Bank (2009)

The improvements in the overall portfolio (Figure 7.15) can be attributed to several other factors that accompanied the increase in staff numbers in the country office, arising from the decentralization strategy: The Uganda country office has also been able to leverage the benefits of the Bank's technology which is one of the best in the country (Acuc 2008).

One of the major issues the clients in Uganda had with the Bank was it infamous 'one-size-fits-all' approach to development. The Bank responded by providing new instruments for both investments and development policy loans and credits. The Bank also simplified its procedures and processes (Okwero 2000), and changed its culture (Client Surveys 1999 & 2003) to be able to be more supportive to its clients and this, ultimately contributed to the clients' poverty reduction strategies.

The uninterrupted growth that the country has registered since 1987 is a remarkable achievement. Private investment is high by African standards. Export diversification has been impressive, and more recently the volume of exports has started to grow rapidly. All this suggests that the current economic framework, generally, has served Uganda well. Perhaps the first priority is to improve the country's infrastructure (particularly roads and electricity). Industrial type activities but also more modern forms of agriculture make intensive use of infrastructure services. Also a review of whether the current institutional structures are consistent with much higher levels of investment and improved service delivery is required. Some attention also needs to be given to developing a focused growth strategy instead of the broad range of uncoordinated and enterprise-specific interventions that have been undertaken (Balihuta & Sen 2001; Uganda Human Development Report 2005: 5). Although it is not possible to prove a causal relationship, there is evidence that the decentralization strategy has had a positive contribution to this growth by providing new instruments for both investments and development policy loans and credits.

Furthermore, a change from a hierarchical to a matrix structure reduced the levels of decision making thus increasing response time. The matrix also permitted the Bank to be able to balance potentially conflicting objectives regarding global strategies and product lines vs. locally customised programmes and services and this could be seen in the promotion of community participation, among other things (Okwero 2000). The matrix also enhanced the delivery of services to clients, efficient allocation of specialist skills, global and local knowledge leveraged by the growing contingent of both locally and internationally recruited staff. Whereas local knowledge is fundamental to a country's poverty reduction strategy, global knowledge can be useful in the sense that some poverty reduction mechanisms may have been tested and tried elsewhere, and may be applicable locally. As discussed in the literature review in chapter 2, some of implementation bottlenecks have been due to attempts to transplant 'success stories' from one place to another without due consideration for the local conditions. This study, therefore, proposes that an appropriate mix of local and customised global knowledge can have a synergetic contribution to poverty eradication.

Although the staff skills renewal and strategic staff planning details for Uganda have not been fully ascertained through secondary research, it is clear that the staff Bank wide skills upgrade contributed to providing the staff with more relevant skills in the changing environment. The most obvious changes occurred in the 'Quality and Knowledge' sector which previously, had no staff based in the country offices. By the end of 2008, the Uganda office had three procurement staff (one of them a regional staff member), and two financial management staff (World Bank 2008). The Government of Uganda (GoU), supported by the Bank initiated reforms in the public procurement and disposal sector in 1997 (the PPDA Act was passed in 2003), to address the following shortcomings:

1. Heavy clogging of tender requests and attendant bureaucratic delays;
2. Inefficiency;
3. Corruption and;
4. Lack of accountability and transparency (The Public Procurement and Disposal of Public Assets Authority 2005).

The presence of CO staff has enabled the Bank procurement staff to participate fully in these reforms with the financial management staff providing the audit functions. Public procurement constitutes a major part of the government's borrowing agenda and it is a highly sensitive arena given the immense opportunities for corruption. Bank policy requires that projects be supervised to ensure that loan proceeds are only used for the intended purposes with due attention to economy, efficiency and sustainable achievement of the project development objectives. This study finds that the daily presence of the decentralized staff contributes to compliance to proper procedures and that funds are used for the right purposes. Consequently, funds that could have been lost along these processes, if utilized according to the stated purposes, have the potential to contribute to poverty reduction. However, this study also finds, the level of corruption in Uganda is so high (Transparency International, Global Integrity International, newspaper dailies etc) that it seems that the battle has already been lost and the general population, is in a state of apathy. Some propose that though considered extreme, the paradigm of attrition in which man is seen as 'wretched in the extreme', 'deceitful, power hungry, corrupt, vain, unjust..' might have some truth based on empirical evidence (Baumer 1977: 79-83). Lack of political will has been cited as the major culprit for these continued atrocities against the population in Uganda. For example, the case involving two former ministers for the abuse of Global Fund was reported in 2006 and was yet to be disposed of as of Sept. 28, 2009 (The New Vision 2009). Furthermore:

> Whereas the Public Procurement and Disposal of Public Assets Act, 2003 and the Leadership Code Act, 2002, have been enacted to counter conflicts-of-interest, public officials still award themselves contracts through other people or companies. Some have even awarded contracts to non-existing companies (Global Integrity International 2008).
>
> Whereas the laws for competitive bidding exist, they are not implemented, especially when leaders in government have an interest in the contract. This has happened in many government undertakings. For example, the contracting of the exploration of Uganda's oil was not made public. Another example is the ongoing CHOGM saga, where procurement of vehicles was done by a company belonging to the Minister of Foreign Affairs, the Hon. Sam Kuteesa (Global Integrity International 2010).
>
> Justice without strength is helpless, strength without justice is tyrannical. Unable to make what is just strong, we have made what is strong, just (Pensees 1670).
>
> Civilisation, we insist, has been in decline...the contemporary human world remains an unredeemable domain of vice, corruption, decadence and suffering.. (Baumer 1977: 95).

As Prezworski and Ligmongi argued, ‘political institutions do matter for growth, but thinking in terms of regime does not seem to capture the relevant difference’ (Prezworski & Ligmongi in Allen & Thomas, 2000 378). Consequently, the debate has turned to the role of good governance within democratisation and its relation to development. A wide array of issues under ‘governance’ occupies centre stage in the current development debate and the agenda of the IFIs. Good governance has emerged as a key area in both development theory and practice. It is, increasingly, proposed as a means for development and poverty reduction. Transparency, accountability, human rights, the rule of law, participation and containment or elimination of corruption are considered key ingredients of ‘good governance’ (Aubut 2004; Grindle 2004; Potter 2006; Rhodes 1996; Weiss 2000 & Wood 1999).

The essence of ‘governance’ captures ‘the manner in which power is exercised in management of a country’s economic and social resources for development’ (World Bank 1992). The notion of good governance is relatively new and according the World Bank’s own definition, governance encompasses political regime (World Bank 1994 & 2000). Poor governance on the other hand includes arbitrary policy making, unaccountable bureaucracies, enforced or unjust legal systems, abuse of executive power, a civil society that is uninvolved in public life and widespread corruption (World Bank 1999b 7). However, while recognising the importance of the political dimension, the Bank interprets the concept restrictively, arguing that whether a government is democratic or not, falls outside of its mandate. It, therefore, focuses on economic dimensions of good governance like: public sector management, financial management, modernisation of public administration and privatisation of state-owned enterprise (Santiso 2001).

The international community has become increasingly concerned with the problem of corruption and its negative impact on economic growth and poverty alleviation. Corruption in development aid generally diverts resources to purposes other than that for which it was granted, thus seriously affecting the efficiency and effectiveness of aid. Corruption can occur at any stage of aid delivery and can involve a variety of actors including public officials and private sector representatives in the recipient country as well as aid agency staff themselves. These actors sometimes work in collusion with each other to divert aid resources.

According to Pradhar (2006), corruption poses three significant risks: development effectiveness risk, fiduciary risk and reputational risk. In recent years anti-corruption initiatives have been launched by the United Nations, the OECD, the Organization of American States, and the Global Coalition for Africa, among others. Organizations such as the NGOs', Transparency International have conducted surveys to assess the extent of corruption in different countries, and Uganda's trend analysis is given in (Table 7.5). Corruption can take many forms, including bribery, fraud, and embezzlement of public monies or other assets. The economic cost of the various forms of corruption includes, for the government, stolen or wasted public resources, tax revenue lost through tax evasion, higher future maintenance costs for poorly constructed facilities, and a higher burden of public debt when project costs include bribes and kickbacks. For the economy the cost can include lower efficiency due to excessive bureaucratic hurdles and delays, the loss of productive investments not made because of corruption, and the non-availability of public goods and services to the poor who cannot pay the bribes demanded (Transparency International 2005).

Table 7.5 Trends of Uganda's Corruption Perception Index (CPI)

Year	CPI	Rank	No. Of Countries
2000	2.3	80	90
2001	1.9	88	91
2002	2.1	93	102
2003	2.2	113	130
2004	2.6	102	145

Source: Transparency International Ranking (2005)

The CPI is a composite one, drawing in survey, from independent institutions. The score range from 10 (squeaky clean) to zero (highly corrupt), 5 is a borderline distinguishing countries that do and do not have a serious corruption problem.

Adequate discussion of the role of aid in fuelling corruption is missing from the current debate. Transparency and accountability of donor agencies is also limited. ‘To address the issue of corruption, donors ought to focus on their role in creating the problem, which they now propose a cure. To establish credibility, more openness about the weaknesses in the aid systems is needed’ (Fjeldstad & Bergen 1999). The Development Assistance Committee (DAC) network of governance, presented a detailed paper for discussion in a meeting held in July 2003, ‘Synthesis of Lessons Learned of Donor Practices in Fighting Corruption’. Cooksey (2000, 2005) has written extensively on tracking corruption in development aid and suggests that increasing access to information and disclosure are the general basis for tracking. This can be done through research, monitoring and evaluation, expenditure tracking, auditing and impact assessment.

Through several stakeholder consultations, most policy actors in Uganda agree that in concrete terms, good governance implies democracy: respect for human rights: non-sectarian government: a legal system that is accessible, just and not too slow or costly: transparent, efficient, accessible and affordable Government: a competent and adequately remunerated public service: a strong sense of partnership between Government and other agents: and a positive contribution to international peace and security. This in turn, enhances and provided an enabling environment for economic growth (Uganda Poverty Status Report 2005 & 2007).

Public Expenditure Tracking Surveys (PETS), an initiative of the donor communities, first pioneered in Uganda and later implemented in numerous countries (including in Tanzania for tracking of pro-poor expenditures in priority sectors at all levels), compare budgetary allocations to actual spending. This involves 'following the money' to where it is spent, comparing budgetary allocations with records of transfers and receipts at each level of government. The data compiled by a well conducted PETS will show how much of the funds reach the intended beneficiaries. It will also indicate at what level any leakage or diversion takes place (USAID 2004). In order for donors to be able to ‘follow the money’, decentralized staff on the ground is an absolute must. The World Bank’s department of institutional integrity supports the country office staff by investigating cases of fraud and corruption.

On the issue of compensation, the locally recruited staff did not perceive the New Compensation System (NCS) as appropriately reflecting these changes. Discussions are on-going within the Bank on how to address this issue but it is still at preliminary stages with no clear direction as yet. The Internationally Recruited Staff also had issues relating to re-entry guarantees on completion of 'field' assignments, global mobility et al (World Bank 2007).

Although both qualitative and quantitative evidence is positive rather than causal, it is clear that improvement in client responsiveness has had a positive, albeit indirect, impact on poverty alleviation. This relationship can be further explored in other research initiatives. Apart from focusing on client responsiveness, the Bank and the other donor partners came to a realisation that unless the nationals in the country took the lead in poverty eradication, decentralization efforts would be an exercise in futility.

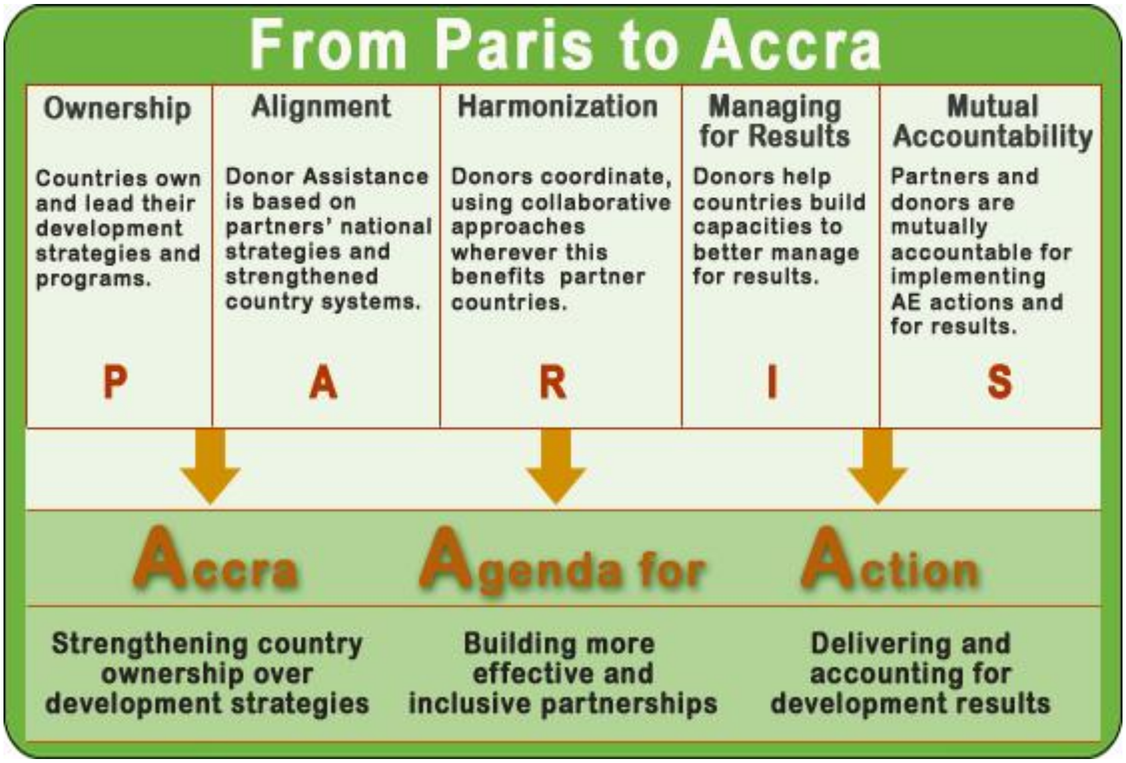
7.2.2 Country Ownership

Johnson and Wasty (1993); OED (1995); Killick (1998) and Entwislte and Cavassin (2003) asserted that the definition of 'country ownership' is difficult to apply and participation is often used as a proxy. Country ownership is often looked as encompassing six aspects:

1. Leadership within and participation across the executive,
2. Role and impact of national institutions
3. Government-stakeholder dialogue,
4. Role and impact of internal partners
5. Role and impact of external partners, and
6. Political and economic shocks.

Country ownership was one of the key goals of the decentralization strategy of the Strategic Compact 'to leverage field presence to deliver outstanding results for our client countries' (World Bank 1999). The Paris High-Level Forum on Aid Effectiveness (appendix V) confirmed the Bank's commitment to implementation of the harmonisation and alignment agenda and led to an agreement among multilateral development banks and bilateral donors on the five principles. These principles later fed into the Accra Agenda for Action (AAA) (Figure 7.16). The AAA reaffirmed the objective of strengthening partner countries' ownership of their development strategies. It also broadened the concept beyond the executive to include engagement with parliament, political parties, local authorities, the media, academia, social partners and broader civil society. Strengthening broad based ownership required measures to develop the capacity of all stakeholders, combined with effective access to knowledge and information (OECD 2009). The AAA emphasized that broad national ownership of development strategies, as articulated by developing countries, was central to aid effectiveness. It supported ownership through greater reliance on country systems (systems for public financial management – to create assurances that aid is used for the intended purposes, procurement, audit, monitoring and evaluation, and social and environmental assessment) and capacity development for governments as well as for civil society organizations and parliaments.

Figure 7.16: From Paris to Accra



Source: World Bank (2005)

The AAA reiterated and strengthened the commitments made in Paris for strengthening and using country systems. This results from strong evidence that although some progress had been achieved in strengthening country systems, since 2005, 36% of countries have improved their score for public financial management (PFM) against a target of at least 50%, less progress had been achieved on the use of country systems, with only 45% of country systems being used in the countries surveyed in 2008 (as against the target of 80%) (OECD 2009).

These principles have been translated into specific commitments like:

1. Use of country systems as first option;
2. If not using country systems, transparently state the rationale for this and make clear under circumstances they could be used;
3. Highlight the paramount need to support capacity development to enable countries to lead and manage development; and

4. Acknowledging the critical role of parliaments, civil society and local government bodies in the development process (World Bank 2009: 2-3).

However, if parliament, civil society and local governments are to be involved in the development processes and strengthen country ownership, constitutionalism becomes a crucial factor in enhancing the political atmosphere which in turn affects the economic atmosphere. In a bid to respond to the challenges of constitutionalism, the Government after wide consultations with the citizens of Uganda put in place a Constitutional Review Process (Uganda Poverty Status Report 2005).

It has already been proven that the level of democracy in a country has a direct correlation with the poverty levels. Indeed, in the UPPAP, one of the aspects of poverty as described by the masses was 'powerlessness' and having 'no voice'. However, whether or not democracy exists in reality, in Uganda, is a matter of great contention and, furthermore, for constitutionalism to work, the rule of law and respect for human rights must prevail.

Rule-based, predictable legal regimes are of utmost importance in the new market order and enhance the fight against corruption. Legal and judicial reforms have become a core component of the World Bank's governance portfolio. However, the reliability of the rule of law is determined by the political context (Santiso 2001: 7). Lack of access to justice is a defining attribute of poverty and an impediment to poverty eradication. A well functioning justice system therefore is a precondition to spur economic growth. Consequently, the focus in increasing the capacity of the justice agencies to deal with criminal and commercial matters is crucial. Access to justice not only fosters economic growth, but also prevents and overcomes poverty, by strengthening disadvantaged people's choices to seek and obtain a remedy for grievances. Within this context, and to address the policy commitment in the PEAP, the sector Strategic Investment Plan focused on improving access to justice and effectiveness and quality of justice.

The Uganda country office, through its Public Sector department had been, very actively, participating with other donor partners and government institutions on governance issues on day-to-day issues in the country. In recognition of the immensity of the impact of governance on the continued use of the country's systems, the Bank recruited a Governance and Corruption Specialist just to focus on this (World Bank 2009). Further research is required to further examine the six encompassing aspects of country ownership in the Ugandan context and the impact of decentralization on them.

A study was undertaken to assess fiduciary risks in using country financial management (FM) systems in full or in part for implementing Bank-financed investment projects in Uganda and to identify risk mitigation measures required for such use. Country FM systems refers to a country's national budget systems, accounting and reporting systems, internal control and internal audit systems, treasury and funds flow systems, and audit by its supreme audit institution. This study does not cover systems used by local governments or state-owned enterprises.

Consistent with the FM Sector guidance note, the study used a risk-based approach. The risk-based approach does not provide a 'go/no go' answer to the question of whether country FM systems can be used; instead, it ranks fiduciary risks as High, Substantial, Moderate, and Low. The decision on using country systems in a specific lending project then rests with the task team, guided by the country management team, taking into account this fiduciary risk assessment and other factors such as the nature and complexity of the project and an assessment of implementing ministries (World Bank 2006: 3).

Although Uganda has made substantial progress in strengthening its country public financial management systems, significant challenges remain. First, the reforms need to percolate down to all ministries, departments, and local governments, focusing on strengthening internal capacity, systems, and processes. Secondly, a few areas need focused attention: strengthening internal audit, managing arrears, improving discipline in budget management, reinforcing tax administration, and strengthening payroll controls (World Bank 2006: 3).

The depth and breadth of corruption in Uganda remain a real concern. Although Uganda has an extensive legal framework and a number of agencies to fight corruption, implementation and enforcement of the legislation are weak, and reports point to the lack of political will as the major obstacle in the fight against corruption. The very nature of corruption in Uganda indicates that even ring-fenced arrangements are not immune to the maladies affecting the national systems (World Bank 2006: 3). Complexity-thinking recognises that we cannot rely on fixed-rule models or methods that can be applied mechanically if we wish to generate an adequate understanding of human beings. Instead, heuristics and flexible strategies of action need to be applied (Morin 2008:96).

Evidence indicates that when a country feels that it owns its development strategies, implementation becomes more effective as compared to a situation where it is felt that it is just taking directives from its donor partners. Participation of other stakeholders makes policy makers accountable and fosters an atmosphere for constant improvements in the development arena. Vital to this process is the participation of The Parliamentary Network on the World Bank (PNoWB), Uganda. The Uganda Chapter's programmes cover development challenges in the region as well as Parliamentary involvement in the Poverty Reduction Strategies and Country Assistance Strategy processes. The Uganda Chapter was officially launched on 13th December 2006 with the overall objectives to: facilitate relations between the East African Parliamentarians and the World Bank and other multilateral organizations; deepen East African parliamentarians' understanding of the Poverty Reduction Strategies and the Millennium Development Goals and encourage and mobilise East African Parliamentarians to take concrete action that will reduce poverty (the Parliament of Uganda 2009).

Uganda's improvements in fiduciary management, through the decentralization efforts, have led to aid being used more effectively and consequently, contributing to a reduction of the poverty levels. Better Public Financial Management systems have also helped in reigning in the poverty levels due to improvements and transparency in management of public finances. However, better systems alone do not suffice and the level of corruption in the country has continued to negate the otherwise positive strides the country had made over several years.

Having established the country ownership is crucial in a country's development agenda, and that Uganda like most of the SSA countries have fallen into great depths of deprivation, donor partner support is required. However, having many multi-lateral and bi-lateral donors has resulted into high transaction costs for the government with different and sometimes, conflicting agendas.

7.2.3 Partnership Measures

The Common Performance Assessment System (COMPAS) was designed in 2005 as a framework through which multilateral development banks (MDB) could track their capacities to manage for development results. COMPAS reports data on eight categories relevant for an MDB's implementation of an improved managing for development results (MfDR): country strategies, allocation of concessional recourses, projects, institutional learning from operational experience, results-focused human resource management, harmonisation and the use of country systems. The 2008 report showed that the MDBs had made progress in the seven the participating institutions, of which one was the World Bank (MfDR 2008: 7-8).

Aid effectiveness is the impact of aid in reducing poverty and income inequality, increasing growth, building capacity and accelerating achievement of the MDGs and lasting development results (Paris Declaration 2005). One of the Declaration's 'statements of resolve' was 'we commit ourselves to taking concrete and effective action to address the remaining challenges …. (correct) insufficient delegation of authority to donors' field staff...' one approach that had been proposed in evaluating development effectiveness vis-à-vis decentralization is to evaluate how the Bank provides its services, synergistically, with other donors. This requires a strong local presence as indicated in the Paris Declaration and the recent Accra Agenda for Action (World Bank 2008: 7). The Paris Declaration on Aid Effectiveness, endorsed in March 2005, is now recognised as a landmark international agreement aimed at improving the quality of aid and its impact on development. It lays out a roadmap of practical commitments, organised around five key principles of effective aid:

1. Ownership by countries',
2. Alignment with countries' strategies, systems and procedures,
3. Harmonisation of donors' actions,
4. Managing for results, and
5. Mutual accountability (Wood, Kabell et al 2008).

In FY05, the key role that the Bank played at the Paris High-Level Forum on Aid Effectiveness confirmed the Bank's commitment to implementation of the harmonisation and alignment agenda and led to an agreement among multilateral development banks and bilateral donors on 12 indicators (appendix VI) to monitor progress with respect to the five principles, including on joint donor analytic work (World Bank 2005: 11). The overall Bank performance improved, according to the Paris Monitoring Survey for the years 2006 – 2008 (appendix V), describing the Bank's performance in the two surveys against the 2010 target. There was no baseline to compare the Bank's performance prior to the Compact given that the Paris Declaration only came into being after the Compact (World Bank 2009). Nevertheless, the link exists since partnerships are better attained by country office presence rather than by remote control.

The key objectives for preparing a collaborative Country Assistance Strategy (CAS) with other donor agencies is to improve development effectiveness through a more focused and collaborative approach in strategy programming and to reduce the transaction costs for the government, which are the two core elements of the global harmonization and alignment agenda (World Bank 2006: 1). The Uganda Joint Assistance Strategy (UJAS) is a joint donor response to the governments Poverty Eradication Action Plan (PEAP) and Partnership Principles. The joint strategy of the seven original UJAS partners presents the strategic direction of the groups support and how it fits together to comprehensively support Uganda's PEAP. The areas of joint strategy include:

1. A common assessment framework to be used to help determine levels and composition of assistance, thereby contribution toward improving the predictability of aid;
2. Selectivity in programming and policy dialogue with each partner concentrating on sector where they can leverage their comparative advantage;
3. Focusing on results and outcomes, through harmonisation of monitoring and evaluation requirements;

4. Harmonising the overall aid effectiveness agenda for the country;
5. The partners and the government have committed to an annual independent assessment of progress on development effectiveness which is based on the indicators of progress of the Paris Declaration, and
6. Integrated donor programme reviews (PEAP 2005: 2).

The analysis of the above factors is both qualitative and quantitative. According to the evaluation of the Paris Declaration (PD) commissioned by the government of Uganda in July 2008, many of the major stakeholders in the country had limited knowledge of the Paris Declaration, knowledge being concentrated in a few individuals who had participated in previous aid effectiveness meetings. It was reported that perhaps additional commitments for outstanding critical issues such as governance and corruption, which the Development Partners in Uganda partly blamed for having slowed down progress on the Paris Declaration implementation. Uganda's experience, according to the report suggests that the Paris Declaration has added value to pre-existing arrangements for managing aid. It has also reinforced the message of ownership, alignment and harmonisation already robust in the Poverty Eradication Action Plan Partnership Principles of 2001. In addition, it also gave impetus to donors to agree on a Joint Assistance Strategy for Uganda and to embark on an ambitious division of labour (DoL) exercise. The benefits of the DoL exercise have started to accrue to government in sectors such as justice, law and order in the form of reduced transaction costs (Ministry of Finance and Economic Planning & Development 2008).

Prior to this, the Paris Declaration Survey of 2007 pointed out that aid effectiveness issues have been on the agenda in Uganda for many years. With many active donors and with aid constituting a large percentage of GNI, and with Government and donor expectations high, the Survey Report noted that it is important that progress on aid effectiveness is consolidated and continued. The Table (7.6) below illustrates the progress, challenges and priority actions in that regard (OECD 2008: 1).

Table 7.6 : Highlights of Paris Declaration Survey of Uganda, 2007

Dimensions	2007	Challenges	Priority Actions
Ownership	High	Need to strengthen links between plans, expenditure frameworks and budgets	Fully implement the recommendations of the annual review of the Poverty Eradication Action Plan
Alignment	Moderate	Implementation still relies On parallel Project Implementation Units	Continue to strengthen – and for donors, make use of – country systems for Public Financial Mgt & procurement
Harmonisation	Moderate	Coordination of missions and country analytic work needs strengthening	Build on successful country Integrated Fiduciary Assessment experience with coordinating country analysis
Managing for Results	Moderate-	Fragmentation of government information systems	Operationalise National Integrated Monitoring and Evaluation Strategy
Mutual accountability	Moderate	No mutual assessment has taken place	Conduct mutual assessment, perhaps as part of review of Uganda Joint Assistance Strategy

Source: Organization for Economic Cooperation and Development 2008

The five principles of effective aid have been monitored using twelve indicators as defined by the Paris Declaration and the tracking of Uganda's indicators in appendix V.

Use of country systems enhances the clients' capacity to improve aid effectiveness through development of long term capacity for development, implementation and accounting for development outcomes. Prior to the Compact, there were no country office based procurement and financial management staff. This study finds that although there is still a lot of room for improvements, the country has progressed on this matter. The World Bank presence has also contributed to harmonisation efforts with other donors and these initiatives were crystallised in the Uganda Joint Assistance Strategy (UJAS) with the aim of improving aid effectiveness. The Bank has been very instrumental in leading the donor community to align their support and programmes with government priorities, as defined in the Poverty Eradication Action Plan (PEAP) and coordinating the support to strengthen government capacity to capture, coordinate and utilise aid flows more effectively. The presence of the decentralized staff in the country office and their frequent interaction with their government counterparts, this research concludes, fosters an environment for improved economic growth. On the other hand, however, the transaction costs of donor coordination and harmonization seem have exceeded the anticipated returns on this investment causing the World Bank to pull out of the UJAS revert to its Country Assistance Strategy (World Bank 2010).

Uganda has showed an overall improvement in most of the indicators and were anticipated, in such areas, be on track to meet the 2010 targets, all factors constant. In other areas, however, it is clear that the targets will not be met. The overall improvements indicate better use of development aid which consequently, has had a positive contribution to poverty alleviation. Further research is required to explore this issue further.

7.2.4 Integration of Global and Local Knowledge

> The World Bank Group is a unique institution of knowledge and learning. Delivering, expanding and testing this learning – in tandem with financing or separately – is the most importance part of our work (Zoellick 2007).

Striking this balance between decentralized business units and an integrated global organization requires a well-developed communications solution. Busco (2008) investigated the ways in which the diverse entities that comprise a global organization can be co-ordinated and integrated to achieve a global unity of effort, while leaving space for local adaptation, differentiation and flexibility. There are, he proposed, several tensions that characterise processes of integration as: vertical vs. lateral relations; standardization vs. differentiation of practices; centralization vs. decentralization of decision making. If not handled properly, the organization can become trapped by the contradictory forces emanating from multiple centres of decision making. Desouza and Awazu (2006) proposed that cultural differences impact how knowledge is managed in diverse countries.

The Knowledge for Development (K4D) programme at the World Bank Institute works to raise awareness among national policy makers of the powerful growth effects of knowledge, to encourage economic actors to combine global and local knowledge to accentuate comparative advantage, and to help leaders to build institutions that foster, rather than discourage, individuals' attempts to exploit the competitive opportunities available to knowledge-powered enterprises. Knowledge and innovation have always played a crucial role in economic and social development. But, globalization and the technological revolution of the last few decades have made knowledge a key driver of competitiveness and are profoundly reshaping the patterns of the world's economic growth and activity. Both the developed and developing countries must consider their future in a world system where knowledge is gold (World Bank 2007).

The K4D programme operates with a four pillared framework that expresses the prerequisites for effective use of knowledge for economic growth (Table 7.7). Making the transition to a knowledge-based economy requires effective action, reform, investment, coordination in all these four areas.

TABLE 7.7: THE FOUR PILLARS OF THE KNOWLEDGE ECONOMY

Pillar 1 **Economic and institutional Regime**	**Pillar 2** **Education and skills**	**Pillar 3** **Information & communication infrastructure**	**Pillar 4** **Innovation system**
The country's economic and institutional regime must provide incentives for the efficient use of existing knowledge, the acquisition of new knowledge, and the application of both to economic activity to improve productivity, to raise quality, to innovate, and to launch new enterprises.	The country's people need education and skills that enable them to create and share knowledge, and to use it well.	A dynamic information infrastructure is needed to facilitate the effective communication, dissemination and processing of information	The country's innovation system – firms, research centres, universities, think tanks, consultants, and other organizations – must be capable of tapping the growing stock of global knowledge, assimilating and adapting it to local needs, and creating new technology that underpins the development of new products and processes that can compete in export markets and meet needs at home.

Source: World Bank 2007

In its decentralization strategy, one of the Bank's goals was joint teams of Internationally Recruited Staff (IRS) and Locally Recruited Staff (LRS) staff as a regional resource and realignment of the presence of staff according to sector and client needs. LRS and IRS team composition for the 'professional' level staff is shown in Table (6.1). However, to ascertain the details of the changes in the Uganda country office and the accompanying changes in culture requirements in a decentralized organization, further research will be required and so will the extent of the leveraging of global and local knowledge by the Uganda country office team.

7.2.5 A Cost Effective Bank

The Compact was specific on expected costs, projected savings and redeployments, and the need for additional funding, including that for staff separations. Indicating broad budget directions, it recognised that detailed cost and savings estimates depended on the outcomes of the Cost Effectiveness Review (CER) and a careful assessment of each unit's implementation capacity and options for redeployment. It nonetheless committed the Bank to return to the FY97 net administrative budget level in real terms by FY01 (World Bank 2001: 6). This research finds that the Compact, with all its good intentions, was an over ambitious plan with an even more over ambitious timeline. Although the Compact delivered on some of its promises, Wolfensohn did not deliver on his promise on a cost effective Bank. The costs of decentralization have been on the increase with the Washington staff numbers still not reducing despite the promise that this would be implemented as part of the cost efficiency plan.

Preliminary research also suggests that the aggregation of data is not by country office, but rather by region and by unit and that overall, the costs of decentralization have increased over the period of study and the benefits, if any, will be realised in the future, beyond the period of study. Consequently, cost effectiveness in the Uganda country office will not be examined in this research. Suffice it to note that at the end of 2009, in an attempt to harness the 'runaway' costs of decentralization in the region, the office of the Chief Administrative Officer visited a number of offices in Africa in a 'cost rationalisation' mission.

7.2.6 Conclusion

Decentralization is a tool to enhance development effectiveness. However, attempts to quantify the costs and benefits of Bank decentralization have been difficult in terms of setting the right parameters to measure country performance in a Washington based versus a decentralized context (World Bank 2008). Nevertheless, benefits in terms of some of the goals of decentralization have been analyzed. In improving client responsiveness, country ownership and partnerships in Uganda, the Bank improved development effectiveness and this in turn has contributed to bringing down the poverty levels in the country.

The benefits from knowledge and cost effectiveness are yet to be documented and are, perhaps, yet to be realised given that they may only accrue beyond the period of study. Furthermore, initial research suggests that the costs of decentralization have not yet been realised Bank wide and consequently, will not be analyzed in this research but, further research can try to unearth the benefits of leveraging global and local knowledge and the impact on poverty in Uganda. Further research is also required to examine how the Africa Region and consequently, the Uganda country office realigned the staffing needs according to the sector and clients needs in the country and what the impact of these alignments were, if any, on poverty eradication in Uganda.

Nevertheless, bank-wide, the Independent Evaluation Group report (2010) found several areas of significant organizational and institutional constraints which had an impact on development effectiveness. In the first instance, there were difficulties in linking corporate and sector strategies with country-driven operations and global programs with country programs. This research attributes this to the 'agency problem' where the staff at country office level may be working in silos and do not necessarily, have the institution's overall objectives in mind.

It also found key weaknesses in the sharing of knowledge about what did not work (IEG 2010: 2). The report also noted the erosion of technical expertise and need for stronger staff skills, especially those relevant to new business needs. Inability to fully exploit cross-sector synergies for development effectiveness and weak accountability for implementation was also noted.

This research also finds that the country office staff participation in the crafting the Compact and the formulation of the decentralization strategy was not significant, the management having used a 'top-down' approach. Consequently, when it came to the implementation phase, the process was rife with unintended consequences and contradictions.

With regard to the matrix, several shortcomings impeding development effectiveness were identified:

1) Persistent sector 'silos' leading to weak cross sector collaboration and untapped synergies;
2) Disconnects between Board-approved sector strategies and country operational programs;
3) Limited staff mobility and sharing of knowledge and skills across regions;
4) Dispersed and poorly- defined managerial accountabilities, resulting among other things in inadequate quality control and;
5) The growth of trust-funded activities that were not well connected to country programmes (IEG 2010).

It has been more than a decade since the 1997 reorganization and concerns that the matrix system is not delivering on its promise persist. There have been some changes since 1999, most notably, the reduction in the number of networks through mergers to form the current matrix and adaptations within the regional matrices. But the fundamental structure, including the regional structure put in place in FY97, is still intact (IEG 2010: 5).

Another IEG report also presented in 2010, noted that although IDA faced difficulties in getting results in Africa where the Bank's project performance has been the poorest, the development outcomes in Africa have improved over the decade although they still remain lower than other regions. However, the report noted, country programme evaluations indicated generally positive outcomes in Mozambique and Uganda (IEG 2010: xiv). The IEG also reviewed selected issues in development effectiveness from investment lending to revamping the matrix management. The results suggested that there was no difference in the quality of design, quality of supervision or quality of partnerships is a task team leader is based in the country office as opposed to headquarters (IEG 2010: xv).

An examination of the outcomes of decentralization of country directors showed that decentralization is associated with improved outcomes only when the director is located in the country and not in a nearby hub. It was also noted that the further a country is from Washington, the stronger the rationale for devolution of work and staff (IEG 2010: xv).

However, no matter how extraordinary any development partner's interventions might be, without the prerequisite response and participation of the recipients, the interventions are likely to be, at best, short-lived. The Uganda Poverty Action Fund (PAF) was set up in 1988/9 as a mechanism to demonstrate that resources from HIPC debt relief and additional donor funds were being channelled, in full, to key sectors of the Poverty Eradication Action Plan (PEAP). A study carried out in 2003 to trace whether the poor were benefitting or not from the PAF resources revealed that though some of the informants saw the guidelines used as largely clear and relevant in addressing poverty, they were not adequate in addressing modalities of participation and inclusion (Uganda Debt Network 2003). The Uganda Debt Network is a civil society organization monitoring the utilization of the Poverty Action Plan in 17 districts in Uganda to ensure that services reach the intended beneficiaries through a Community Based Monitoring & Evaluation System

The Uganda Government has been pursuing a major decentralization programme since the late 1980s, gradually changing from a highly centralized state to a decentralized one. Decentralization was expected to contribute to development by empowering the people and the institution at every level of society including public, private and civic institution, improving access to basic services; increasing peoples participation in decision making; assisting in capacity building and enhancing governments responsiveness, transparency and accountability (UN Department of Economic & Social Affairs 2004; UNDP 1998; Olowu 2001; Golola 2001; Jesse 2002; Bitarabeho 2008).

The government's decentralization programmes have been carried out through local government structures which have been granted wide ranging powers including executive and legislative authority. The districts are the basic unit of local council which are responsible for major functions and services delivery within their jurisdictions and have registered some significant wins. However, the road has not been completely smooth and the decentralization path has been marred by issues of lack of discretionary funding; duplication of service delivery, lack of capacity in planning and policy formulation, budget management, to mention but a few; unclear revenue sharing arrangements; lack of appropriate technology and infrastructure, politicization and corruption (UN Department of Economic & Social Affairs 2004; Uganda Debt Network 2004).

In order for the country to reap the intended benefits of the Strategic Compact's decentralization strategy, it is imperative that the Ugandan citizens hold their government accountable for development. In the past, bad policies or implementation issues have been blamed for failures in achieving development goals. The current scapegoat is 'governance' and the issue of corruption has become a major area of concern by both development partners and the Ugandan people.

In terms of the Bank's 'Post-Washington Consensus' policies in which the implementation left the citizens bleeding, the government with the development partners ought to analyze what the issues were and what lessons have been learnt from them. For instance, the World Bank required the government to cut down the size of the extremely bloated public service which the government could not support. This thesis agrees that this needed to be done but perhaps, the mechanism of implementation could have been better. This thesis also suggests that the government of Uganda has not learnt any lessons from this specific issue. Following the reduction of the bloated government, in the subsequent decentralization implementation, the number of local councils has been so excessive and is considered by some, a mechanism for accumulating votes rather than for service delivery. Another area of contention is the sheer size of the Parliament, which is one of the largest in the entire world, the implications being an unwarranted and unsustainable drain on the country's meagre economic resources.

With regard to corruption, corruption poses a serious development challenge and undermines it. President Museveni, on different occasions reiterated that his government was committed to fighting corruption and in his state of the nation address on June 4, 2009, he talked about corruption and clearly emphasised his position of zero tolerance for corruption. He has also in the past been calling upon the courts to adopt a tougher stand towards graft suspects by proposing that they should be denied bail (a direct contravention to Article 23 (6) of the Constitution dealing with the right to bail). These statements are considered to be just posturing as the evidence shows lacks of political will (Uganda Debt Network 2009: New Vision newspaper March 22, 2010) and the final assault, according to civil society, was when the President went as far as changing the Constitution to permit himself to have endless presidential term limits.

> Once the poor can unleash their energy and creativity, poverty will disappear very quickly. The poor themselves can create a poverty-free world. All we have to do is free them from the chains that governments have put around them (Boynes 2011 quoting Dr. Yunus)

This research asserts that unless the population takes the development agenda into their own hands, the country is unlikely to experience any sustainable development. However, in order for this to happen, participation of all citizens at all levels from policy formulation to implementation is a prerequisite for success. Surveys in communities, carried out by Uganda Debt Network (2009) show a lack of adequate involvement at the grass-root levels where the majority of the, purported, recipients of poverty alleviation activities are.

> Uganda is now caught up in the contradiction of extreme wealth alongside excessive poverty and extreme luxury alongside mass deprivation (Mwenda 2011).

About 50% of the government budget is funded by the development partners. How can a country develop on handouts? The country's revenue base is very limited; some viable tax streams having been cancelled by the government for political reasons. More frightening is the recent discovery of oil in the country and the expected negative returns on the 'resource curse' which has dogged other oil producing countries in Africa. The government's current 'hide-and-seek' behaviour concerning the oil issue suggests that Ugandans should, indeed, brace themselves (Mwenda 2010). However, if the government uses the oil properly as it purports that it will, then the country may soon achieve its poverty eradication agenda.

The World Bank has been working with government to institute policies and laws governing the oil sector. The presence of the decentralized Country Manager and Country Director permits a better and more valuable presence of the Bank with its officials possessing the necessary decision necessary authority. The Bank operations will continue in Uganda in the foreseeable future and though criticized for a number of its policies and procedures and being overly bureaucratic, among other things. Despite various unintended consequences resulting from the implementation of the decentralization strategy in Uganda, the overall impact on poverty alleviation has been positive. All the players in the development arena need to assess the strategies and implementation and draw some lessons from them.

CHAPTER EIGHT

CONCLUSION

8.1 INTRODUCTION AND OVERVIEW OF RESEARCH THESIS

> African poverty and stagnation is the greatest tragedy of our time. Poverty on such a scale demands a forceful response and Africa, at country, regional, continental levels, is creating much stronger foundations for tackling its problems. Recent years have seen improvements in economic growth and in governance. But Africa needs more of both if it is to make serious inroads into poverty. To do that requires a partnership between Africa and the developed world which takes full account of Africa's diversity and particular circumstances (Commission for Africa 2005).

There have been growing scepticism and apathy regarding poverty eradication, especially, in the SSA context. Paradigm after paradigm and 'huge failed experiments' in poverty eradication and, the SSA is still unable to deliver its impoverished masses from the dreadful tentacles of pervasive poverty. There is, however, a greater convergence of opinions and emerging consensus that approaches to the problems need to be reformulated and new and more home-grown solutions are required and perhaps, 'African Studies' should be supported to deliver viable solutions. This research proposes decentralization of development agencies as a partial solution to poverty eradication. It is argued that the agencies cannot be effective if they continue operating 'by remote control', a presence on the ground with staff who are well appraised of the local conditions in which the implementation take place and understand the client better, is not an option but a necessary condition.

Continued scepticism about the efficacy of the paradigms that have been presented over time demonstrates the need to reform development both theoretically and in practical terms. Thus, this paper presents a possible solution and therefore, a remedy to previous failures to eradicate poverty in Uganda. However, can decentralization really deliver on reducing the daily grind and stark reality of poverty? This research sought to provide an answer to this question through a theoretical discussion which was subsequently applied in the case study carried out with Uganda as the study sphere.

Several reasons have been advanced for carrying out the study including failures of past paradigms in the face of continued, pervasive poverty, especially in SSA, more global debates on development effectiveness and limited empirical analyzes on the relationship between decentralization and development effectiveness. In order to examine this, this research uses mainly qualitative methods because of its appropriateness and ensures that the research design was properly constructed so as to deliver credible information.

The focus of this study is the nature and the impact of decentralization on poverty eradication and the resultant positive relationship. However, in recognition of the fact that the interplay between these factors does not happen in a vacuum, attention is given to the political-economic environment and the broad historical and socio-economic context within which these factors interact. This study argues that it is critical to analyze the study within the context otherwise the research may just end up with 'text-book' findings that have no or little application capabilities.

Triangulation of several research methods and sources were applied in this thesis, which is essential given the complexity of the subject of this research. Triangulation was not only used for different data sources but it also integrated different research methods thus, the application of both qualitative and quantitative research. The research also carried out in depth and extensive documentary analysis, supplemented by study of archival documentation and limited participant observation, the researcher having lived in the study sphere.

An extensive literature review was used to lay a foundation to understanding the concept and decentralization as a viable option to poverty eradication. The research has explored theories relating to the dynamics of poverty, the theories of development, and the World Bank's role in development. The debt crisis of the 1980s has been examined, and how the International Monetary Fund (IMF) and the World Bank responded to the crisis and the impact of the crisis on the 'developing' nations. There have been numerous critics of the World Bank's operations, and it's purported 'neo-liberal globalisation' both from within and from without. However, despite numerous debates concerning the Bank's strategies and policies and a few, outright, suggestions and recommendations to disband the organization, this research has not found proposals of final and lasting solutions to poverty eradication in SSA.

A core set of research questions were used as the major investigative focus of the desk review of the relevant documentation. These questions were derived from the research objectives and provided vital information of the substance of this research and provided the theoretical framework from which practical applications have been proposed. The data was assessed, summarised and synthesised to produce the findings detailed in this study.

Uganda is the case study sphere for evaluating the World Bank's 'Strategic Compact – Renewing the Bank's Effectiveness to Fight Poverty'. The focus is the impact of decentralization as proposed in the Compact, and its impact on poverty alleviation. In Uganda, the concept of poverty takes several dimensions and in 1997, at the launch of the first PEAP, Government for policy purposes defined poverty as lack of access to basic necessities of life (food, shelter, clothing and other needs like education and health) (Uganda Poverty Eradication Action Plan 1997). Many economists believe that the SSA has failed to grow because of its 'poverty trap', which trap occurs in several economic areas, particularly in public and private investment, innovation and technology, and food productivity. In order to reduce poverty in developing countries, development economists and politicians generally agree that promoting economic growth in poor countries in the most effective approach.

The introductory chapter of this thesis discussed the objective and guiding research questions and also outlined the justification of the study. Here also, the research methodology is discussed and so were the main limitations of the selected approach. In chapter two a review of historical trends and evolution of development theories and policies are undertaken as a basis for undertaking the current trends. Here, the tensions between 'alternative' and 'traditional' perspectives are analyzed. The chapter then focused on one of the current trends which proposed decentralization of donor agencies as a viable option to poverty eradication. It also presented a discourse on the debate on the meanings and definitions of ‘development’ and of ‘poverty’ and consequently, different remedies due to different definitions.

Chapter three discussed the research design and methodologies that have been used in this research. After all, the strength of the findings is largely based on how it is found (Kumar 2005). Here also the problem statement, the research objectives and the resultant research questions, which are the basis of the entire research, are outlined. The chapter discussed the case for a qualitative study and why it is imperative to have the correct design without which serious flaws may lead to incorrect findings. This chapter also outlines how the research findings will be presented and what limitations of the study are and the ethical requirements both in obtaining the information and reporting the findings.

Chapter two and four provided the conceptual framework for evaluating how much of the decentralization and poverty eradication discourses can be translated into concrete experiments and for understanding and assessing their policy and policy outcomes and applications.

Chapter four provided the Uganda country context, historic, political-legal and other factors as a context within which the study was carried out and what the implications therein are.

Chapter five to seven provided a holistic understanding of the Strategic Compact, its decentralization strategy, implementation and impact on poverty eradication initiatives. They form a basis for a comprehensive understanding of what was proposed and implemented institution wide and in Uganda, specifically to support the new strategy. In depth analyzes were carried out and the main findings are outlined.

The concluding chapter summarises the overall findings of the study and highlights their implications and main contributions in both theoretical and practical dimensions. The contributions were assessed against the main limitations of the research and directions for future study suggested.

8.2 SUMMARY AND DISCUSSION OF RESEARCH FINDINGS

This thesis explored, in depth, the concepts of decentralization and poverty eradication including their different definitions, merits and demerits and, ultimately assessing their conceptual coherence and their utility as operational and policy tools. In describing and assessing the proposal of the paradigm of decentralization as a tool for poverty eradication, the relevant broader theoretical and practical concepts have been examined. The development theories provide a framework within which the study has been carried out. This study finds the Compact objectives have to some extent been realised. This research examined, in detail, the Compact's strategies and why the Compact itself was initiated. This was basically due to the self-diagnosis by the Institution itself that it was failing in its poverty eradication mission and was in danger of becoming irrelevant in the development world.

This study's objective to describe and examine decentralization in the World Bank was achieved through an extensive examination of the changes that took place in terms of strategies, structures, systems, policies and operations and culture both at the institutional level and the Uganda country office level. At both levels, this research found that more staff and resources were moved to the 'frontline' thus, increasing and improving the Bank's presence in the country offices. Changes in organizational structure from tall hierarchy to the matrix were implemented with country office based staff reporting to both, country office based and HQ based managers. The findings established the changes in the compensation systems which were intended to recognise added responsibilities of the Nationally Recruited Staff (NRS) in the wake of decentralization. However, staff have continued to complain that the HR systems in general and, the compensation package in particular, failed to match the changes in job profiles and new responsibilities resulting from the decentralization strategy. The Bank also undertook an extensive review of its stock of staff and initiated a number of training opportunities in order to ensure a skills match with the new requirements.

An upgrade of the systems was carried out thus, creating real time access to information by all country offices. This enabled faster and informed decision making thus, enabling staff on the 'frontline' be in a better position to respond to the clients, expeditiously. Through its policy and procedural changes, the Bank introduced many more flexible means of delivering development aid, in a more client-focused manner. Previously and still to some extent, the clients found the Bank's policies and procedures to be cumbersome and highly bureaucratic thus creating bottlenecks in the poverty eradication mission. The new policies and procedures, introduced due to the Compact, sought to address these issues. This research finds that significant progress has been made in Uganda in collaboration with the client governments, other donor agencies and other beneficiaries on the ground.

Although the Compact discussed in depth, the cultural changes required in supporting the decentralization strategy and results are maintained at institutional level, this study has not been able to establish the results at the Uganda office level.

According to a discussion note 'Toward a Global Bank' decentralization has been a central feature of organizational reforms undertaken since 1997. It has been driven by the need to improve the institutions effectiveness, response to demand for increased country ownership and for donor harmonization and alignment (World Bank 2008:1). The note went on to reiterate the Bank's decentralization objections of:

1. Increased client responsiveness,
2. Improved country ownership and stronger partnerships,
3. Integration of global and local knowledge, and
4. Cost effective Bank support.

It was against these critical success factors that any future decentralization policies would be judged. However, one should keep in mind that relationship is a positive one and not causal. This research established that by decentralizing it operations, the Bank increased its responsiveness to the clients (appendices III & IV). Responsiveness was measured in terms of:

1. ‘face-time’ with the client;
2. Better understanding of local conditions;
3. Faster response tine;
4. More delegation of authority
5. The time it takes for a project to become effective.

The impact can also be measured in quantitative terms:

1. Number of active projects;
2. The overall portfolio performance;
3. The development impact (Table 7.4).

This study also found that increased country ownership through leadership and participation of the Executive, impact of national country institutions, government-stakeholder dialogue, role and impact of internal and external partners and the handling of political and economic shocks, led to better results in supporting the country’s PEAP. Country ownership was enhanced by the partnerships within the donor community, who through the Paris Declaration and other initiatives, aligned their aid to government priorities, harmonised their systems and procedures in order to reduce transaction costs to the client and conducted mutual assessments of the government’s progress through the UJAS. Although details of the impact of the integration of global and local knowledge are yet to be ascertained, preliminary findings indicate that through the Knowledge for Development programme, the staff used the knowledge data base to support the ‘pillars’ of development. The Bank did not achieve its objective of cost reduction during the period under review. It is, however, anticipated that this may happen in the long run.

8.3 LIMITATIONS AND DIRECTIONS FOR FUTURE RESEARCH

As indicated in the introductory chapter of the findings, qualitative research can be an endless venture thus, providing immense opportunities for further research as new aspects are, continuously, discovered as the research progresses. This research had to be limited to specific issues but, nevertheless, areas that provide opportunities for further research have been highlighted below.

Firstly, this thesis, is by no means, an exhaustive research, it has focused on mainly just on one of the several strategies arising from the World Bank's Strategic Compact and furthermore, it did not examine the interplay between the decentralization strategy and the other strategies. However, having analyzed the Strategic Compact in depth, the implementation and impact of the resultant decentralization strategy in Uganda, this provides an immensely significant stepping stone upon which further research can be undertaken to explore other strategies proposed by the Compact and to examine their impact on the Bank's effectiveness in poverty eradication.

It is also a recognized fact that the problem of poverty is multidimensional, with so many and sometimes, conflicting factors in interplay. It, therefore, becomes difficult to isolate just one factor and examine its specific contribution to the resolution of the problem. This is important because the definition of the problem influences the definition of the solution and there is no consensus on the definition, let alone the causes and solutions to abject poverty levels. That said, in examining decentralization as one of the many paradigms to solving the poverty dilemma, this research provided an opportunity for the examination of the relationships between decentralization and other factors affecting poverty. For instance, further research could be undertaken to examine the relationship between decentralization and social-cultural issues in Uganda. Does the implementation of the strategy, for instance, take into consideration the paternalistic culture in Uganda and if so, what is the impact and if not, why not?

This research also found that within the World Bank, the information on the decentralization of the organization is, generally, complied at organizational or regional level (in this case, the Africa Region) thus, making it difficult to establish the Uganda specific data. This presents as area of further research to establish how the decentralization strategy was translated and implemented in the Uganda country office and may be achieved through primary research. This presents an opportunity for research to propose how the World Bank can start tracking its progress at country level in order to enable more viable, home-grown solutions in individual country situations.

The concept of decentralization, the causes of poverty and the various paradigms that have been proposed to eradicate poverty through several decades are incredibly, vast and deep but this study has only been able to address a limited scope of the issues. There are, therefore, many opportunities to explore the organizational structures of development agencies, their systems and generally, how they operate in order to harness some efficiency gains and reduction of overheads that can then be translated into poverty eradication activities. Although this study does not examine other donor agencies that are also implementing decentralization thus; the benefits of cross-fertilisation have not been yet been examined, the foundation for further research has been provided through the analysis of the World Bank's strategies. This research also did not examine if and how decentralization in the Bank related to the decentralization initiatives within the Government of Uganda itself but given the importance of a fit between these different aspects of decentralization, this research provides an opportunity for further research in this area of decentralization.

Although the Strategic Compact itself and other documents are now in the public domain and indeed, accessible from the World Bank's external web, some of the information in the thesis may not thus, obligating the researcher to abide by the non-disclosure policies and exposing her to possible disciplinary action, if found to have, inadvertently, breached the rules. The researcher has, however, exercised extreme caution and ethics in using the information, within the confines of the staff rules. Nevertheless, due to the Bank's new, more liberal, access to information policy, a lot more of the Bank's information is available to the public thus providing enormous opportunities for further research on development institutions, which according to North (1990) are critical in development economics.

Finally, the Compact was launched in 1999 but the full fledged implementation of decentralization started a few years ago and is now in full force. Therefore, there have been some teething problems, unintended consequences that have been experienced but the organization has been reviewing progress and taking corrective action. Furthermore, this is not a strategy that can realize all or even most of its benefits within a short period of time and some of the benefits will, clearly, be realized beyond the period of this study. Others, may never or be, partially, realized. There are, therefore, many more opportunities for further research after the full implementation of the decentralization strategy has been undertaken.

8.4 CONCLUSIONS AND RECOMMENDATIONS

This thesis endeavoured to assess the key features of current development theory and policy with special attention to decentralization as a paradigm to address poverty eradication which despite many attempts continues to plague the SSA. This is because most of the literature and theories concern decentralization in governments and not in IFIs. Furthermore, there is also a gap in linking the decentralization efforts to poverty reduction and development effectiveness. Thus, these factors were analyzed with Uganda as a study sphere and the findings contribute to the building of knowledge on both theoretical and practical policy applications.

The concepts of decentralization and poverty and the various debates surrounding these concepts were reviewed and critically analyzed. The study also discussed the challenges encountered in the attempts to implement these concepts, given the context within which they operated. This thesis discussed, in detail, the impact of the strategy in Uganda, particularly, the changes in structure and systems; policies and procedures. The impact of the implementation in Uganda has been discussed, extensively and the evidence indicates a positive relationship. However, initial research has not been able to establish what new cultures were developed in the Uganda CO to support decentralization.

The objectives of the study were to examine changes that occurred in response to the implementation of the decentralization strategy both at the corporate level and, in the Uganda country office. The research also evaluated the impact of the strategy implementation on poverty trends in Uganda. This thesis established that although, on the whole, the impact of the implementation was positive, there were still other areas that the Bank did not deliver on its promises, discussed in the previous chapter 7.

Nevertheless, despite many debates and accusations, surely the World Bank strategies and policies are not, entirely, to blame for the failures of poverty reduction in SSA and indeed, in Uganda. Whether or not the Bank has been successful in its bid to eradicate poverty, this research argues that the Bank is not the cause for continued deprivation as purported by many but nevertheless, the fact that pervasive poverty still continues, seemingly unabated, despite the World Bank's presence is, of course, an issue of grave concern. To the proponents of '50 Years is Enough' and the like minded, would the world be a better place without the Bank? This research disagrees with this notion but agrees that, definitely, there are areas requiring urgent redress and, this should be the focus of constructive criticism rather than the stone-throwing stance adopted by many whose own solutions to the problems are yet to be seen.

This thesis, therefore, outlines the following recommendations to improve the Bank's decentralization agenda and bridge the development delivery gap:

1) Review the matrix to ensure that it is supportive of the decentralization strategy. The matrix ought to balance the competing objectives at institutional and country office level. Successful matrix organizations continuously review their organizational effectiveness and readjust internal power imbalances as necessary, to enhance their ability to achieve their goals (Gottlieb 2007; Galbraith 2009).

2) The Bank has been, largely rated as successful in responsiveness to the client in areas like disbursing loans much faster, with greater ownership and less conditionality but it needs to do more integrating some strategic objectives in operations, adhering to its own mandate and demonstrating development impact and sustainability.

3) Continued engagement and partnership with all stakeholders is crucial and this research recommends that the World Bank should become more visible in letting the population know what its mandate is and how this is being implemented in Uganda. Consensus

building can be gradual and time-consuming but it enhances reform as opposed to imposition of ideas from 'above'.

4) The Bank has become such an enormous organization that the decentralization strategy should consider relocating the vice president for each region to the country offices, accompanied with the prerequisite authority levels.

5) Some authorities such as Hobbs (2005) argue that in reality the internal reforms may not match the rhetoric. This is because the Bank must respond to the demands of multiple stakeholders from whom it draws its legitimacy and resources and yet these demands are often in conflict with each other. Consequently, the Bank should exercise greater flexibility and focus only on areas where it has comparative advantage.

6) Despite the Bank's position of being non- partisan and its restrictive mandate, the Bank must improve and increase its handling of governance issues otherwise; unbridled corruption will continue to undermine the economic progress in Uganda. Clear and concise frameworks with actionable governance indicator tracking mechanisms would enable the Bank address the issue of corruption within its mandate.

7) Reduction of staff numbers in Washington needs to happen and some support functions, such as HR, travel and procurement, need to be further outsourced to the country offices.

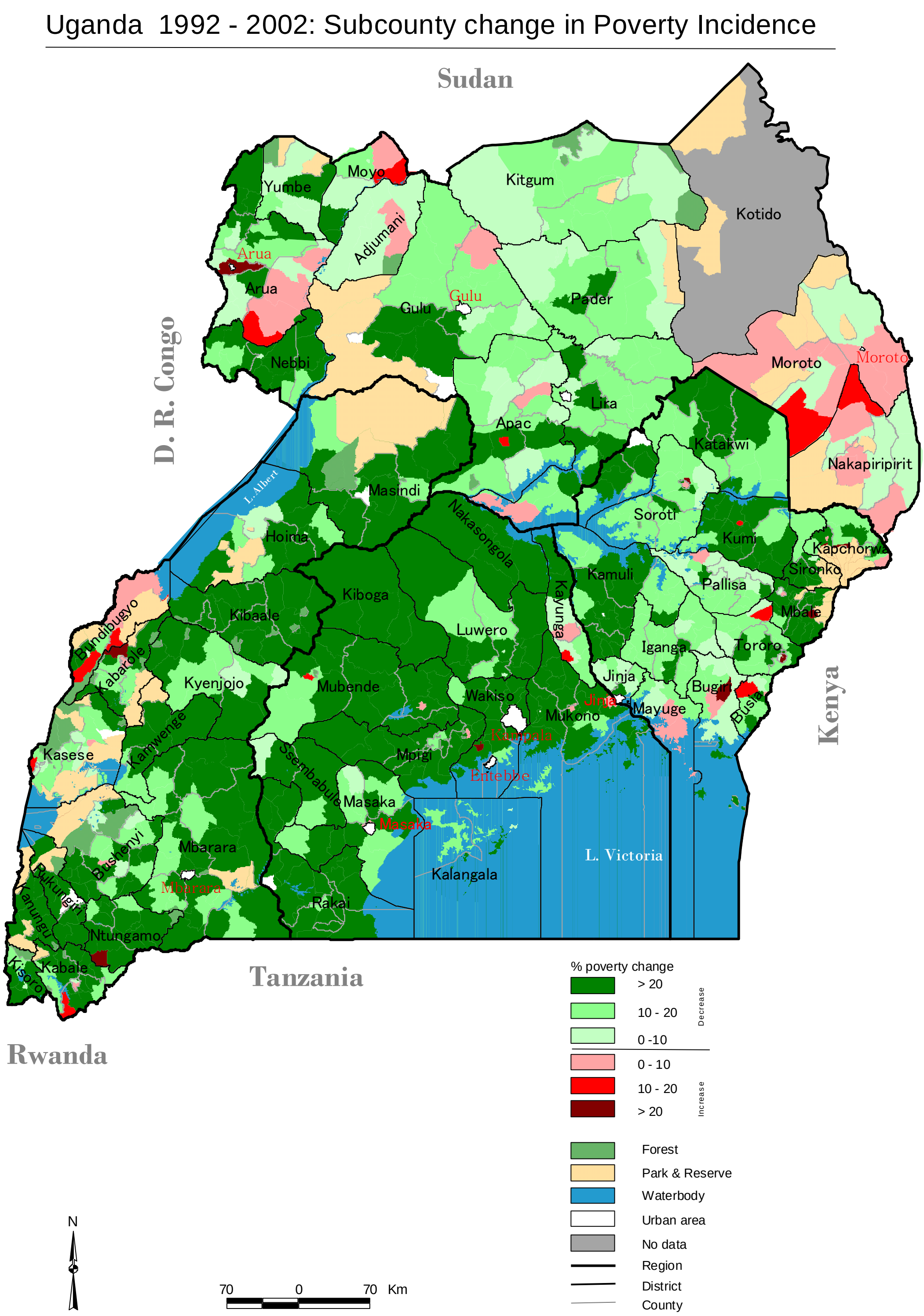
8) Successful country programmes are tailored to the country context and sound understanding of the political economy is critical. The current Uganda CAS is aligned to the country's NDP but is the NDP being implemented? The Bank, despite its budget support strategy should establish more viable mechanisms for 'following the money' and ensuring that funds are being used as agreed.

9) An inventory of good practices should be made and adapted to local context, tailoring the programmes to the circumstances in Uganda and adapting strategies to the local political economy.

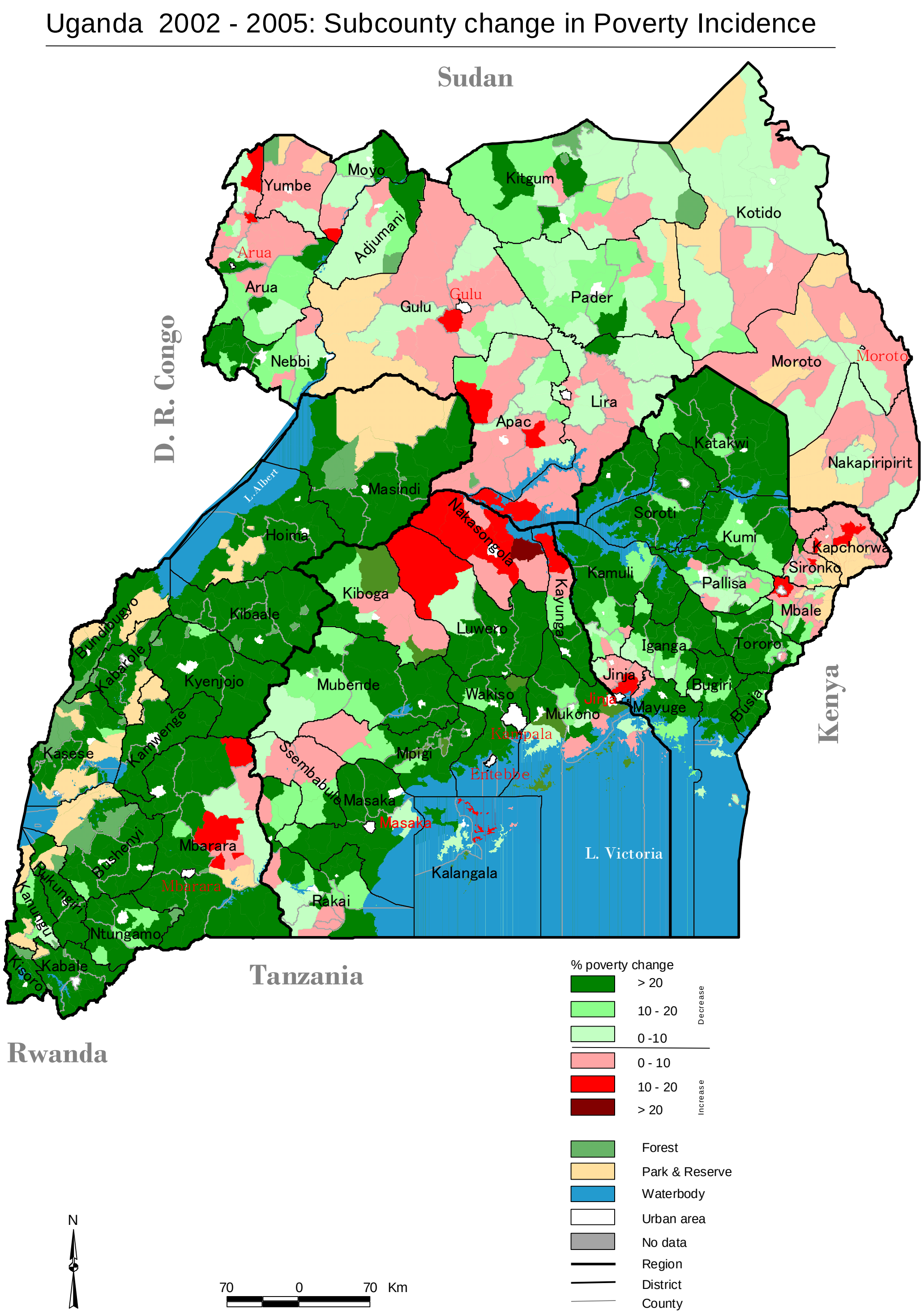
These recommendations notwithstanding, it is argued that poverty eradication calls for a comprehensive solution and the participation of all, development partners, government, civil society and indeed, the intended beneficiaries of these initiatives. Eradication of poverty is ultimately the responsibility of the poor and their governments, and assistance from development partners, if properly utilized would certainly help. Country ownership for the development agenda and delivery of results is, primarily, the responsibility of the Ugandan government and its citizenry. It is time for Ugandans to stand up and be counted.

In conclusion, how then, shall we surmount the issue of pervasive poverty in the SSA? Paradigm after paradigm, with no obvious solutions in sight, apathy and resignation has set in for most of the impoverished masses. It has been proposed that an 'African solution' is required instead of just transplanting Western notions of development. So, where are the African scholars and development practitioners, who will, finally, bring the long awaited solutions?

APPENDIX I: UGANDA 1992 – 2002: SUB-COUNTY CHANGES IN POVERTY



APPENDIX II: UGANDA 2002-2005: SUBCOUNTY CHANGE IN POVERTY INCIDENCE



Source: The Uganda Participatory Poverty Assessment Project 2000

APPENDIX III: UGANDA CLIENT SURVEY 1999

Many aspects of our staff's interactions with clients--staff's technical competence, clarity of communication, knowledge about international best practices, and reliability – are among the areas rated most effective by clients. (These results are very similar to those received in other countries.) Helping to strengthen and maintain sound macroeconomic and trade policies, helping to establish the physical infrastructure essential for future development, and helping to bring about economic growth also received high effectiveness ratings. Areas on which to focus attention – those where the clients think an issue is important but our effectiveness is relatively low (note scatter plot later in this section and section C); and those where clients think effectiveness is below average (some areas fall into both categories). Important issues with low (below average) effectiveness:

- Helping to reduce poverty
- WB officials' ability to adapt their knowledge to Uganda's needs
- Establishing the conditions for long-term sustainability
- Getting the project to implementation quickly enough for Uganda's needs
- Helping assure that project benefits justify the costs to the country
- Considering a range of alternative, feasible options
- Providing recommendations that are practical
- Involving the participation of beneficiaries
- Involving local project experts
- Showing flexibility in applying procurement rules to the country's situation
- Helping restructure projects that are not working well
- Dissemination of the results to the people in Uganda who need them most
- Building capacity at the community level
- Promoting private involvement in effective delivery of public services

Our effectiveness was rated below average (various levels of importance):

- WB officials' ability to adapt their knowledge to Uganda's needs
- Establishing the conditions for long-term sustainability
- Showing flexibility in applying procurement rules to the country's situation
- Helping to safeguard the environment
- Helping to improve governance
- WB officials' respect for Uganda's culture
- Helping to ensure that the benefits of development justify the costs
- Getting the project to implementation quickly enough for Uganda's needs

- Helping to ensure that the investments in development bring results that last

On 15 broad strategic questions, academics/researchers were less satisfied with the Bank's performance than other respondents. Senior officials in national government were generally more positive in assessing the Bank's performance than other respondent groups. Private enterprise managers provided the lowest effectiveness ratings on the questions helping to strengthen the private sector, and helping to establish the physical infrastructure.

Clients have positive perceptions of the World Bank's effectiveness in helping coordinate work of different donors.

Clients agree that the World Bank works in partnership with the government and that the Government receives the support it wants from the Bank in donor coordination. However, they disagree that the Government leads donor coordination and think that the World Bank and other donors tend to duplicate each other's work. Also, they are inclined to perceive the World Bank as taking too much control of the donor coordination process.

Six out of eight of clients' ratings of the resident mission effectiveness lie above 'average effectiveness' (some of them – only minimally). Also, clients disagree that the resident mission is helping to build expertise among local development specialists and is providing flexibility when standard Bank procedures do not fit the country situation.

The comparison of responses from clients and country team members showed that on a large number of questions the CT evaluated the Bank's performance significantly higher than did the clients. This was especially true in the areas of policy advice and WB studies and analyses.

Some highlights of the country team members' supplemental questions (not sent to clients) are:

- Country team views of the government's behaviour in its relationship with the Bank are generally on the positive side except for the views on government's willingness to combat corruption;

- The country team's perceptions of its cohesiveness, team moral, and budget resources are not too positive (about average); the country team is also not too firmly persuaded that country and sector management structures in the region are well-coordinated.

APPENDIX IV: EXTRACT OF UGANDA CLIENT SURVEY 2003

Role of the country office

Respondents indicated that the most important role for the country office in Uganda was to help make project implementation efficient, for which the country office was rated as fairly effective**.**

Helping to make project implementation efficient was rated as the most important role for the country office with a mean rating of 4.6 on a 5-point scale with 1 being not important at all and 5 being very important.

Improving understanding of the Bank's role and programme of assistance to Uganda and explaining Bank policies and procedures were rated as the most effective roles of the country office, both with mean ratings of 3.6 on a 5-point scale with 1 being not effective at all and 5 being very effective.

Employees of implementation agencies and respondents from academia tended to give consistently high ratings of the country office's effectiveness whereas local government officials and respondents from private sector organizations tended to give consistently low ratings. However, because of the small number of respondents from individual stakeholder groups, these ratings may not be reliable. Ratings for all stakeholder groups can be found in the appendix.

Based on the feedback from client interviews, the country office was to be generally effective. However, clients noted that the country office could be more effective if it had more staff to support implementation of projects and programmes. They also noted that some programmes are delayed because of the country office having to always seek clearance from Washington D.C. Clients suggested that the country office should hire more staff, but should also be given more freedom to make some decisions without seeking approval from the Bank's headquarters in Washington, D.C.

APPENDIX V: PARIS DECLARATION INDICATORS

Indictor 1 - Ownership.

Ownership is critical to achieving development results and is central to the Paris Declaration on Aid Effectiveness. Aid is most effective when it supports a country owned approach to development; it is less effective when countries feel that aid policies and approaches are driven by donors that provide the assistance. In the PD context, ownership specifically concerns a country's ability to carry out two, inter-linked activities: exercise effective leadership over its development policies and strategies; and coordinate the various development actors in the country (p. 2).

The World Bank rates operational value of a country's development strategy against a five-point scale (A highest to E lowest). The PD 2010 target is to raise, to at least 75%, the proportion of partner countries with operational development strategies – i.e. meriting a rating of A or B. In 2006 Baseline Survey, Uganda received a B rating, along with only four other countries in a sample of fifty five rated by the World Bank. The country's poverty plan (PEAP) was judged to meet many of the criteria for an operational development strategy. Uganda retained its B rating in the 2008 Survey, meaning that unless slippages occur, Uganda is on course to meet the PD 2010 target (p. 2).

Indicator 2 – Alignment

For aid to be effective, it must be aligned to the country's national development strategies, institutions and procedures. Despite disappointing slippage on the use of country systems and on predictability of aid, indicators show that Uganda is making sound progress on alignment. The country financial and procurement systems are relatively strong, aid is accurately estimated in the budget, and technical cooperation is coordinated with country programmes. By contrast, there is considerable room for progress on phasing out parallel project implementation units (PIUs) (p. 3).

The focus of this indicator is on the degree to which these systems adhere to broadly accepted good practices or to which there is a reform programme to promote improved systems. To obtain a high score, a country needs to meet all three of the following criteria: a comprehensive and credible budget linked to policy priorities; effective financial management systems to ensure that the budget is implemented as intended in a controlled, predictable way; and timely, accurate accounting and fiscal reporting, including timely and audited public accounts (p. 3, 4).

At the time of the Baseline Survey 2006, no mechanisms were in place to systematically assess and quantify the quality of procurement systems in the countries but by the 2008 Survey, it was in place, with a four-point scale A-D. Uganda rated its own systems as B (p. 3).

Indicator 3 – Aligning Aid Flows on National Priorities

Comprehensive and transparent reporting on aid, and how it is used, is an important means of ensuring that donors align aid flows with national development priorities. The degree to which development assistance to the government sector is fully and accurately reflected in the budget provides a useful indication of the degree to which serious effort is made to connect aid programmes with country policies and processes. It also allows partner countries to present accurate and comprehensive budget reports to their parliaments and citizens (p.4).

The 2006 Baseline Survey reported that 79% of aid disbursed to the government sector in Uganda was accurately estimated in the budget with the ratio for the average donor being 65%. Uganda's country report noted that the prospects for alignment and for meeting the 2010 target of 90% of aid being accurately estimated in the budget were very favourable. However, it also emphasized the need for donors to provide better information to government about their planned disbursements. The 2008 Survey indicated that 98% of aid to the government sector in Uganda was accurately estimated in the budget for 2007. The gap between planned disbursements and estimates of aid included in the budget was partially due to the failure of some donors to provide information in a coordinated manner and to flaws in the government's approach to collecting such data (p.5).

Indicator 4 – Coordinating Support to Strengthen Capacity.

Capacity constraints significantly undermine the ability of partner countries to capture, coordinate and utilise aid flows more effectively. Under the PD 2010 target of 50%, donors committed to providing technical cooperation in a manner that coordinated with partner country strategies and programmes. The 2006 Survey reported that Uganda was at 42% and by 2008; an improvement to 58% was reported. Governments efforts to produce a single capacity-building framework for the public sector and donors, which promises to step up coordination of capacity-building projects, is a step in the right direction (p. 6).

Indicator 5 – Use of Country Systems

Donor use of a partner country's established institutions and systems increases aid effectiveness by strengthening the partners' long-term capacity to develop, implement and account for its policies to both its citizens and its parliament. The 2006 Baseline Survey reported that 60% of aid to the government sector in Uganda made use of Uganda's Public Financial Management (PFM) (budget executions, financial reporting, and auditing) systems with a figure for procurement standing at 54%. With its PFM systems given a rating of 4.0 in the survey, the PD 2010 target for the use of country PFM systems set at 73%. As their reliability had not been assessed, no target was set for the use of country procurement systems (p. 7, 8).

In the 2008 survey, Uganda slipped to 57% for use of PFM systems and 41% for procurement systems (having obtained a B rating). Thus, although donors frequently use the country systems, aid provided through other modalities often uses donors' own systems reflecting donor reservations about government systems. The government has however, tried to rectify this situation by ensuring PFM reforms and the Public Procurement and Disposal Act (p. 8).

Indicator 6 – Avoiding Parallel Implementation Structures

When providing development assistance, some donors establish specific project implementation units (PIUs), i.e. dedicated management units designed to support development projects or programmes. A PIU is 'parallel' when it is created by the donor and operates outside the country's existing institutional and administrative structures. While useful in the short term, it may, in the long term undermine national capacity building efforts, distort salaries and weaken accountability for development (p. 8).

The PD 2010 target is to reduce by two-thirds, the stock of parallel PIUs in each partner country. The 2006 baseline Survey recorded a total of 56 parallel PIUs and reducing them to 18 or less by 2010 was the target. By the 2008 survey, there were still 30 of these PIUs. Government, however, contends that there was under disclosure by partners, 55 would be the more accurate figure, revealing the donor partners lack of trust in government systems (p. 9).

Indicator 7 – Providing More Predictable Aid

For many countries development aid constitutes a vital source of revenue and resources. Therefore, being able to predict how much aid and when it will be received is crucial for budget management. For Uganda, the data for 2005 show that 84% of planned disbursements was recorded by government, with around two-thirds of the gap resulting from differences between scheduled and actual disbursements. For the average donor, in-year predictability was 66%. The PD 2010 for Uganda was overall set at 92%. To close the predictability gap, donors will need to provide better information about their funding plans over a multi-year period and the government will have to improve data capture systems and ensure that ministries provide full information about the aid received (p. 10).

Indicator 8 – Untying Aid

Aid is said to be ‘tied’ when it is provided on the condition that the recipient country uses it to purchase goods and services from suppliers based in the donor country, thus increasing the costs. By contrast, untied aid helps build a country’s capacity to provide goods and services. On the basis of data covering 73% of aid, the 2006 survey reported that 81% of aid provided to Uganda was untied, by 2008; it had reached 85% (p.11).

Indicator 9 - Harmonisation

Decades of development experience show that poor coordination of aid increases costs for both donor and partner countries and significantly, reduces the value addition of aid. Harmonisation of aid delivery procedures and adoption of common arrangements help reduce duplication effort and lower the steep transaction costs of managing aid. The PD focuses on two dimensions as a proxy for assessing overall harmonisation: use of common arrangements and the extent to which donors and partner countries conduct joint missions and share analysis (p. 11).

In 2006, 50% of aid provided to Uganda met the criteria and by 2008, it has risen to 66%. This impressive achievement reflects the collective efforts by donors and the government to make better use of budget support, sector-wide approaches (SWAps) and joint funds (p. 12).

Indicator 10 a/b – Joint Missions and Sharing Analysis

One of the most frequent complaints of partner countries is the demands from various donors on their time. Indicator (a) measures the extent to which donors are merging their missions, either with the partner country, donor community or both. The 2010 target is that 40% of donor missions to the field are conducted jointly. According the 2006 Baseline Survey (p. 12), only 17% of the 456 donor missions in Uganda were co-ordinated.

Data for 2008 show a decrease in the number of missions to 313, and a reasonably encouraging increase (21%) in the percentage conducted jointly.

Indicator (b) measures the analytical work which encompasses the analysis and advice necessary to strengthen policy dialogue, and to develop and implement country strategies in support of sound development assistance. It typically includes country or sector studies and strategies, country evaluations, discussion papers, etc. Joint donor efforts helps curb transaction costs for partner authorities, avoids unnecessary duplication of efforts and fosters common understanding between donors and also draws on the partner countries' own analytical work. Uganda shows encouraging progress from 40% (representing 146 pieces of work) reported in the 2006 to 54% (representing 175 pieces of work) in the 2008 survey. Meeting the 2010 target of 66% will require donors – particularly the UN, to increase efforts to co-ordinate country analytical work (p. 13).

Indicator 11 – Managing for Results

The PD calls for managing for development results which implies defining desired results and measuring progress towards them, as well as using information on results to improve decision making and performance. It also implies strengthening capacity to undertake such management and helping increase a results-based monitoring framework. The review focuses on the quality of the information generated, stakeholder access to the information and the extent to which such information is utilized within a country-level monitoring and evaluation system. The assessments are expressed in scores running from A (high) to E (low). The 2010 target is to reduce by one-third the proportion of countries lacking transparent and monitorable results-based frameworks (rated at B) (p.3).

At the time of the 2006 baseline Survey, Uganda received a rating of B (only one other country of the 55 assesses received this rating). The country retained its rating in 2008 and its country report notes that the PEAP policy matrix and associated outcome targets provide a sound framework for monitoring results (p.3).

Indicator 12 – Mutual Accountability

The PD recognises that for aid to be truly effective, stronger and more balanced, accountability mechanisms are required at all levels. In particular, aid is more effective when both donors and partner country governments are accountable to their respective publics and to each other, for the use of resources and management to achieve development results.

This indicator is concerned with the specific question of whether there is a country-level mechanism for mutual assessment of progress on the partnership commitments, the 2010 target being that all partner countries should have in place, such mechanisms (p.3). At the time of the 2006 Baseline Survey, Uganda had not conducted a mutual assessment. The assessment formed part of the Joint Assistance Strategy which took place in 2007 (p.3).

References

Adams, R. 2003, 'International Migration, Remittances, and the Brain Drain: A Study of 24 Labor-Exporting Countries', *World Bank Policy Research Working Paper* No. 3069.

Adesina, J. 2002, 'Development and Challenge of Poverty: NEPAD, post-Washington consensus and beyond', *NEPAD.*

Adupa, R. L. & Asiimwe, D. 2007, 'A Rapid Assessment of Civil Society Organizations for the Promotion of Civil Engagement and Social Accountability in Uganda', *the World Bank,* Consultant Inception Report.

African Economic Outlook, 2004/2005, 'Country Studies: Uganda', [ONLINE], available at (http://www.oecd.org/infobycountry.html**),** viewed July 20, 2006.

African Development Bank Group, 2008, 'Evaluation of the Decentralization Strategy and Process in the African Development Bank', *Operations Evaluation Department,* Oct 22, 2008.

African Forum and Network on Debt and Development, 2007, 'A Critical Assessment of Aid Management & Donor Harmonisation – The Case of Uganda', *AFRODAD.*

Aghion, P. 2012, 'Innovation Process and Policy: What Do We Learn from New Growth Theory?', *Harvard University.*

Ahrens, J. & Lofchie, M. 1994, 'Structural Adjustment in Uganda', [ONLINE], available at http://members.aol.com/apuuli/sapuga.htm, viewed May 15, 2007.

Akinyemi, B. 2005, 'The Way Forward for Africa', [ONLINE], available at http://www.africaeconomicanalysis.org/articles/gen/wayhtm.html, viewed Jan 18, 2010

Akukwe, C. 2000, 'HIV/AIDS in Africa: Less Talk and More Action', [ONLINE], available at http://www.africaeconomicanalysis.org/articles/gen/aidshtm.htl, viewed Jan 18, 2010.:

Alesina, Alberto & Dollar, D. 2000, 'Who Gives Foreign Aid to Whom and Why?' *Journal of Economic Growth* 5 (1): 33-63.

Alesina, Alberto & Enrico, S. 2003, 'The Size of Nations', *Cambridge MA.*

Al-Jurf, S. 1999, 'Good Governance & Transparency: Their Impact on Development', *Center for International Finance & Development.*

Amoaka, K. Y. 1999, ‘The Economic Causes and Consequences of Civil Wars and Unrest in Africa’, [ONLINE], available at: http://www.africaeconomicanalysis.org/articles/gen/Africawarhtm.htl, viewed Feb 2, 2009.

Amponsah, W. 2005, ‘Can Africa Achieve Millennium Development Growth Targets through Effective Negotiations of the Doha Development Mandate?, *The World Bank*, 2005.

Amundsen, I. & Mathisen, H. 2009, ‘Corruption, Lack of Political Will and the Role of Donors in Uganda’, *Michelsen Institute*.

Ankarloo, D. 2006, ‘New Institutional Economics and Economic History – A Case of ‘Economics Imperialism’, *Paper for Historical Materialism Conference*: ‘New Directions in Marxist Theory’ *London*, 8-10 December 2006.

Apuuli, A. 2001, ‘The Pearl of Africa Shines Again: Yoweri Kaguta Museveni’s Uganda’, [ONLINE], available at **http://www.members.aol.com/apuuli/m7is_uga.html, viewed May** 30, 2007.

Arsenault, M. 2006, ‘The Limits of Hard-Rational Choice’, *SW Michigan*.

Ayittey, G. 1993, ‘Africa Betrayed’, *New York: St Martin’s Press,* 1993.

Ayittey, G. 1999, ‘How the Multilateral Institutions Compounded Africa’s Economic Crisis’, [ONLINE], available at **http://www.highbeam.com/doc/1P3-49452015.html** tviewed Feb 2, 2009.

Ayittey, G. 1999, ‘Debt Relief for Africa’, [ONLINE], available: http://www.africaeconomicanalysis.org/articles/gen/AfricasDebthtm.htl, viewed Feb 2, 2009.

Azam, J., Devarajan & O’Connell, 1999, ‘Aid Dependence Reconsidered’, *The World Bank Policy Research Working Paper* No. 2144.

Bakunda, G. 2009, ‘Labour as an Export: Estimating Uganda’s Exportable Labour using a New Pro-poor Index of Unemployment’, *Makerere University Business School, Kampala*.

Baldwin, R. 2009, ‘In Praise of Melting Pots’, [ONLINE], available at http://www.economist.com, viewed Oct 1, 2006.

Baldwin, W. 2007, ‘Where Greed is Good’, *Forbes Inc*.

Balihuta, A. & Sen, K. 2001, ‘Macroeconomic Policies and Rural Livelihood Diversification: A Ugandan Case-Study’, *LADDER Working Paper,* No. 3, October 2001.

Barrett, C. 2007, ‘Development Economics, an Overview’, London, *Routledge*.

Basit, T. 2003, ‘Manual or Electronic? The Role of Coding in Qualitative Data Analysis’, *Educational Research* , vol. 45, No. 2, pp.143-154.

Basu, A. et al 2000, ‘Promoting Growth in Sub-Saharan Africa – Learning What Works’, *IMF*, No. 23.

Bates, R. 2006, ‘Institutions and Development’, *Journal of African Economies*, Vol. 15, p10-61.

Bell, S. 2000, ‘Institutionalism: Old and New’, *NSW*, Australia.

Ben-Ari, N. 2002, ‘Poverty is worsening in African LDCs’, *Africa Renewal*, Vol.16, no. 2-3, p.9.

Billon, P. 2000, ‘The Political Economy of War: An Annotated Bibliography’, *Humanitarian Policy Report* 1, March 2000.

Binnendijk, A. 1989, ‘Donor Agency Experience with the Monitoring and Evaluation of Development Projects’, *U.S. Agency for International Development*.

Birdsall, N. 2004, ‘Seven Deadly Sins: Reflections on Donor Failings’, *Centre for Global Development Working Paper* #50, December.

Blackden, C. M. 2004, ‘Out of Control: Gender and Poverty in Uganda’, *The World Bank.*

Blair, T. Adeola, F., Kalema, W. et al 2005, ‘Our Common Interest – Report of the Commission for Africa’, *Commission for Africa,* March 2005.

Blanco, S. 1999, ‘The 1960s and 1970s: The World Bank Attacks Poverty; Developing Countries Attack the IMF’, *The University of Iowa, Centre for International Finance and Development.*

Blanco, S. & Carrasco, E. 1999, ‘The Functions of the IMF and the World Bank’, *The University of Iowa, Centre for International Finance and Development.*

Blanchard, O. & Kremer M. 1997, ‘Disorganization’, *Quarterly Journal of Economics,* 112 (4) pp.1091-1126.

Bobba, M. & Powell, 2007, ‘Aid Effectiveness: Politics Matters’, *OECD,* January 2007.

Bond, P. 2011, ‘The World Bank’s Africa Strategy: Neo-liberalism, Poverty and Ecological Destruction’, [ONLINE], available at **http://theglobalrealm.com/2011**, viewed on November 9, 2011.

Boone, P. 1996, ‘Politics and the Effectiveness of Foreign Aid’, *European Economic Review* 40, pp.289-329.

Booysen, L. & Beaty, D. 1997, 'Linking Transformation and Change Leadership in South Africa: a Review of Principles and Practices', *SBL Research Review*, 1, pp.9-18.

Bossuyt, J. & Gould, J. 2000, 'Decentralization and Poverty Reduction: Elaborating the Linkages', *Policy Management Brief* 12, October 2000.

Bourguignon, F. & Chakravarty, S. 1998, 'The Measurement of Multidimensional Poverty', *DELTA* Working Papers pp. 98-112.

Bourguinon, F. & Morrison, C. 1991, 'Adjustment and Equity in Developing Countries a New Approach, Paris', *OECD*.

Bourguignon, F. & Sundberg, M. 2007, 'Aid Effectiveness – Opening the Black Box', *World Bank Research E-Newsletter*, January 2007.

Bowen, G. 2005, 'Preparing a Qualitative Research-Based Dissertation: Lessons Learned', *The Qualitative Report*, Vol. 10, No. 2, June 2005, pp. 208-222.

Brett, E. A. 1992, 'Colonialism and Underdevelopment in Africa', *Aldershot*.

Bridges, S. & Lawson, D. 2009, 'A Gender-based Investigation into the Determinants of Labour Market Outcomes: Evidence from Uganda', Journal of African Economics, vol. 18, Issue no. 3, pp.461-495.

Broda, C. 2004, 'Terms of Trade and Exchange Rate Regimes in Developing Countries', *Journal of International Economics* 63, 2004, pp.31 -58.

Bruce, M. & Barbone, S. 2011, 'Mill's Proof of Utilitarianism', *Oxford*, UK.

Bullard, N. 2000, 'Another Bite in the Dust: Collateral Damage in the Battle for the Bank', *Global Policy Forum*, June 2000.

Bulwaka, M. 2009, 'Diaspora Diplomacy: A Case Study of Uganda', *University of Malta*.

Burnside, C. & Dollar, D. 2000, 'Aid Policies, and Growth', *American Economic Review* 90, no. 4, September, pp.847-68.

Burnside, C. & Dollar, D. 2004, 'Aid, Policies and Growth: Revisiting the Evidence', *Policy Research Working Paper* Series 3251, *The World Bank*.

Carrasco, E. 1999, 'The Debt Crisis and the Lost Decade of Development', *The University of Iowa, Center for International Finance and Development*.

Carrington, W. & Detragiache, 1998, 'How Big is Brain Drain?' *IMF* Working Paper No. 98/10

Caruso, H., Bazerman, M. & Roger, T. 2007, 'Leading and Creating Collaboration in Decentralized Organizations', *Harvard Business School.*

Chang, M. 2006, 'Decentralization', *International Encyclopaedia of Organization Studies.*

Charlton, G. 2000, *Human Habit of Highly Effective Organizations*, Pretoria, Van Schaik.

Chen, S. & Ravallion, 2007, 'Absolute Poverty Measures for the Developing World, 1981-2004', *World Bank Policy Research Working Paper* 4211, April 2007.

Chen, S. and Ravallion, 2008, 'The Developing World is Poorer than We Thought, But No Less Successful in The Fight Against Poverty', *World Bank Policy Research Working Paper* 4703, August 2008.

Chiovitti, R. F. & Piran, N. 2003, 'Rigour and Grounded Theory Research, 2003', *Blackwell Publishing Ltd.*

Claessens, S. Cassimon, D. & Campenbout, B. 2009. 'Evidence on Changes in Aid Allocation Criteria', *The World Bank Economic Review*, vol, 23, No. 2, pp.185-208.

Clark, D. A. 2005, 'Sen's Capability Approach and the Many Spaces of Human Well-being', *Journal of Development Studies*, 41 (8), pp.1339-1368.

Clemens, M., Radelet, S. & Bhavnani, R. 2004, 'Counting Chicken When They Hatch: The Short Term Effects of Aid on growth', Working Paper No. 44, *Centre for Global Development.*

Coetzee, J. K., Graffi, F., & Hendricks, G. 2001, 'Development: Theory, Policy and Practice', Cape Town: *OUP*.

Colander, D. 1999, 'The Death of Neo-Classical Economics', *The History of Economic Thought Society* June 27, 1999.

Colander, D. 2010, 'Review of 'From Political Economy to Economics: Method, the Social and Historical Evolution of Economic Theory'', *Middlebury College Economics Discussion Paper* No.10-03.

Collier, P. 2002, 'Making Aid Smart: Institutional Incentives Facing Donor Organizations and Their Implications for Aid Effectiveness', *The Institutional Economics Approach to Aid Effectiveness*, Feb 25, 2002.

Collier, P. & Dollar, D. 2002, 'Aid Allocation and Poverty Reduction', *European Economic Review* 45, No. 1, pp.1-26.

Collier, P. & Gunning, J. W. 1999, 'Explaining African Economic Performance', *Journal of Economic Literature*, Vol. 37, pp.64-111.
Collier, P. & Gunning, J. W. 1999, 'The IMF's Role in Structural Adjustment', *The Centre for the Study of African Economic Working Papers* Series. Paper 102.

Conteras, R. 1999, 'Competing Theories of Economic Development', *The University of Iowa, Centre for International Finance and Development.*

Conteras, R. 1999, 'How the Concept of Development Got Started', *The University of Iowa, Centre for International Finance and Development.*

Conyers, D. 1986, 'Decentralization and Development: A Framework for Analysis', *Community Development Journal,* 1986, 21 (2): pp88-100.

Commission for Africa, 2005, '2005 Report', [ONLINE], available at **http://www.commissionforafrica.info/2005-report** , viewed Sep 23, 2009.

Cooper, D. R. & Schindler, P. S. 2001, *Business Research Methods,* 7th Edition, New York, McGraw – Hill.

Cooksey, B. 2003, 'Aid and Corruption: A Worm's-Eye View of Donor Policies and Practices', 11th International *Anti-Corruption Conference,* Seoul.

Cornwell, R. 1999, 'The Collapse of the African State', *Centre for International Political Studies*.

Corti, L. & Bishop, I. 2005, 'Strategies in Teaching Secondary Analysis of Qualitative Data', *Forum for Qualitative Social Research,* Vol 6, No. 1, Art – January 2005.

Cortright, J. 2001, 'New Growth Theory, Technology and Learning: A Practitioner's Guide', *Reviews of Economic Development Literature and Practice*: No. 4.

Coyne, C. & Boettke, 2006, 'The Role of the Economist in Economic Development', *Global Prosperity Initiative Working Paper 32.*

Daly, H. 1994, 'When Protectionism is a Good Thing', *Global Policy Forum,* Jan 25, 1994.

Daly, H. 1994, 'Globalization Versus Internationalization: Some Implications', *Global Policy Forum,* 1999.

Davies, A. 2009, 'Human Development and the Optimal Size of Government', *Journal of Socioeconomics,* 2009, 35(5):868-876

Deaton, A. 2005, 'Measuring Poverty in a Growing World (or Measuring Growth in a Poor World)', *The Review of Economics and Statistics*, vol, 87, No. 1 pp. 1-19.

Deaton, A. 2006, 'Evidence-based Aid Must Not Become the Latest in a Long String of Development Fads', *Boston Review*, July/August 2006.

Deger, S. & Smith, R. 1983, 'Military Expenditure and Growth in Less Developed Countries', *Journal of Conflict Resolution*, Vol. 27, No. 2, June 1983, 335-353.

Deininger, K. & Mpuga, P. 2005, 'Economic and Welfare Impact of the Abolition of Health User Fees: Evidence from Uganda', [ONLINE], available at **http://jae.oxfordjournals.org/content/14/1/55.abstract**, viewed Oct, 20, 2010.

Denny, C. 2000, 'Don't Bank on It. Factions at the World Bank argue', *Guardian* July 4, 2000, Online edition.

Denzin, N. K. & Yvonna S. 1998., *Strategies of Qualitative Inquiry*, Thousand Oaks, CA: Sage, 1998.

Development Assistance Committee, 2003, 'Synthesis of Lessons Learned of Donor Practices in Fighting Corruption', *OEDC*, 2003.

Development Co-operation Directorate, 2008, 'The Working Party on Aid Effectiveness', [ONLINE], available at http//www.oecd.org , viewed Dec 4, 2009.

Dooley, L. 2002, 'Case Study Research and Theory Building', *Advances in Developing Human Resources*, vol 4. no. 3. August 2002, pp335-354.

Dorkin, E. 1999, 'Development, the IMF, & Institutional Investors: The Mexican Financial Crisis', *Center for International Finance and Development*.

Dugger, C. 2005, 'Trade and Aid to Poorest Seen as Crucial on Agenda for Richest Nations', *The New York Times*, June 19, 2005.

Dugger, W. 1995, 'Douglass C. North's New Institutionalism', *Journal of Economic Issues*, Vol. 29, No 2, Jun 1995, pp.453-458.

Earle, L. & Scott Z. 2010, 'Assessing the Evidence of the Impact of Governance on Development Outcomes', *Governance and Social Development Resource Centre*.

Easterly, W. 2001, 'The Elusive Quest for Growth: Economists Adventures and Misadventures in the Tropics', *Massachusetts*.

Easterly, W. 2003, 'Can Foreign Aid Bu Growth?' *Journal of Economic Perspectives* 17 (30), pp. 23-48.

Economic Commission for Africa, 2003, 'Economic Report on Africa 2003: Uganda – A Tale of Two Economies?' *Economic Commission for Africa*, July 2003.

Edoku, V. E. 2001, 'Report on the Review of the Status of Uganda's External Debt', *Uganda Debt Network*, April 2001.

Ehrenfeld, D. 2004, 'Foreign Aid Effectiveness, Political Rights and Bilateral Distribution', [ONLINE], available at **http://www.jha.ac/articles//128.htm** viewed on Sep 9, 2009.

Eisenhardt, K. 1989, 'Building Theories from Case Study Research', *Academy of Management Review*, vol. 14 (4), pp. 532-550.

Emmerrij, L. 2006, 'The Gentle Breeze of Development Economics', *Development and Change*, Vol. 37(6), pp.1379-1387

Escobar, A. 1995, 'Encountering Development. The Making and Unmaking of the Third World', *Princeton*, NJ: University Press.

Escobar, A. 1999, 'Development, Past, Post, and Future Development', *Society for International Development.*

Faini, R. 2003, 'The Brain Drain: An Unmitigated Blessing?' *Centro Studi Luca d'Agliano Development* Studies Working Paper no.173.

Fine, B. 1999a, 'Neither the Washington Nor the Post-Washington Consensus: An Introduction',

Fine, B. 2006, *The New Development Economics: After the Washington Consensus*, Zed Books, 7 Cynthia St. London, N1 9JF, UK.

Fine, B. & Milonakis, D. 2003, 'From Principle of Pricing to Pricing of Principle: Rationality and Irrationality in the Economic History of Douglass North', *JSTOR: Comparative Studies in Society and History*, Vol. 45, No. 3, Jul 2003, pp.546.

Fine, B. & Milonakis, D. 2009, 'From Economics Imperialism to Freakonomics: The Shifting Boundaries Between', *London School of Economics*.

Fiori, S. 2002, 'Alternative Visions of Change in Douglass North's New Institutionalism', *Journal of Economic Issues*, Vol. 36, No. 4, Dec 2002, pp 1025-1043.

Fjeldstad, O. 1993, 'Combating Corruption: A Transparency Index for Donors?' *Development Today*, Vol 9, No. 3, 1999.

Fleshman, M. 2004, 'Women: The Face of AIDS in Africa', *Africa Renewal*, vol 18, no. 3, p. 6.

Fleshman, M. 2006, ‘Trade talks: where is the development?’, *Africa Renewal*, vol. 20, no.1, pp. 14.

Fleshmn, M. 2006, ‘Africa Ending Impunity for Rights Abuses’, *Africa Renewal*, vol. Vol 20, no.4, p7.

Flyvberg, B. 2006, ‘Five Misunderstandings About Case Study Research’, [ONLINE], available at http://flyvbjerg.plan.aau.dk/Publications2006/0604FIVEMISPUBL2006 viewed June 6, 2007.

Fox, L. 2008, ‘Sharing the Growth in Uganda: Employment, Poverty and Inequality since 2000’, *The World Bank*.

Frank, A. G. 2005, ‘From the ‘Development of Underdevelopment’ to the World System’, *Development and Change* 36(6): pp.1177-1183.

Frantz, B. 2004, ‘General Budget Support in Tanzania: A Snap Shot of its Effectiveness’, *USAID*.

Garnett, R. 2005, ‘Whither Heterodoxy?’ *Post-Autistic Economics Review*, Issue No. 34, article 1.

Galbraith, J. R. 2009, ‘Designing Matrix Organizations that Actually Work: How IBM, Procter & Gamble, and Others Design for Success, *Jossey-Bass*.

Ghosh, J. 2006, ‘Making Sense of the World Economy’, *Development and Change*, vol. 37(6), pp.1417-14233.

Gilmn, L. 2005, ‘Two Paradigms for Development’, *The Watson Institute for international Studies*.

Goodman, P. S. 2006, ‘The Persistently Poor – An Internal Report Criticizes World Bank’s Efforts on Poverty’, *Washington Post, December 8,* 2006, Online edition.

Goodwin, J. & O’Connor, H. 2006, ‘Contextualising the Research Process: Using Interviewer Notes in the Secondary Analysis of Qualitative Data’, *The Qualitative Report* vol, 11 No. 2, June 2006, pp.374-392.

Gottilieb, M. 2007, ‘The Matrix Organization Reloaded: Adventures in Team and Project Management, *Praeger Publishers*.

Government of Uganda, 2003 ‘Strategies to Promote Economic Growth Progress Report’, May 2003.

Government of Uganda, 2004, ‘Uganda Country Portfolio Performance Review’, December 22, 2004.

Green, C. & Murinde, V. 1992, ‘Potency of Budgetary and Financial Policy Instruments in Uganda, in Policy Adjustments in Africa: Case Studies in Economic Development’, *St Martin’s Press*, New York, pp.149-171.

Green, E. 2005, ‘Ethnicity and the Politics of Land Tenure Reform in Central Uganda’. *Development Studies Institute Working Paper Series* No. 05-58.

Greene, G. & Freed, S. 2005, ‘Research as Improvisation: Dancing Among Perspectives’, *The Qualitative Report*, vol. 10, No. 2, June 2005, pp.276-288.

Grimes, A. 2006, ‘Terms of Trade and Economic Growth: Smooth Ride: Terms of Trade, Volatility and GDP Growth’, *Ministry of Economic Development.*

Guillaumont, P. and Laajaj, 2006, ‘When Instability Increases the Effectiveness of Aid Projects’, *World Bank Policy Research Working Paper* 4034, October 2006.

Haines, R. J. 2000, ‘Development Theory’. In de Beer, F. and Swanepoel, H., (eds) *Introduction to Development Studies,* 2nd Edition. Cape Town: OUP, pp.31-60.

Hanlon, J. 2004, ‘It is Possible to Just Give Money to the Poor,’ *Development and Change* 35(2): pp. 375-383 (2004).

Hansen, B. E. 2000, ‘Econometrics. Poverty Manual’, All, *JH* Revision of August 8, 2005.

Hansen, H. & Tarp, F. 2000, ‘Aid Effectiveness Disputed’, *Journal of International Development*, 12(3): pp. 375-398.

Hansen, H. & Tarp, F. 2001, ‘Aid and Growth Regressions’, *Journal of International Development*, 64(2): 547-570.

Harsch, E. 2002, ‘Africa Still Waiting for Genuine ‘Partnership’, *Africa Recovery*, vol. 16 #2-3,September 2002,, p. 1.

Harsch, E. 2002, ‘Global financial clouds on Africa’s horizon’, *Africa Renewal,* vol. 16, no. pp. 14.

Harsch, E. 2003, ‘Africa Beyond Famine’, *Africa Renewal*, vol. 17, no.1, pp. 1.

Harsch, E. 2005, ‘Africa and the challenge of the Millennium Development Goals*’, Africa Renewal*, Vol. 19, no.2, p.12.

Harsch, E. 2005, ‘Focusing Aid on Africa’s Own Priorities’, *Africa Renewal*, vol. 19 no.2, April 2005, p.10.

Harsch, E. 2006, ‘Seeking Peace with Justice in Uganda’, *Africa Renewal*, vol. 9 no.4, April 2006, p.20.

Harsch, E. 2007, 'Big Leap in China-Africa Ties', *Africa Renewal,* vol. 20 no.4, January 2007, p. 3.

Hashmall, A. 2006, 'Developing Africa: Aid Effectiveness in the Sub-Saharan Region', *Nelson Mandela Metropolitan University*.

Hastings, D. 2010, 'The Human Security Index: An Update and a New Release', *Human Security Index Organization.*

Heaton, J. 1998, 'Secondary Analysis of Qualitative Data', *Social Research Update,* Issue 22.

Helleiner, E. 2006, 'Reinterpreting Bretton Woods: International Development and the Neglected Origins of Imbedded Liberalism', *Development and Change* 37(5): pp.943-967 (2006).

Hobbs, N. 2005, 'Corruption in the World Bank Financed Projects: Why Bribery is a Tolerated Anathema', *DESTIN* Working Paper No. 05-65.

Hurst, A. 2010, 'Complexity as a Methodological Paradigm for Development Studies'. *Nelson Mandela Metropolitan University*.

Hutcheson, F. 1725, 'An inquiry into the Original of Our Ideas of Beauty and Virtue in Two Treatises', [ONLINE], available at **http://files.libertyfund.org/files/858/0449_LFeBk.pdf**, viewed March 15, 2012.

Ikeme, J. 1999, 'Africa and Global Competitiveness: The Neglected Perspective', [ONLINE], available at http://www.africaeconomicanalysis.org/articles/gen/competivenesshtm.html, viewed Feb 2, 2009.

IMF, 2005, 'World Economic Outlook', Washington *IMF*.

IMF, 2007,'Accelerating Development Outcomes in Africa Progress and Change in the Africa Action Plan', *Development Committee of the IMF,* April 6, 2007.

Independant Evaluation Group, 2010, 'The Matrix System at the World Bank – AN IEG Evaluation', *The World Bank.*

Iweala, N. 2007, 'The World Needs a Stronger World Bank', *Herald Tribune,* May 25, 2007.

Jackson, T. 1999, 'Managing Change in South Africa: Developing People and Organizations', *The International Journal of Human Resource Management*, vol. 10:2 pp. 306-326.

Jjuuko, F. 2007, 'Review of the Laws of Uganda Relevant to the Promotion of Civic Engagement and Social Accountability', *The World Bank*, Consultant Report.

Jutting, J., Kauffmann, C., McDonnell, I., Osterrieder, H., Pinaud, N., & Wegner, L. 2004, 'Decentralization and Poverty in Developing Countries: Exploring the Impact, *OECD Working Paper* No. 236.

Kahn, J. 2000, 'A Fork in the Road to Riches', *New York Times* June 25, 2000, online edition.

Kahn, J. 2001, 'World Bank Presses Inquiry on Economist Who Dissents', *New York Times*, Sep 7, 2001, Online Edition.

Kandyomundu, B. 2004, 'Will NUSAF Deliver Northern Uganda out of Poverty?' *Policy Review Newsletter*, vol. 4, Issue 3, 2004.

Kanter, R. M. 1999, 'From Spare Change to Real Change', *Harvard Business Review*, vol. 77(3), pp. 122-132.

Kanth, R. 1994, 'Paradigms in Economics Development: Classic Perspectives, Critiques, and Reflections', *M.E. Sharpe*.

Kapoor, I. 2004, 'Hyper-self-reflexive Development? Spivak on Representing the Third World 'Other', *Third World Quarterly*, vol. 25, No. 4, pp. 627-647, 2004.

Kapoor, I. 2008, 'The Postcolonial Politics of Development', London, *Routledge*.

Kay, C. 2005, 'From the Development of Underdevelopment to the World Systems', *Development and Change* 36(6): pp. 1177-1183.

Keita, I. 2004, 'Introduction Philosophy and Development', *Africa Development*, vol. XXIX, No. 1, 2004, pp.1-5.

Klugman, J. Rodriguez, F. & Choi, H. 2011. ': The HDI 2010: New Controversies, Old Critiques', *Human Development Research Paper* 2011/01.

Kolodka, G. 2011, 'New Pragmatism versus Failing Neo-Liberalism', [ONLINE], available at http:/www.cupblog. and **http://blogs.worldbank.org/developmenttalk/node/595, viewed Nov 2**, 2011.

Kotter, J. P. 1998, 'Winning at Change', *Leader to Leader*, No. 10, Fall 1998.

Kotter, J. P. 2000, 'Leading Change: Why Transformation Efforts Fail', *Harvard Business R*eview. March-April 1995.

Krefting, L. 1990, 'Rigor in Qualitative Research: The Assessment of Trustworthiness', *The American Journal of Occupational Therapy*. 1991, pp. 214 – 222.

Kumar, R. 2005, *Research Methodology – A Step-by-Step Guide for Beginners,* Sage Publications.

Kyaligonza, B. 2006, 'Intrinsic Causes of Poverty in Uganda Today. How do Poor people Survive?' *The Guide: Trade and Economic Development Magazine*, Issue No. 2, March 2006.

Laasko, L. & Olukoshi, A. 1997, 'The Crisis of the Post-colonial Nation-state Project in Africa', *Uppsala*, 1997, pp. 14-15.

Lal, S. R. 2001, 'Qualitative Data: Making Sense of What You Have', *California State University,* Dominguez Hills.

Lamont, M. 2004, 'Theoretical Growth and Conceptual Foreplay', *Newsletter of the ASA Theory Section* vol, 27, No. 3, July 2004.

Lawson, D., McKay & Okidi, 2003, 'Poverty Persistence and Transitions in Uganda: A Combined Qualitative and Quantitative Analysis,' *CPRC Working Paper No. 38*, University of Manchester.

Leipziger, D. 2000, 'Achieving Social and Political Consensus, Development Outreach' 2000.

Lund, C. 2006, 'Twilight Institutions', *Development and Change* 37 (4): pp.673-684 (2006). Institute of Social Studies 2006.

Lindemann, S. 2008, 'Do Inclusive Elite Bargains Matter?' *Crisis States Discussion Papers,* No. 15.

Litchfield, J. 1999, 'Inequality, Methods and Tools'. [ONLINE], available at http://www.worldbank.org/poverty/inequal/index.htm, viewed Sep 9, 2007.

Mabogunje, A. 2000, 'Institutional Radicalization, the State, and the Development Process in Africa', *Development Policy Centre*, Ibadan.

Mackay, K. 2007, 'How to Build M&E Systems to Support Better Government', *Independent Evaluation Group, The World Bank.*

Mamadani, M. 1997, 'Why Museveni does Democracy His Way', *Electronic Mail & Guardian,* 23 June 1997.

Mangaliso, M. & Nkomo, S. M. 2001, ‘Eskom’s Chairman Reuel Khoza on the transformation of South African business’, *Academy of Management Executive,* vol.15, pp. 8-15.

Maro, P. 2007, ‘Ideas for Overcoming the Limitations of GDP as a Progress Indicator’, *The European Environmental Bureau* No. 2007/011

Martinez, E. & Garcia, A. 2000, ‘What is ‘Neo-Liberalism?’ [ONLINE}, available **http://www.globalexchange.org/campaigns/ecn101/neoliberalDefined.html**, viewed April 10, 2007 at

Martinez-Vasquez, J. and McNab E. 2001, ‘Fiscal Decentralization and Economic Growth’, *International Studies Program,* Working Paper #01-1, January 2001.

Marques, J. & McCall, 2005, ‘The Application of Interrater Reliability as a Solidification Instrument in a Phenomenological Study,’ *The Qualitative Report,* Vol, 10, No. 3, Sep 2005, pp.439-462.

McClean, K. 2003, ‘Insights from the Poor on Chronic Poverty in Uganda’, *MaK A Di Consulting.*

McClelland, D. 1961, ‘The Achieving Society’, [ONLINE], available at **http://www.businessballs.com/davidmcclelland.htm** , viewed on Mar 13, 2012.

McQuillen, W. 2007, ‘Doubts about World Bank’s Fast-Aid Policy’, *Business Day* May 15, 2007.

Meltzer, A. 2002, ‘A Better Way to help the World’, [ONLINE], available at **http://www.aei.org/issue/economics/international-economy/a-better-way-to-help-the-world-issue/**, viewed April 28, 2009.

Menard, C. & Shirley, M. M. 2011, ‘The Contribution of Douglass North to New Institutional Economics’, *Cambridge University Press,* Cambridge.

Meramveliotakis, G. & Milonakis, D. 2010, ‘Surveying the Transaction Cost Foundations of New Institutional Economics: A Critical Inquiry Department of Economics’, *University of Crete*.

Milanovic, B. 2002, ‘The Two Faces of Globalization: Against Globalization as we Know it’, *The World Bank.*

Milante, G. 2007, ‘A Kleptocrat’s Survival Guide: Autocratic Longevity in the Face of Civil Conflict’, *World Bank Policy Research Working Paper* 4186, April 2007.

Ministry of Finance, Planning and Economic Development, 2000, 'Uganda Poverty Profile: What do we know about the poor? Discussion Paper 3', *MFFED,* Kampala.

Ministry of Finance, Planning and Economic Development, 2001, 'Poverty Indicators in Uganda, Discussion Paper 4', *MFFED,* Kampala.

Ministry of Finance, Planning and Economic Development, 2001, 'Uganda Poverty Status Report 2001', *MFFED,* Kampala.

Ministry of Finance, Planning and Economic Development, 2002. Deepening the Understanding of Poverty', *MFFED,* Kampala..

Ministry of Finance, Planning and Economic Development, 2003, 'Uganda Poverty Status Report, 2003', *MFPED,* Kampala.

Ministry of Finance, Planning and Economic Development, 2004, 'Uganda Participatory Poverty Assessment Report – Learning from the Poor', *MFFED,* Kampala.

Ministry of Finance, Planning and Economic Development, 2004, 'An Overview of the National Economy, Discussion Paper 7', *MFFED,* Kampala.

Ministry of Health, 2004, 'Poverty Eradication Action Plan 2004/05 – 2007/08', *MFPED,* Kampala.

Mkandwire, T. 1997, 'Crisis Management and the Making of 'Choiceless Democracies in Africa', *Massachusetts Institute of Technology,* Boston, 6-9 March 1997.

Mlambo, M. K., Kamara, B. & Nyende, M. 2009, 'Financing Post-Conflict Recovery in Africa: the Role of International Development Assistance', *Journal of African Economic,* Vol. 18, AERC Supplement 1, pp.i53-i76.

Moore, N. 2007, 'Re Using Qualitative Data?' [ONLINE], available at, **http://www.socresonline.org.uk/12/3/1.html** viewed June 10, 2008.

Monterrey, T. 2002, 'Is African aid set to rise again?', *Africa Renewal,* Vol. 16, no.1, April 2002, pp.3.

Morris, L. 2003, 'Using Qualitative Research in Higher Education', [ONLINE], available at http://www.uga.edu/ihe/presentations/Qualitative4thForum.ppt, viewed on Sep 4, 2008.

Morse, J., Barret, M., Mayan, M., Olson, K. & Spiers, J. 2002, 'Verification Strategies for Establishing Reliability and Validity in Qualitative Research', *International Journal of Qualitative Methods* 1 (2).

Muche, F. 2011, 'A Review of the Performance of Botswana Citizen Building Contractors', *Nelson Mandela Metropolitan University.*

Murinde, V. 2005, ‘Options for Macro Policy Modelling in African Economics, *DFID*.

Museveni, Y. 1997, *Sowing the Mustard Seed*, Oxford, Macmillian Education.

Mutume, G. 2004, ‘Africa Strives to Rebuild its Domestic Industries’, *Africa Renewal*, Vol.18, no.3, October 2004, p.1.

Mutume, G. 2006, ‘New Barriers Hinder African Trade’, Africa *Renewal*, Vol.19, no.4, January 2006, p.19.

Mutume, G. 2007, ‘Millions of Activists for a Day’, *Africa Renewal*, Vol. 20 no. 4, January 2007, p 10.

Mwabu, G. & Thorbecke, E. 2009 ‘Rural Development, Growth and Poverty in Africa,’ *Journal of African Economics*, vol, 13, AERC Supplement 1, p. 116-165.

Nadler, D. & Tushman, M. 1999, ‘The Organization of the Future: Strategic Imperatives and Core Competencies for the 21st Century’, *Organizational Dynamics*, pp. 45-60.

Nafziger, E. W. 1994, ‘The Debt Crisis in Africa’, *Mershon International Studies Review*, Vol. 38. No. 1, Apr, 1994, pp. 153-155.

Nafziger, E. W. 2004, ‘Peacemaking as Preventing War before it Starts: Economic Development, Inequality, and Humanitarian Emergencies’. Paper presented to an *ECAAR* panel, ‘International Peacemaking and Peacekeeping,’ Jan 4, 2004

Nafziger, E. W. & Auvinen, J. 2001, ‘Economic Development, Inequality, and Humanitarian Emergencies’, *Kansas State University*.

Nafziger, E. W. & Stein, H. 1991, ‘Structural Adjustment, Human Needs, and the World Bank Agenda’, [ONLINE}, available at http://wwwjstor.org , viewed Feb 15, 2010.

Narayan, D., Patel, R., Schafft, K., Rademacher, A. & Koch, S. 2000, ‘Voices of the Poor. Can Anyone Hear Us?’, *Oxford University Press.*

National Planning Authority. 2006. The Comprehensive National Development Planning Framework for Uganda. 2006, *Government of Uganda.*

National Intergrated Monitoring and Evaluation Strategy Secretariat, 2008, ‘Evaluation of the Implementation of the Paris Declaration in Uganda’, 2005- 2007, *Government of Uganda.*

Nederveen, P. 2001, ‘Development Theory: Deconstructions/Reconstructions’, London, *Sage*.

Nkurumah, K. 1965, ‘Neo-Colonialism, the Last Stage of Imperialism’, *Thomas Nelson & Sons, Ltd*. London.

Pellisier, R. 2001, *Searching for the Quantum Organization, the IT Circle of Excellence*. Lansdowne, Juta.

Porter, M. & Sachs, J. (eds) 2000, ‘The Global Competitiveness Report 2000’, *Oxford University Press*.

Pradhan, S. 2006, ‘Infrastructure Governance: Issues from a Development Perspective’, Infrastructure *Governance Roundtable*, March 24, 2006, The World Bank.

Obadina, T. 2005, ‘Africa’s Crisis of Governance’, [ONLINE], available at http://www.africaeconomicanalysis.org/articles/gen/freemarketorthodoxyhtm.html, viewed Jan 18, 2010.

Obadina, T. 2005, ‘Between Free Market Orthodoxy and African Reality’, [ONLINE], available at http://www.africaeconomicanalysis.org/articles/gen/10216173850.html, viewed Feb 2, 2009.

Obadina, T. 2005, ‘Getting a Measure of African Poverty’, [ONLINE], available http://www.africaeconomicanalysis.org/articles/gen/povertymeasurement.htm.html, viewed Feb 2, 2009.

Obadina, T. 2005, ‘Killing Africa Softly with Lethal Kindness’, [ONLINE], available at http://www.africaeconomicanalysis.org/articles/gen/10216173850.html, viewed Feb 2, 2009.

Obadina, T. 2005, ‘The Myth of Colonialism’, [ONLINE], available at http://www.africaeconomicanalysis.org/articles/gen/neocolonialism.htm.html, viewed Feb 2, 2009.

Okidi, J. & McKay, A. 2003, ‘Poverty dynamics in Uganda: 1992 to 2000’, Chronic Poverty Research Centre, University of Manchester, *Working Paper* No. 27.

Okiria, J. 2004, ‘African Change Leadership Project: Supporting Decentralization – The Role and Experience of the World Bank. A Case Study of the Health Sector in Uganda’, *MBL research paper*, UNISA.

Okwi, P., Hoogeveen, J., Kristjansen, P. & Henninger, N. 2007, ‘Nature, Distribution and Evolution of Poverty and Inequality in Uganda’, *The Regal Press Kenya Ltd.*, Nairobi, Kenya.

Olukoshi, A. 2002, 'Governing the African Development Process: The Challenge of the New Partnership for Africa's Development (NEPAD)', *Centre of African Studies University of Copenhagen.*

Onwuegbuzie, A. & Leech, N. 2007, 'Sampling Designs in Qualitative Research: Making the Sampling Process More Public', *The Qualitative Report* Volume 12, Number 2 June 2007 238-254.

Onwuegbuzie, A. & Leech, N. 2007, 'Enhancing the Interpretation of 'Significant' Findings: The Role of Mixed Methods Research'. *The Qualitative Report* Volume 9, Number 4 Dec 2004 pp.770-792.

Onwuegbuzie, A. & Collins, K. 2007, 'A Typology of Mixed Methods Sampling Designs in Social Science Research', *The Qualitative Report* Volume 12, Number 2 June 2007, pp. 281-316.

Organization of Economic Corporation and Development, 2003, 'Harmonising Donor Practices for Effective Aid Delivery', available at, **http://www.oecd.org/dataoecd/54/50/31451637.pdf**, viewed Oct 15, 2010.

Organization of Economic Corporation and Development, 2006, 'Why is Procurement Important' [ONLINE], available at http//:www.oecd.org/dac/effectiveness, viewed Sep 9, 2007.

Organization of Economic Corporation and Development, 2006, 'Aid Effectiveness – 2006 Survey on Monitoring the Paris Declaration.' *The OECD* Journal on Development Vol, 8, No. 2.

Organization of Economic Corporation and Development, 2008, '2008 Survey on Monitoring the Paris Declaration – Making Aid More Effective by 2010', *The OECD* 2008.

Organization of Economic Corporation and Development, 2009, [ONLINE], 'The Paris Declaration Action Plans', [ONLINE], available at **http://www.oecd.org/dataoecd/25/14/39151240.pdf**, viewed Oct 15, 2010.

Osseo-Asare, F. 1991, 'Community Stress and the Economy of Affectation in Africa' *BETUMI*, *State College*, Pennysl vania.

Patton, M. Q. 2002, *Qualitative Research & Evaluation Methods (3rd Ed.)*. Thousand Oak. CA Sage Publications.

Phillips, D. 2009, 'Reforming the World Bank, Twenty Years of Trial and Error'. Enterprise Soc. Cambridge: *Cambridge University Press*, 2009, pp.324.

Pieterse, J. N. 1991, 'Dilemmas of Development Discourse: The Crisis of Developmentalism and the Comparative Method', *Development and Change* Vol. 22 (1991), pp.5-29.

Pieterse, J. N. 1998, 'My Paradigm or Yours? Alternative Development, Post-Development, Reflexive Development', *Development and Change* Vol. 29 (1998), pp.343-373.

Platteau, J. 2007, 'Constraints on African Economic Growth: The Institutional Legacy', *CRED Working Papers* 2007/07.

Powell, W. 2007. 'The New Institutionalism. The International Encyclopedia of Organizational Studies', *Sage Publishers,* 2007.

Radelet, S. 2004, 'Aid Effectiveness and the Millennium Development Goals,' *Centre for Global Development Working Paper* no. 39, April.

Radelet, S., Clemens, M. & Bhavnani, 2004. 'Aid and Growth: The Current Debate and Some New Evidence', *Centre for Global Development,* Feb 2004.

Radelet, S. 2006, 'A Primer of Foreign Aid' *Centre for Global Development Working Paper* no. 92 (July 2006).

Rajan, R. and Subramanian, A. 2005, 'What Undermines Aid's Impact on Growth?' *IMF*.

Rambarre, K.2007, 'Bringing Rigour in Qualitative Social Research: The Use of a CAQDS', *UoM Research Journal* – Vol. 13A – 2007.

Randle, W. 2004, 'Youth Pledge Fight for Millennium Goals', *Africa Renewal,* vol 18, No. 3, Oct 2004, p.13.

Ranis, G. 2006, 'Toward the Enhanced Effectiveness of Foreign Aid', *Centre Discussion Paper* No. 938.

Ravallion, M. 2006, 'Measuring Poverty Using Qualitative Perceptions of Consumption Adequacy', *The Review of Economics and Statistics,* August 2000, vol. 82, no. 3 pp. 462-471

Ravallion, M. 2008, 'Evaluation in the Practice of Development', *the World Bank Policy Research* Working Paper 4547.

Ravallion, M Chen S. & Sangraula P. 2008, 'Dollar a Day Revisited', *Policy Research Working Paper* 4620.

Ray, D. 2007, 'Development Economics', *New York University,* Reid, A. & Gough, S. 2000, 'Guidelines for Reporting and Evaluating Qualitative Research: What are the Alternatives', *Environmental Education Research,* Vol. 6, No. 1, 2000.

Rena, R. 2008, 'Brain Drain and Brain Gain in Africa', [ONLINE], available at,: http://www.africaeconomicanalysis.org/articles/gen/braindrainhtm.htl, viewed Feb 2, 2009 at

Renner, M. 2003, 'Aid or Trade?' *Global Policy Forum Opinion Forum*, Oct 3, 2003.

Republic of Uganda, 2005, 'Budget Speech – Financial Year 2005/06, Kampala', [ONLINE], available at, <http://www.finance.go.ug/ viewed Aug 23, 2009.

Ringle, K. 2002, 'Writing From the Inside, an Economist Says the World Bank is Failing Its Mission', *Washington Post,* March 20, 2002, online edition.

Riley, M. 2008, 'A Feminist Political Economic Framework', *Centre of Concern.*

Robin, H. 1999, 'Panic Rules! *South End Press*, 1999, p. 52.

Robino, C. 2009, 'Citizen Participation, Decentralization and Inclusive Development: A Survey on Citizen Participation and Decentralization in South Africa with Specific Reference to the Eastern Cape', *Nelson Mandela Metropolitan University.*

Rodrik, D. 1998, 'Trade Policy and Economic Performance in Sub-Saharan Africa', *National Bureau of Economic Research Working Paper* No. W6562.

Rodrik, D. 2006, 'The Social Cost of Foreign Exchange Reserves', *National Bureau of Economic Research Working Paper* No. 11952

Roodman, 2007, 'Macro Aid Effectiveness Research: A Guide for the Perplexed', *Centre for Global Development Working Paper* No. 135.Rowley, J & Slack, F 2004, 'Conducting a Literature Review', *Management Research News,* Vol. 27(4), pp. 31-39.

Rudaherenwa, N. 2009, 'Trade Policy and Transport Costs in Uganda', *Centre for Research in Economic Development and International Trade,* No. 06.09.

Sachs, J. 2005, 'The End of Poverty', [ONLINE], available at http://www.earthinstitute.columbia.edu/endofpoverty, viewed May 24, 2007.

Sahn, D., Dorosh, P. A. & Younger, S. D. 1997, *Structural Adjustment Reconsidered. Economic Policy and Poverty in Africa,* 1st Edition, Cambridge University Press.

Saith, A. 2006, 'From Universal Values to Millennium Development Goals: Lost in Translation', *Development and Change,* Vol. 37(6), pp.1167-1199.

Sandbrook, R. 2001, *Closing the Circle: Democratization and Development in Africa.* Zed Books, February 2001.

Sandbrook, R. & Barker, J. 1985, 'The Politics of Africa's Economic Stagnation' *Cambridge University Press,* Cambridge, 1985, pp.112-127.

Santiso, C. 2001, 'Good Governance and Aid Effectiveness: The World Bank and Conditionality', *The Georgetown Public Policy Review,* Vol, 7, No. 1, Fall 2001, pp.1-22

Savenye, W. & Robinson, R. 2003, 'Qualitative Research Issues and Methods: An Introduction for Educational Technologists'.

Schein, E. H. 1990, 'Organizational Culture', *American Psychologists.* Vol. 45 (2), pp.109-119.

Schoepp, K. 2003, 'The Tenets of Good Qualitative Research', *University of Calgary.*

Selassie, A. 2008, 'Beyond Macroeconomic Stability: The Quest for Industrialization in Uganda,*' IMF Working Paper* WP/08/231

Senior, B. 2002, *Organizational Change,* 2nd Edition, Essex, FT Prentice Hall.

Sekhri, S. 2009, 'Dependency Approach: Chances of Survival in the 21st Century', African Journal of Political Science and International Relations, vol. 3 (5), pp.242-252, May 2009.

Sendikadiwa, E. 2007, 'Scholarly Publishing in East African Public Universities, *Makerere University,* Kampala.

Ssewanyana, S. & Muwonge, J. 2004, 'Measuring and Monitoring Poverty: the Uganda Experience', paper prepared for the *Poverty Analysis and Data Initiative* (PADI) Meeting, Mombasa, Kenya, May 6-8, 2004.

Shah, A. 2007, 'Causes of Poverty; Structural Adjustment – A Major Cause of Poverty', [ONLINE], available at http://www.globalissues.org/TradeRelated/S.asp, viewed July 17**,** 2007.

Shah, 2011, 'Structural Adjustment a Major Cause of Poverty' [ONLINE] available at **ht**tp://www.globalissues.org/article/3/, viewed March 11, 2012.

Shenton, A. 2004, 'Strategies for Ensuring Trustworthiness in Qualitative Research Projects'. *Education for Information,* 22(2), 63-75

Shivakumar, S. 1998, 'Institutional Problem-Solving versus Good governance As Modern Paradigms for Development', [ONLINE], available att http//www.indiana.edu/-workshop/publications/conference_papers/shivakumar.html, viewed Sep 9, 2009.

Soubbotina, T. 2004, *Beyond Economic Growth,* 2nd Edition. *The World Bank.*

Stavlota, U. & Nannyonjo, J. 2006, 'Uganda: Aid and Trade', *OECD*.

Stein, H. & Nafziger, 1991. 'Structural Adjustment, Human Needs and the World Bank Agenda', *The Journal of Modern African Studies,* Vol 29. No. 1, pp. 173-189.

Stein, H. & Mankowski, E. 2004, 'Asking, Witnessing, Interpreting, Knowing: Conducting Qualitative Research in Community Psychology', *American Journal of Community Psychology*, Vol. 33, Nos.1/2, March 2004.

Stern, N. 2002, 'Making a Case for Aid: Building a Consensus for Development Assistance'. Washington, *The World Bank.*

Stewart, T. A. 2003, 'Growing Pains', *Harvard Business Review,* Dec. 2003, Vol. 81 Issue 12, p8, 1p, 1c.

Stiglitz, J. 2000**, '**What I Learned at the World Economic Crisis. The Insider**,' *The New Republic,*** April 17, 2000**.**
Stiglitz, J. 2002, 'Globalization and its Discontents', New York: W.W. Norton & Company.

Storey, A. 2000, 'Post-Development Theory: Romanticism and Pontius Pilate Politics', *The Society for International Development*, SAGE Publications, 43:4, pp.40-46.

Storm, S. 2005, 'Development, Trade or Aid? UN Views on Trade, Growth and Poverty', *Development and Change* 36 (6), pp.1239-1261.

Susan, G. 1990, 'A Fate Worse Than Debt', *New York: Grove Weidenfeld,* 1990, pp. 143, 187, 235.
Ssengooba, F. 2008, 'Effectiveness of Donor Aid: The Case of Uganda', *Centre for Global Development.*

Ssewanyana, S. & Muwonge J. 2004, 'Measuring and Monitoring Poverty: the Uganda Experience', paper prepared for the *Poverty Analysis and Data Initiative* (PADI) Meeting, Mombasa, Kenya, May 6-8, 2004.

Swann, C. 2006, 'Wolfwitz clashes with World Bank Staff and Mideast Chief Exits', *Bloomberg News,* Dec 12, 06, online edition.

Tanzarn, N. 2007, 'The World Bank, Gender Audit of the Uganda Country Portfolio', C*onsultant Report.*

Tellis, W. 1997, 'Application of a Case Study Methodology', *The Qualitative Report*, Vol. 3, No. 3, September 1997.

Tellis, W. 1997, 'Introduction to Case Study', *The Qualitative Report*, Vo. 3, No. 2, July 1997.

Temple, B. & Young, A. 2004, 'Qualitative Research and Translation Dilemmas'. *Qualitative Research,* 4(2), 161-178.

Terril, R. 1997, 'The Promises & Perils of Globalization', *The University of Iowa, Centre for International Finance and Development.*

Terril, R. 1999, 'What Does Globalization Mean?' *The University of Iowa, Centre for International Finance and Development.*

Terril, R. 2004, 'Coping with Private Capital Markets', *The University of Iowa, Centre for International Finance and Development.*

The Library of Congress, 2009. 'A Country Study – Uganda' [ONLINE], available at **http://lcweb2.loc.gov/frd/cs/ugtoc.html** , viewed May 21, 2010.

The New York Times, 'Hopeful Word; on Helping the Poor', *The New York Times,* Second Editorial Desk, Sep 15, 2005.

Tobin, G. & Begley, C. 2004, 'Methodological Rigour within a Qualitative Framework', *Journal of Advanced Nursing,* 48 (4), 388-396.

Transparency International, 2011, 'Corruption Perception Index' [ONLINE], available at **http://www.transparency.org/policy_research/surveys_indices/cpi**, viewed Mar 4, 2012.

Turner, D. 2010,'Qualitative Interview Design: A practical Guide for Novice Investigators', The Qualitative Report, vol. 15, no. 3, May 2010, pp754-760.

Uganda Debt Network, 2005, 'Kampala City Council Loses Shs236m to Computer Fraudsters', *Policy Review Newsletter,* vol 5, Issue 5, Oct 2005.

United Nations, 2003, 'Economic Development in Africa: Issues in Africa's Trade Performance', *UNCTAD* Secretariat, TD/B/50/6 and Corr 1, 28 July 2003.

UNDP 2005, *Human Development Report 2005*: linking Environment to Human Development: A Deliberate choice. Oxford: University Press.

United Nations Uganda, 2004, 'Common Country Assessment – Uganda', *United Nations Uganda.*

UNCTAD, 2002, 'World Investment Report 1991 – 2001', New York and Geneva: *United Nations.*

UNCTAD, 2004, 'Economic Growth: 1980-2001', New York and Geneva: *United Nations.*

Uganda Bureau of Statistics, 2000, 'Uganda National Household Survey 1999/2000', *UBOS*, Entebbe.

Uganda Bureau of Statistics, 2003, 'Uganda National Household Survey 2002/2003', *UBOS*, Entebbe.

Uganda Bureau of Statistics, 2006, 'Uganda National Household Survey 2005/2006', *UBOS*, Entebbe.

USAID, 2001, HIV/AIDS Surveillance Report, [ONLINE], available at ***www.usaid.gov/our_work/global_health/aids/.../uganda_report.pdf*** , viewed Oct 10, 2010.

USAID, 2004, 'Public Expenditure Tracking Survey', [ONLINE], available at **http://www.glp.net/c/document_library/get_file?p_l_id=10413&folderId=12858&name=DLFE-872.pdf**, viewed Nov 22, 2010.

USAID, 2005, 'Developing & Testing Poverty Assessment Tools', *USAID.*

Vargas-Hernandez, J. 2010, 'Institutional and Neo-Institutionalism Theory in the International Management of Organizations'.

Veltmeye, P. 2007, 'The World Bank on Poverty in Latin America', *THEOMAI Journal*, Issn: 1515-6443.

Wachira, P. 2002, 'Saitoti Slams World Bank Policies', *East African Standard,* September 6, 2002, Online edition.

Wade, R. 1998, 'The Gathering World Slump and the Battle over Capital Controls', *New Left Review,* Vol. 1/231, Sep-Oct 1998.

Wade, R. 2001, 'Showdown at the World Bank', *New Left Review,* Jan/Feb, 2001.

Wade, R. 2004, 'The Ringmaster of Doha', *New Left Review* 25, Jan-Feb 2004.

Wade, R. 2006, 'Choking the South', *New Left Review 38,* March – April 2006.

Walker, S. 2006, ‘World Bank Trade Programs Must Tackle Poverty – Study’, [ONLINE], available at **http://www.globalpolicy.org/socecon**, viewed May 11, 2007.

Wall, T. 2002, ‘Is Africa Aid Set to Rise Again?’ *Africa Recovery*, vol 16 #1, April 2002, p3.

Weaver, C. 2008, ‘Hypocrisy Trap: The World Bank and the Poverty of Reform’, *Princeton University Press.*

Weaver, C. 2005, ‘Our Poverty is a World Full of Dreams: The World Bank’s Strategic Compact and the Tenacity of Organizational Culture’, *The Brookings Institution*, Washington.

Wendt, N, ‘The IMF & the World Bank Respond to Criticisms’, *Centre for International Finance and Development.*

Wendt, N. 2009, ‘50th Anniversary of the World Bank & the IMF Prompts Criticisms’, *Centre for International Finance and Development.*

Whitaker, J. S. 2002, ‘No Shortcuts to Progress: African Development Management in Perspective’, *Council on Foreign Affairs.*

WHO, 2009, ‘World Malaria Report 2008’, *WHO*.

Willis, K. 2005, ‘Theories and Practices of Development’. London: *Routledge.*

Wood, B. 2008, ‘Evaluation of the Implementation of the Paris Declaration’, *Kabell Konsulting ApS.*

Wolfowitz, P. 2006, ‘Foreign Aid: Challenges and Opportunities’, *The World Bank* 2006.

World Bank, 1997, “The Strategic Compact: Renewing the Bank’s Effectiveness to Fight Poverty”.

World Bank, 1997, ‘The World Bank Procurement Function: Adjusting to Emerging Needs’, *The World Bank*.

World Bank 1998, ‘Assessing Aid: What Works, What Doesn’t and Why’, *Oxford University Press.*

World Bank, 1998, ‘Changes in Poverty in Uganda, 1992-1996’, *The World Bank.*

World Bank, 1998, ‘Knowledge for Development’, *World Development Report*, Washington DC

World Bank, 2000, ‘Uganda Country Assistance Strategy’, *The World Bank*

World Bank, 2000, ‘Can Africa Claim the 21st Century’, the *World Bank Press,* 2000, p 92

World Bank, 2001, ‘Assessment of the Strategic Compact’, *The World Bank,* March 13, 2001.

World Bank, 2001, ‘Strategic Directions for FY02-FY04: Implementing the World Bank’s Strategic Framework’, *The World Bank.*

World Bank 2001, ‘Strategic Directions Paper: Supplementary Note’, *The World Bank.*

World Bank, 2001, ‘World Bank Group Strategic Framework’, *The World Bank* January 24, 2001.

World Bank, 2002, ‘Annual Regional Consultation of UN Agencies Working in Africa. World Bank Support for the New Partnership for Africa’s Development (NEPAD)’, [ONLINE], available at, <http://lnweb18.worldbank.org/afr/afr.nsf, viewed July 23, 2006.

World Bank. 2004, ‘Joint Assistance Strategy for the Republic of Uganda (2005 – 2009)’, *The World Bank.*

World Bank, 2004,’Towards an Operational Skills Framework: A Concept Paper’, *The World Bank.*

World Bank, 2004, *World Development Report 2004. Making Services Work for the Poor*, New York: Oxford University Press.

World Bank, 2005, ‘Uganda. From periphery to Centre: A Strategic Country Gender Assessment’, *The World Bank.*

World Bank, 2005, *World Development Report 2005. A Better Investment Climate for Everyone,* New York: Oxford University Press.

World Bank, 2006, ‘Africa – A Continent of Hope’, *The World Bank.*

World Bank, 2006, ‘Country Brief’, *The World Bank.*

World Bank, 2006, ‘Harmonization and Alignment for Greater Aid Effectiveness: An Update on Global Implementation and the Bank’s Commitment’, *The World Bank.*

World Bank, 2006, ‘Making Finance Work for Africa’, *The World Bank.*

World Bank, 2006, ‘Paris Declaration at a Glance’, *The World Bank.*

World Bank, 2006, 'Public Financial Management Performance Report and Update of CIFA Action Plan, July 2006', *The World Bank.*

World Bank, 2006, 'Strengthening Bank Group Engagement of Governance and Anticorruption', *The World Bank*.

World Bank, 2007, 'Northern Uganda Public Expenditure Review', *The World Bank*

World Bank, 2007, 'The Multilateral Debt Relief', *The World Bank.*

World Bank, 2007, 'Uganda Joint Portfolio Review', *The World Bank*.

World Bank, 2008, 'Common Performance Assessment System 2008 Report', *The World Bank.*

World Bank, 2008, 'Office of the Auditor General Uganda: PEFA "LITE" - Public Expenditure and Financial Accountability Appraisal of the Financial Management Performance, March 2008', *The World Bank.*

World Bank, 2008, 'Toward a Global Bank: Discussion Note', *The World Bank*.

World Bank, 2009, 'Aid Effectiveness', *The World Bank*.

World Bank, 2009, 'Annual Review of Development Effectiveness 2009', *The World Bank.*

World Bank 2009, 'Following up on Accra: World Bank Action Plan on Aid Effectiveness', *The World Bank* March 5, 2009.

World Bank, 2009, 'Poverty Analysis – Guidance Note on Poverty Assessments', *The World Bank.*

World Bank, 2009, 'Public Financial Management Performance Report, February 2009'.

World Bank, 2010, 'The Uganda Country Assistance Strategy', *The World Bank.*

World Trade Organization, 2001, 'Trade Policy Review: Review of Uganda', [ONLINE], available at http://www.wto.org, viewed Feb 5, 2010.

Yin, R. K. 1989, *Case Study Research: Design and Methods.* Thousand Oaks, CA: Sage Publications.

Yin, R. K. 1993, 'Advancing Rigorous Methodologies: A Review of 'Towards Rigor in Reviews of Multivocal Literatures'', *Review of Educational Research,* 61 (3).

Young, R. 2001, 'Post-colonialism: An Historical Introduction', *Oxford:* Blackwell.

Zoellick, W. 2012, 'Why We Still Need the World Bank', [ONLINE], available at, **http://www.foreignaffairs.com/articles/137243/robert-b-zoellick/why-we-still-need-the-world-bank**, viewed Mar 18, 2012.

50 Years Is Enough.'50 Years Is Enough', [ONLINE], available at,
http://www.50years.org/ >. viewed Sep 26, 2006.

Endnotes

[i] The Meltzer Commission's Chairman Allan H. Meltzer of Carnegie Mellon University (1999) criticizing the World Bank and other international development and finance institutions. This was an independent study group appointed by the US Congress.

[ii] Hooke is a former World Bank staffer and is highly critical of the Bank in his book 'The Dinosaur Among Us – The World Bank and its Path to Extinction'.

[iii] The World Bank's vision is 'Our Dream, a World Free of Poverty'. Weaver argued that the Strategic Compact objectives could not be achieved due to overwhelming cultural impediments.

[iv] The Strategic Compact arose from the Bank's own diagnosis that the organization was in distress and possible decline and its impact on development, suspect. Wolfensohn (1997) then proposed the Compact as a means of repositioning the organization to achieve its poverty eradication mandate, one of its main strategies being decentralization of operations to the country offices.

[v] Organization for Economic Cooperation and Development (OECD) – 'Decentralization and Poverty in Developing Countries – Exploring the Impact'. Although the emphasis is decentralization of government functions, the ideas are applicable to IFIs too.

[vi] The World Bank with its immense power base, bureaucracy, backed with a significant financial clout, really is very much like a government

[vii] Chap 2 of this research paper extensively discusses and reviews relevant literature pertaining to development effectiveness, poverty eradication and decentralization.

[viii] The popular belief is that the 'petrodollar recycling' of the 1970s gave rise to the debt crisis. During this period, the price of oil rose dramatically, and the oil exporting countries in the Middle East deposited billions of dollars in profits received from the price hike in U.S and European banks. Commercial banks were eager to make profitable loans to governments, state-owned entities and private companies in developing countries, using the 'petrodollars'. Developing countries, particularly in Latin America were eager to borrow relatively cheap money from the banks (Blanco & Carrasco 1998; Engdahl 2004; Spiro 1999 121-123).

[ix] Myong-Hun Chang is a professor in the Department of Economics in Cleveland State University

[x] The New York Times, sec. Editorial Desk, September 15 2005.

[xi] GNP is the sum of the value of a nation's output of goods and services. This is calculated by adding up the amount of money spent on a country's final output of goods and services or by totalling the income of all its citizens, including the income from factors of production used abroad. The measure of progress, or lack of it, is indicated by GNP growth rates, i.e., the percentage change in GNP over a period of time, usually a year. The average income of a country's citizens is contained in the GNP per capita, which is the GNP divided by the population.

[xii] To address the problem of aid effectiveness in the SSA, on March 18 to 22, 2002, in Monterrey Mexico, the U.N. held a conference entitled 'Financing for Development' to discuss the countries strategies for achieving the MDGs. The debate at this conference focused on whether, and to whom, multilateral and bilateral donors should be increasing foreign aid.

[xiii] Easterly (2002) considered to be a renegade former staffer of the World Bank due to his vocal criticism of the Bank's policies discussed the 'Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics'.
Seligson, Mitchell and Passe-Smith (2003) discussed Rostow, W.W. 'The Five Stages of Growth' in relation to development and underdevelopment and the political economy of global inequality
Fine and Kenyatta (2005) elaborated 'The New Development Economics: Post Washington Consensus Neoliberal Thinking'.
Kenyatta (2005) propounded, the contributions of economists such as Marshall and Keynes, not normally considered development economists
Meier (2005) gave a discourse relating to the evolution of development economics,
Sachs (2005) proposed the possibilities of ending poverty in the present day.
Melamed, Higgins and Sumner (2010) analyzed issues pertaining to Economic growth and achievement of the MDGs .
A World Bank Development Report (2009) took a critical look at development economics through three decades.

[xiv] The gender debate emerged as a development issue with the argument that development affected different genders, differently, especially in terms of the 'unpaid economy' which was largely performed by women

[xv] One could, however, argue that people living in China and India would testify to the contrary, that capitalism is the way to go. Development may stink but it is far from dead or just kept alive by the clever discourse of the World Bank (Munck 2010).

[xvi] WDI publications are the World Bank's premier annual compilation of data about development. As part of the international statistical system, the Data Group works with other organizations on new statistical methods, data collection activities, and statistical capacity-building programmes. This group also coordinates the analytical and statistical work related to monitoring progress towards the Millennium Development Goals.

[xvii] Millennium Development Goals - 'A commitment to the eradication of poverty'. The MDGs set forth the framework for achieving a better world and set benchmarks for eradicating extreme poverty and hunger; achieving universal education; promoting gender equity and empowering women; reducing child mortality; improving maternal health; combating HIV/AIDS, malaria and other diseases; ensuring environmental sustainability; and developing a global partnership for development (Sweetman 2005).

[xviii] ESW is the World Bank's primary country-based analytic and advisory business line. It is designed to serve the development planning needs of the Bank's member countries and the international community, to deepen the understanding of development and to convey the lessons of experience.

[xix] The Bank classifies a country according to the wealth of its population. Middle-income countries are defined as having a per capita income of between US$1,025 and US$6,055 for fiscal 2007, which may qualify them to borrow from IBRD. IDA lending is to poor countries with a per capita income less than US$1,025 per annum

[xx] Preparation for supervision begins during project preparation, when the task team and borrower staff agree on arrangements for project implementation, including
(a) monitoring and evaluating of progress in project implementation and achievement of development outcomes, with a common set of criteria to be used for project monitoring and evaluation;

(b) the use of results frameworks, performance indicators, and associated outcome targets (the latter reflected in, or derived from project development objectives and performance indicators); and
(c) the reports--such as audit reports, Interim Financial Reporting (IFR) and other reports required for effective project monitoring, evaluation, and disclosure--to be provided by the borrower, along with their outlines, content, and format.

[xxi] The Organizations for Economic Cooperation and Development - brings together the governments of countries committed to democracy and the market economy from around the world to: Support sustainable, economic growth, boost employment, raise living standards, maintain financial stability, assist other countries' economic development, and contribute to growth in world trade. The Organization provides a setting where governments compare policy experiences, seek answers to common problems, identify good practice and coordinate domestic and international policies.

The HLF3 allowed reviewing progress on the Paris Declaration implementation based on evidence collected by the Monitoring Survey applied in 54 countries. In addition, the evaluation of how 8 recipient and 11 donor countries are implementing the Paris principles contributed to identify where more actions are needed to invigorate the aid effectiveness agenda and achieve the targets set for 2011. An overall progress report provided an overview of work on the 56 commitments in the Paris Declaration, and a consolidated analytic overview of major 'workstreams' intended to take stock, share experience, and disseminate good practices

[xxii] Lower performances are usually encountered in the early stages of restructuring of organizations. The crucial issue is to made the inevitable 'dip' as short and shallow as possible – Michael Harper

[xxiii] The Washington Consensus had emerged in the early 1980s as the neo-liberal counterpart for developing countries which had prescribed the ideology of reliance upon market forces and reduction of state intervention and expenditure. A set of economic policy prescriptions (fiscal discipline and redirection of public spending, tax reforms, liberalization on interest and exchange rates, trade liberalization, privatization of public enterprises and deregulation) were at the core of a typical reform package to be implemented as a condition for receiving funds from the Consensus (Williamson 1989:3).

[xxiv] Investment lending finances goods, works, and services in support of specific economic and social development objectives in a broad range of sectors

Development policy loans aim to provide untied, direct budget support (through loans, credits, or grants) to country governments for policy and institutional reforms aimed at achieving a set of specific development results

Specific investment loans (SILs) support the creation, rehabilitation, and maintenance of economic, social, and institutional infrastructure

Adaptable programme loans (APLs) provide phased support for long-term development programmes. They involve a series of loans that build on the lessons learned from the previous loan(s) in the series.

LILs are loans of $5 million or less financing small, experimental, risky and/or time-sensitive projects in order to pilot promising initiatives and build consensus around them, or experiment with an approach in order to develop locally based models prior to a larger-scale intervention. LILs are predominantly used in sectors or situations in which behavioral change and stakeholder attitudes are critical to progress, and where 'prescriptive' approaches might not work well.

Technical assistance loan (TAL) is used to build institutional capacity in the borrower country. It may focus on organizational arrangements, staffing methods, and technical, physical, or financial resources in key agencies.

[xxv] The P0 indicator is "headcount": the percentage of individuals estimated to be living in households with real private consumption per adult equivalent below the poverty line for their rural or urban sub-region. Thus the P0 value implies the percentage of Ugandans estimated to live in households which spend less than what is necessary to meet their calorie requirements and to afford them a mark-up for non-food needs. The headcount shows how *broad* poverty is, although not necessarily how *deep*. That is to say, we do not know how far below the poverty line, the poor are.

The P1 indicator is the "poverty gap". This is the sum over all individuals of the shortfall of their real private consumption per adult equivalent from the poverty line, divided by the poverty line.

The P2 indicator is the "squared poverty gap". This is the sum over all individuals of the *square* of the shortfall of their real private consumption per adult equivalent and the poverty line divided by the poverty line.