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Livestock, Liberalization, and Democracy: Constraints and Opportunities for Rural Livestock Producers in Reforming Uganda

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Pro-Poor
Livestock
Policy
Initiative

Livestock, Liberalization and Democracy: Constraints and Opportunities for Rural Livestock Producers in a Reforming Uganda

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PREFACE

This is the 29th of a series of Working Papers prepared for the Pro-Poor Livestock Policy Initiative (PPLPI). The purpose of these papers is to explore issues related to livestock development in the context of poverty alleviation.

Livestock is vital to the economies of many developing countries. For low income producers, livestock can serve as a vital source of food, store of wealth, provide draught power and organic fertiliser for crop production and a means of transport. Consumption of livestock and livestock products in developing countries, though starting from a low base, is growing rapidly.

This paper explores the policy environment surrounding livestock policy improvements in Uganda, with a view to identify opportunities for pro-poor interventions and reforms. The paper reviews challenges facing livestock producers and analyzes the broad political economic context in which livestock sector dynamics are situated.

We hope this paper will provide useful information to its readers and any feedback is welcome by the authors, PPLPI and the Livestock Information, Sector Analysis and Policy Branch (AGAL) of the Food and Agriculture Organization (FAO).

Disclaimer

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Author

Robin L. Turner under the direction of David K. Leonard.

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I am extremely grateful to the livestock producers, processors, traders, government officials, international donors, and members of civil society who spoke with me. It was a pleasure to work with Tim Robinson and David K. Leonard, and I appreciate their careful readings of this text. However, all views expressed in this paper are my own.

Keywords

Uganda, policymaking, economic reform, livestock, rural development, poverty.

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ABBREVIATIONS

ADB	African Development Bank
GDP	Gross Domestic Product
CSO	Civil Society Organisation
DDA	Dairy Development Authority
DFID	United Kingdom Department for International Development
FDC	Forum for Democratic Change
FMD	Foot and Mouth Disease
GOU	Government of Uganda
HIPC	Heavily Indebted Poor Countries
IGG	Inspector General of Governments
IMF	International Monetary Fund
LRA	Lord's Resistance Army
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries
MFPEP	Ministry of Finance, Planning and Economic Development
MTEP	Medium Term Expenditure Framework
NAADS	National Agricultural Advisory Services
NARO	National Agricultural Research Organisation
NARS	National Agricultural Research System
NEMA	National Environment Management Authority
NEPAD	New Partnership for Africa's Development
NGO	Nongovernmental Organization
NRA	National Resistance Army
NRM	National Resistance Movement
PEAP	Poverty Eradication Action Plan
PMA	Plan for Modernisation of Agriculture
PPOA	Political Parties and Organizations Act
PRSP	Poverty Reduction Strategy Paper
UBOS	Uganda Bureau of Statistics
UNDP	United Nations Development Program
UPDF	Uganda Peoples' Defence Forces
UPPAP	Uganda Participatory Poverty Approach Process

EXECUTIVE SUMMARY

This paper explores the policy environment surrounding livestock policy improvements in Uganda, a country that has undergone substantial reforms in the last 15 years. It aims to identify opportunities for pro-poor interventions—reforms that would improve the livelihoods of poor rural livestock producers. Towards this end, the paper reviews challenges facing for livestock producers and analyzes the broad political economic context in which livestock sector dynamics are situated. The adoption and implementation of pro-poor livestock sector interventions are in some ways constrained and, in others, enabled by civil conflict in several parts of the country, the semi-authoritarian nature of the Museveni regime, and the reform alliance between the Ugandan national government and its international development partners. Ugandans face an uneasy trade-off between political stability and democracy that inhibits participation.

A review of the livestock sector highlights the constraints facing poor rural livestock producers. Livestock production contributes to rural livelihoods by serving as a source of food, a store of wealth, and a source of cash. Missing or inadequate infrastructure—such as roads, electricity, weighing stations and cattle dips—serves as a serious constraint to the marketing of livestock. Inadequate infrastructure raises transaction costs, exacerbates information asymmetries between producers and traders, and discourages investment in processing. Although the government has begun rebuilding the infrastructure destroyed during the civil conflicts, much of the responsibility for animal health services provision and marketing infrastructure has been devolved to local governments that have not prioritized the livestock sector. Policymakers and livestock producers are also challenged by the small size of the domestic market and limited capacity to service international markets.

Livestock producers are situated in a complex political environment. Many residents of northern and eastern Uganda continue to suffer from violent conflict between the Lord's Resistance Army, the government, and civilians or from predation by cattle rustlers. These conflicts have devastating humanitarian costs, they divert resources toward security and away from investment in livestock and other areas, and they reinforce the influence of the security apparatus relative to elected officials and civil servants.

In stable regions, Ugandans encounter the semi-authoritarian political regime established by Museveni's National Resistance Movement (NRM). This regime combines elections and other opportunities for citizens to influence public policy with restrictions on political participation and occasional violations of citizens' civil liberties, sending mixed signals to citizens. The "Movement" political system allowed individuals to contest elections but prohibited political parties from engaging in core activities such as preparing platforms, holding regular meetings, and opening branch offices. The Ugandan government also has implemented decentralization measures ostensibly intended to bring government closer to the people. Local governments enjoy substantial authority, and many village councils enjoy popular support. However, much of the decision-making authority is concentrated at the more difficult-to-access district level where officials often operate in a corrupt or clientelistic manner. In this environment, most citizens will not fully exploit existing opportunities to participate.

Since 1986, the NRM government has implemented major liberalizing economic reforms that seek to alter the state's basic approach to the market and service provision. These reforms have been pushed by an alliance of major multilateral and bilateral donors and reformers within government who worked together on an ongoing

basis. Although neoliberal reform rhetoric pervades policy discourse, many civil servants are sceptical about this approach. Although donors have sought to work around resistance by creating new, reform-supportive agencies, the cases of the National Agricultural Advisory Services and the African Development Bank Livestock Sector Development Program loan show that it is difficult for reforms to succeed without allies within more established agencies.

The donor-government reform alliance also has focused attention on poverty, and the government has institutionalized processes through which associations, organizations and local governments can participate in policy formulation. The Poverty Eradication Action Plan (PEAP) is the Uganda's central policy document on poverty and development, and it is now revised through a participatory process. During the most recent revision, pastoralism-supportive organizations engaged in a concerted effort to alter the way in which the PEAP addresses pastoralism and pastoralist issues with some success. While the Poverty Eradication Action Plan revision process highlights the potential for propoor reforms within a liberal paradigm, the privatization of the parastatal Dairy Corporation highlights the limits of reform. Although the privatization of the Dairy Corporation directly affected thousands of livestock producers, producers and potential buyers were largely excluded from the decision-making process until a series of newspaper articles revealed irregular actions by members of the Cabinet and the President. Eventually, it was announced that the corporation would be sold to dairy farmers. In this case, the media played a crucial role in opening up processes for review.

The concluding section outlines several interventions that could improve the livelihoods of poor rural livestock producers in Uganda. Working within the dominant neoliberal reform context, the proposed interventions seek to reduce barriers to producer benefit and improve the functioning of livestock markets. In particular, information provision, investment in infrastructure, and development of measurable indicators of how reforms affect poor Ugandans could have substantial impact. Proposed interventions include:

- Facilitating provision and maintenance of livestock-specific infrastructure
- Disseminating livestock market information to livestock producers
- Eliminating or reducing fees on the sale or slaughter of livestock
- Establishing standards or branding mechanisms to identify high quality livestock products
- Incorporating indicators of poor people and pastoralists' participation and benefit into the assessment of government supported programs; and
- Building the capacity of membership associations to participate in policy processes.

The proposed interventions would increase livestock producers' capacity to engage with the market and with the state. The interventions discussed above would not alter the fundamental political context of semi-authoritarian governance and enduring violent conflict in much of the country. Ugandans will decide how to address these problems through their individual and collective actions over the long-term.

INTRODUCTION

This paper explores the policy environment surrounding livestock policy improvements in Uganda, a country that has undergone substantial reforms in the last 15 years. Its aim is to identify opportunities for pro-poor interventions—reforms that would improve the livelihoods of poor rural livestock producers. To do so, one must situate livestock sector dynamics in the broader political economic environment. The adoption and implementation of pro-poor livestock sector interventions are in some ways constrained and, in others, enabled by the semi-authoritarian nature of the Museveni regime, the unresolved conflict in northern and eastern Uganda, and the reform alliance between the Ugandan national government and its international development partners. There is space for pro-poor interventions in this context - in particular, information provision, investment in infrastructure, and development of measurable indicators for poverty impact could have substantial positive impact—but poor producers will remain vulnerable as long as Ugandans face an uneasy trade-off between stability and democracy. While these structural problems cannot be easily resolved, particularly by outsiders, livestock sector interventions should take these factors into account.

The paper is structured as follows. Section 1 provides an overview of the livestock sector, highlighting the production and marketing processes. This section also identifies several challenges which livestock sector participants face. Section 2 describes and analyzes Uganda's political environments, discussing the political regime, the civil conflicts, and local governance. This section highlights the contradictions between the real opportunities for participation and accountability, continued reliance on patronage, and the semi-authoritarian nature of the political regime. Section 3 discusses the dynamics of Uganda's economic and participatory reforms. Reform processes have been shaped by an alliance between reformers within government and Uganda's major development partners. While alliance partners have made neo-liberal governance the dominant discourse and policy approach, civil servants with different perspectives have used a variety of tactics to work around the framework as illustrated by the case of the African Development Bank Livestock Productivity Improvement Project. The Poverty Eradication Action Plan shows how reforms have prioritized poverty and increased openness to civil society while the privatization of the Dairy Corporation highlights the limitations of participatory reforms. The final section identifies several options for strategic pro-poor interventions in the livestock sector.

This paper is based on research conducted in Uganda in October and November of 2004. Interviews were conducted with leaders of farmers associations and other livestock sector membership groups, officials from government ministries and parastatal organizations, staff of Ugandan and international civil society organizations, individuals from multilateral and bilateral donor agencies, and researchers.¹ The paper also draws from scholarly publications, reports produced by nongovernmental organisations (NGOs), and the Ugandan English-language media.

¹ All quotations are taken from the author's interviews unless an alternate citation is provided. Short quotations are marked by quotation marks “ ”; longer quotations are indented. To protect respondents' confidentiality, most quotations do not identify individuals by name or organization. Identification is provided for public statements and quotations in which the individual agreed to be identified.

SECTION I: LIVESTOCK PRODUCTION, PROCESSING, AND MARKETING IN UGANDA

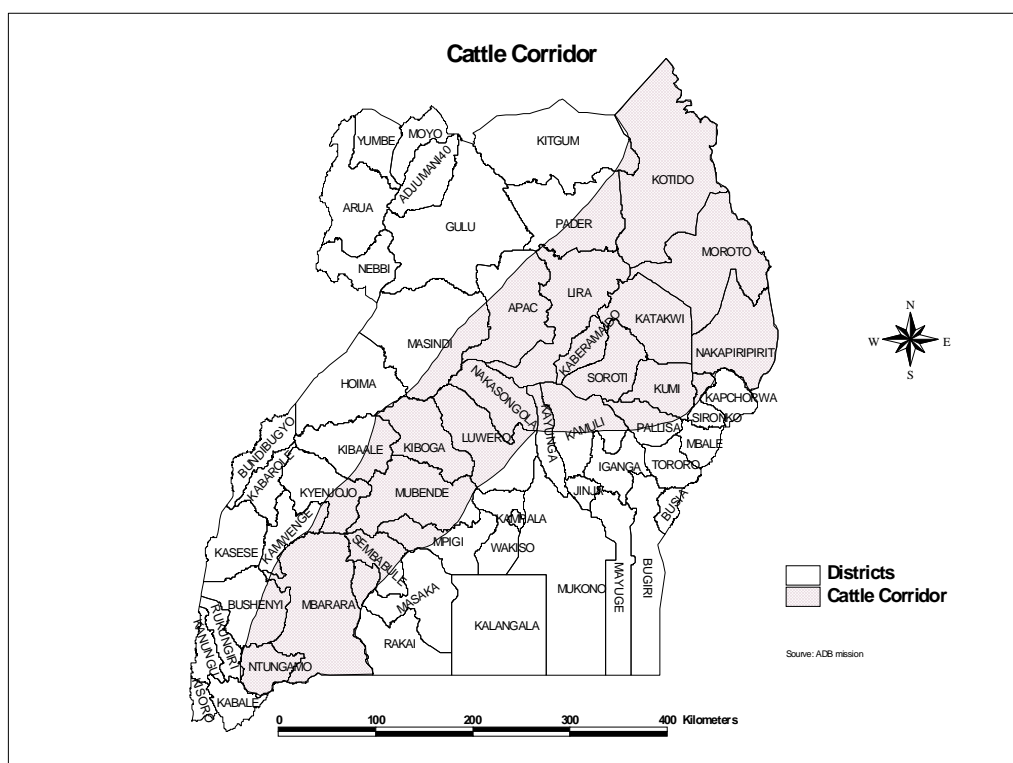
Uganda is a largely rural and agricultural society. About 88 percent of the population lives in rural areas (UBOS 2002), and agriculture comprises roughly 45 percent of the gross domestic product (GDP). Additionally, the agricultural sector employs about 80 percent of the labour force (UBOS 2001). Although crop-based agriculture is dominant - exports of coffee, cotton, tobacco and tea are the primary sources of export earnings - livestock production is an important contributor to subsistence livelihoods. It is estimated that livestock production comprises 7.5 percent of GDP and 17 percent of Agricultural GDP (Muhereza and Ossiya 2003).² Although agriculture provides subsistence and income for many Ugandans, many agriculturalists remain poor. Ugandans reliant upon crop agriculture are more likely to be poor than those reliant on other agricultural activities such as livestock and fishing. Slightly more than half of Ugandans reliant on crops were poor as compared to about a third of those engaged in noncrop agriculture (Okidi et al. 2004: Table A4).

Livestock production is most important in the "cattle corridor" which ranges from Ntungamao district in southwestern Uganda to Kotido district in the northeast (See map on following page). About 60 percent of households in the cattle corridor keep livestock, and the majority of indigenous cattle are kept in the corridor (NAADS ; King 2002c). Nationally, about 40 percent of rural households own poultry, 20 percent own cattle, and close to one third have goats (UBOS 2001). For most households, livestock are not an important source of cash incomes (Ashley and Nanyeenya 2002). Instead, livestock are important because they serve as a source of food, as a store of wealth (a bank), and, in the case of cattle, as a status symbol. Livestock accumulation can enable households to diversify and improve their livelihoods. Cattle also are used to pay bride price in many communities. These uses of livestock are not recorded in the GDP figures provided above.

Livestock Production

Livestock production in Uganda is overwhelmingly a small holder and pastoralist undertaking. Smallholders and pastoralists jointly possess 90 percent of cattle and a larger proportion of poultry, pigs, sheep and goats (FAO 2004). Most livestock are raised in one of three broad production systems: mixed crop and livestock production, pastoral production and commercial ranching. Of these, the mixed systems account for the majority of livestock. In pastoral production systems, livestock production is the central component of a livelihood strategy in which producers move with their livestock in search of water and grazing (See Muhereza 2003; Muhereza and Ossiya 2003). In Uganda, most pastoralist households have a land base; they are not purely nomadic. Although pastoralism is most common in arid areas of northeastern Uganda, seasonal movements of cattle occur throughout the corridor. A small proportion of livestock are raised on commercially oriented ranches; ranches appear to account for less than 10 percent of the beef and milk reaching the commercial market. Urban and periurban households are increasingly engaging in livestock keeping (Guendel 2002; Ishagi et al. 2002). It is estimated that urban and periurban livestock keepers provide as much as 70 percent of Kampala's eggs and poultry (Maxwell and Zziwa 1997, cited in Ishagi et al. 2002). This paper focuses on rural livestock producers as these continue to constitute the majority; 96 percent of poor Ugandans live in rural areas (Okidi et al. 2004).

² The data on livestock production in Uganda is limited, and a livestock census has not been conducted in the last five years. The estimates in this section are based on available data but should be treated with caution.



Livestock Marketing and Processing

Rural livestock producers face substantial marketing constraints. Sector participants identified infrastructure as a crucial constraint. Much of Uganda's infrastructure, including roads, market weighing stations, and cattle dips, was destroyed in the period between 1971 and 1985. Although the state is rebuilding this infrastructure, transaction costs remain high. It is expensive to move livestock from the rural areas where they are raised to the towns and urban centers where demand is highest, and the quality of livestock products often deteriorates during the transit process. Most producers rely upon informal traders to market their goods.³ Milk traders purchase milk from farmers or collection centers and then market the milk or sell it to vendors for transport to urban areas (Kasirye 2003). Livestock traders purchase animals at farms or local livestock markets and then transport them to abattoirs in urban centers. One trader described the marketing process as follows:

The cost of the car is an important factor in how profitable the sales are. The distance to each market varies. Some places are closer, but they are less likely to have a good supply of cows [for example, Jinga]. A trader might go to Jinga, Mbarara, or Nakasongolo. They do not know in advance which markets will have good cows, but usually in the districts where they are good at pastoralism [which are farther away] they have cows. The traders do not have agents, but go to each market and advance to the next one if there are not enough animals.

³ There are some milk collection centers and cooperatives through which dairy farmers collectively market milk. See Kasirye's (2003) report on the dairy sector and Muhereza's (2003) discussion of livestock for more extensive analysis of marketing processes.

Livestock traders provide an important service. However, the absence of market infrastructure creates an information asymmetry that disadvantages producers. Without weighing stations, grading systems, or instruments to test milk quality, traders and producers rely on their knowledge in reaching a sale price, and traders are likely to have better information.

The absence of weighing stations makes it easier to cheat the farmers. The traders have been in this for a long time, and they can look at the animals and know what they weigh. The farmers don't have the same expertise (Interview).

In October 2001, dry hides weighing between 10-11 kg were bought from small holder farmers for about Uganda Shillings 10,000 per hide or 1,000 per kg for Grade I and 5,000 per hide or 500 per kg for Grade III (UIA 2003). Exporters were realizing over shs 6,000 per kg when they sold the hides to export markets, with the average price per kg being shs 7,320 (Uganda Revenue Authority - Customs - Unpublished data Feb 2001). (From Muhereza and Ossiya 2003: 41)

Pastoralists are particularly vulnerable during drought periods in which they must sell animals to purchase grain. Pastoralists must move their animals long distances (often up to 100 kilometers) to market, and the condition of the animals deteriorates during the journey. Because it is unlikely that the animals would survive a return journey, pastoralists become "price takers," they must accept the prices offered even when they know they are unfair. Systematic communication of agricultural price information could address this information asymmetry, but at present the system does not include livestock products.

Facilities for processing livestock products are also limited. Because there are few facilities for processing hides or canning meats, meats, hides and skins, horns and other parts are sold by the abattoirs in relatively raw form (King; 2002c). Although there are a dozen milk processing companies, their milk purchases are largely restricted to the southwest and central region (Kasirye 2003). Lack of processing facilities increases the seasonal price fluctuations inherent in livestock markets because it diminishes marketers' control over when goods enter the market. Processed products can garner higher prices, and livestock processors, traders and government officials stated that value addition has economic potential. However, potential investors indicated that the inconsistency of power provision is a major disincentive because it increases operating costs and spoilage losses. Although this problem is not unique to the livestock sector, it has particularly negative effects on products that require refrigeration.⁴

Animal Disease and Health Service Provision

Many livestock sector participants indicated that there is a need to improve the quality of Ugandan livestock. However, widespread animal disease and inadequate animal health service provision are serious constraints to improving quality. Endemic and epidemic diseases impose serious costs on livestock producers and reduce the

⁴ Because there is insufficient power to meet the demand, power companies have been scheduling periodic outages, a practice locally referred to as "load shedding". In some areas, load shedding occurs as frequently as every other evening. Companies experience substantial costs in paying for alternate sources of power or losses due to spoilage.

incentive to invest in “improved” animals that are more vulnerable to disease.⁵ An animal health service official (and trained veterinarian) commented:

The most productive animals cannot survive here because of our endemic diseases. Yet our indigenous animals are low productivity; their best trait is disease resistance. For example the pig industry can't develop because of African swine fever. Farmers can't keep many pigs because of the risk of catastrophic loss. In the poultry industry we have Newcastle disease.

As with the physical infrastructure, the government network for controlling disease and providing health services deteriorated substantially during the civil conflicts. At independence, the government took responsibility for provision of all animal health services. After the Museveni-led National Resistance Movement took power in 1986, the government withdrew from provision of clinical health services, which it regarded as a private good, and devolved other animal health services to local governments (See Silkin and Kasirye 2002:16-18). The central government has retained responsibility for policy, regulation and disease control and surveillance. Central government disease control has focused on epidemic diseases including rinderpest, contagious bovine pleuro-pneumonia, foot and mouth disease and rabies. The system has encountered a number of challenges. Local governments have not prioritized animal health services and disease surveillance, and central government has found it difficult to garner the necessary funds to respond to epidemics. At present, it seems that the majority of veterinarians are employed by local governments to do regulatory work. These veterinarians also unofficially provide veterinary services on a fee-for-service basis. Animal health service providers have also begun to operate as stockists, opening small shops that sell drugs and other livestock-related supplies. A small number of veterinarians, perhaps 80, are fully engaged in private practice.⁶ Both the cost of treatment and the location of providers limit disease prevention, treatment and control. Most formally trained animal health personnel are based in towns, and road conditions can make it difficult to reach remote producers.⁷ Despite its importance, most of the individuals interviewed for this report focused on other challenges facing the sector such as marketing, processing, and policy reforms. One respondent commented:

Five years ago if you visited you would have heard lots about disease. It is a shift in thinking; if you look at the market all else will follow. Can I afford the control regime for disease? If you pay for the service, the treatment is there. We used to focus on that - treatment. Now we focus on markets and profitability so that farmers are in a position to control disease. You figure out where the market is and then think about prevention and vaccine accessibility. The market would trigger those things.

Marketing challenges are discussed in the following section.

⁵ “Improved” animals are crossbred or exotic animals with the genetic potential to produce higher volumes of milk or meat than indigenous “unimproved” animals. The actual performance of improved animals is highly dependent on the inputs (feed, fodder, water, health services) they receive.

Most publications estimate that 95 percent of the Ugandan livestock population is indigenous, but Staal and Kaguongo (2003:14-15, Appendix) argue that the proportion of improved cattle is roughly 26 percent. It is likely that a much higher percentage of zero-grazed dairy animals are improved because the major charitable organizations that donate livestock, Heifer Project International and Send a Cow, provide improved animals and advocate zero grazing.

⁶ The European Union funded a Veterinary Privatization Project, which was implemented by the Uganda Veterinary Association and the Pan African Programme for the Control of Epizootics. About 40 veterinarians have participated in the program, out of approximately 600 registered veterinarians in Uganda (European Commission 2004).

⁷ One respondent suggested that a community animal health worker initiative in Karamoja is meeting with some success.

Domestic and International Markets for Ugandan Livestock Products

When I'm thinking about how and whether to invest, the foreign market is uncertain and the domestic market is limited. Creating a proper dairy plant is expensive and you need consistent water, utilities, etc. Right now, we are in a consolidation phase.

A further constraint facing the livestock sector is the small size of the domestic market. Uganda is a poor country and the purchasing power of most Ugandans is very limited. Ugandan GDP per capita was US\$1,390 (in purchasing power parity) in 2002, compared to an average of US \$1,790 in sub-Saharan African countries (UNDP 2004). Although food accounts for roughly 60 percent of expenditure in rural households (UBOS 2001),⁸ meat and milk consumption is quite low. Low milk consumption may also be attributed to consumer preferences; Ugandans consume less milk relative to income than people in neighboring countries (Staal and Kaguongo 2003). Most of the milk processing facilities operate well below capacity (Kasirye 2003). Additionally, market purchases of livestock products are limited by widespread household engagement in small-scale or subsistence agriculture. Ugandans rely heavily upon the milk and the meat that they produce; a national household survey found that home produce accounted for about half of rural food consumption (UBOS 2001).⁹ Given the many barriers to optimal market functioning - especially high transaction costs and poor rural financial services—rural producers may be reluctant to take the risk of shifting towards commercial production.¹⁰ Until a greater proportion of rural Ugandans become integrated into the cash economy, the domestic market will rely heavily on urban and peri-urban consumers. Ugandans residing in urban areas purchase about 90 percent of their food (UBOS 2001).

In this context, many Ugandan livestock sector participants are looking to international markets, primarily in East Africa and the Middle East. These areas are perceived to have fewer standards constraints than the European Union and the United States, and thus to be more realistic targets. However, to sell products to these markets, Ugandan producers would need the capacity to ensure consistent quality and supply; sector participants indicated this would be a challenge.

In the Middle East [there] are not so many barriers, but the quantity issue is a problem. The contracts require consistent supply, such as 350 live white goats per week. To meet that demand we would need trucks, transport, stocking materials.

For export crops, Uganda cannot even meet its quotas for most of its trade agreements, so there is a problem internally in the agriculture structure and the quality of what we produce...

The reality is that the number of constraints mean that the potential might remain rhetoric. For example, supply-side constraints such as load shedding (see footnote number 4), and infrastructure. The way it is now, there's no deliberate effort to address the supply issues. We wouldn't have the capacity to supply those markets.

Additionally, the government would need to address trade and regulatory issues. Research indicates that there is potential for export of livestock products to these

⁸ This figure reflects consumption of goods produced within the household as well as cash expenditures. UBOS valued home produce at farm gate prices.

⁹ While the majority of food crops are consumed within the household, about two thirds of livestock and livestock products are marketed (MAAIF 2004).

¹⁰ Reluctance to shift towards commercial production may also reflect fears about political instability. Small-scale agricultural production allowed many people to survive during the Amin regime and the instability that followed.

markets if constraints are addressed (King 2002a, b, c).¹¹ In 2001, the government announced a strategic exports promotion initiative which would include beef, hides and skins (King 2002a; Spilsbury, Naggaga, and Oyat 2003:20-21).

Regulation and Enforcement

Many livestock sector participants argued that regulation and enforcement are also major challenges. Without good information regarding quality and enforcement of standards, there is little incentive for producers, traders and processors to invest in improving quality; poor quality milk will sell for the same price as high-grade milk. However, the capacity of government to enforce regulations, and of producers to meet high standards, is limited. Several interviewees suggested that the Dairy Development Authority's (DDA) approach has potential. The DDA, a parastatal organization established to support the dairy sector, has used a mix of encouragement and enforcement to pressure traders to invest in hygienic storage facilities for milk. In introducing reforms, the DDA has consulted with dairy sector associations, developed timetables in partnership with these associations, and worked with private companies to ensure that appropriate equipment would be available for purchase. The DDA also has emphasized the benefits of new practices to traders and processors—for example, reduced spoilage could increase the volume of saleable milk. After regulations come into force, enforcement efforts—such as arrests of traders using plastic Jerry cans—are publicized widely. The DDA has used this approach to shift milk traders from plastic Jerry cans to more hygienic metal cans and to encourage traders to set up coolers at collection points and to invest in refrigerated tankers. This strategy allows the DDA to make effective use of its limited resources; there are only seven regulatory enforcement staff, including four inspectors. (The DDA also works with The National Bureau of Standards and the police force to enforce dairy regulations). In a context in which enforcement resources are limited, it makes sense to encourage good practice as well as punishing transgression.

This overview has focused on the structure of the Ugandan livestock sector, and the challenges faced in raising and marketing livestock. Although these constraints are serious, most are amenable to intervention. The remainder of this paper focuses on the political and economic context in which livestock producers, processors, traders and policymakers operate. This context facilitates some sector interventions while making others much more difficult. Discussion of recent interventions that affect poor livestock producers, such as the Plan for the Modernization of Agriculture, the privatization of the Dairy Corporation and the African Development Bank-funded Livestock Development Program is integrated into the paper.

¹¹ Although sector participants suggested that export markets would benefit all producers, it seems likely that large, commercially oriented farmers would be best positioned to benefit.

SECTION II: NATIONAL RESISTANCE MOVEMENT GOVERNANCE: POLITICS IN SEMI-AUTHORITARIAN UGANDA

Yoweri Museveni and the National Resistance Movement took power in January 1986 after winning a five year guerrilla war.¹² Since that time, the government has rebuilt many of the state institutions and much of the infrastructure destroyed between 1971 and 1985. The discussion that follows begins by describing the conflicts that continue to affect many parts of Uganda. It then shifts to analysis of the semi-authoritarian regime Museveni has created.¹³ The Ugandan state devolves substantial power to elected local governments and provides opportunities for participation in policy processes. However, security remains an overriding priority, civil liberties are not consistently respected, and the government relies upon clientelism to secure support. In this context, citizens are unlikely to take full advantage of opportunities to participate. The discussion in this section focuses on electoral politics and other formal political structures. Policy reforms and the consultative and participatory processes established by government are discussed in the next section.

Enduring Conflict in Northern and Eastern Uganda

The nineteen years of government under Museveni's National Resistance Movement (NRM) represent the longest period of stability many Ugandans have experienced since independence in 1962. In stable areas, the governance and economic reforms discussed in subsequent sections of this paper have had a major impact. But many areas of Uganda do not enjoy stability. Of the 56 districts, fourteen have experienced sustained conflict since 1986 (Tripp 2004). In these areas, government interventions have focused on ending the conflicts. Districts in the north and east of Uganda have been most deeply affected. In the north, the Lord's Resistance Army (LRA) has led an armed struggle against the government, often with support from the Sudanese government (Prunier 2004).¹⁴ The Uganda People's Defense Forces (UPDF) is the primary organization fighting the insurgents, but the government has encouraged citizens to form militias and vigilante groups to defend themselves. Occasional periods of stability have been followed by renewed violence, and more than one million Ugandans reside in Internally Displaced Persons (IDP) camps or engage in "night commuting" in which rural people flee their homes for the relative safety of the town each night (CSOPNU 2004; Van Acker 2004). Museveni originally emphasized military defeat of insurgents over political negotiation (Oloka-Onyango 2004; Van Acker 2004), but the government has recently renewed efforts to reach a peaceful settlement with the LRA. Civil society organizations also have sought an end to the conflict. Civil Society Organisations for Peace in Northern Uganda, a coalition of about 40 international and domestic NGOs, has advocated a rights based approach to address the root causes of the conflict (CSOPNU 2004).

In the Karamoja region of north-eastern Uganda, cattle rustling has devastated many communities.¹⁵ Victims and government officials have frequently blamed Karamajong

¹² The name of the organization that holds power has changed several times. The National Resistance Army became the National Resistance Movement and it is now the National Resistance Movement Organization. This paper uses the name National Resistance Movement throughout to refer to the Movement after the end of the guerrilla war.

¹³ This paper follows Tripp (2004) in describing Uganda's current political regime as semi-authoritarian.

¹⁴ The Lords Resistance Army was preceded by the Holy Spirit Movement, which began in approximately 1987. The districts of Gulu, Kitgum, and Pader (Acholiland) have been the center of conflict for several years, but the conflict has spread south and eastward to Lira, Katakwi, Soroti and Kaberamaido.

¹⁵ Karamoja includes Moroto, Kotido, and Nakapiririt districts. Cattle raiding often affects communities in neighboring districts as well.

pastoralists for rustling; cattle raiding is a traditional practice. However, many researchers contend that rustling dynamics are much more complex. The following examples suggest some of the complexities. Firstly, while external portrayals of rustling have tended to treat it as a single phenomenon, the Karamajong distinguish between cattle raiding, which enjoys legitimacy, and small-scale cattle theft and roadside banditry, which are less acceptable (Management Systems International et al. 2002). Secondly, small arms have become widespread in the region since the 1970s (Mirzeler and Young 2000). These arms are less subject to cultural sanction than traditional weapons, they facilitate predation, and they can make it more difficult to resolve conflicts. Government strategy towards armed individuals has fluctuated from attempts to use them as government auxiliaries to attempts to disarm them. Increasing pressure on land may also have increased reliance on raiding as other response to drought and famine have become less viable (Walker 2002). Finally, it is not clear that the Karamajong are the only or principal cattle rustling perpetrators; some contend that members of the military are rustling cattle (Dolan 2000; Van Acker 2004). In conflict-ridden parts of Uganda, ending violence would be a significant move towards improving the livelihoods of livestock producers and other residents.

These conflicts have political implications in addition to their devastating humanitarian costs. First, the conflict reduces the funds available for social and economic investment in areas such as livestock. The government allocates substantial funds to security. Defense expenditures officially comprised 12.87 percent of the 2002/2003 budget, amounting to more than 2.5 percent of GDP (World Bank 2003).¹⁶ That year, the government increased defense spending by 20 percent, shifting funds away from other areas despite donor sanctions.¹⁷ Defense spending increased again in 2003/2004 by close to 20 percent, and approximately US\$200 million has been allocated for defense in 2005/2006 (Akwapf 2005). Donors have continued to express concern about the disproportionate amounts devoted to security (Development Partners 2004). Museveni's views on this issue are reflected in the following statement, "We are therefore continuing to strengthen our defense forces: to neglect doing so would be like exposing meat when there are dangerous carnivores around" (Museveni 2000, quoted in Oloka-Onyango 2004). International humanitarian agencies and foreign donors spend enormous sums on relief; the government spends a smaller amount on post-conflict recovery.

Second, the ongoing conflict reinforces the influence of the security apparatus—including the military, police and militias—relative to elected officials and civil servants. It is extremely difficult to hold security organizations accountable when there is ongoing conflict. However, if elected officials cannot make binding decisions without the consent of the military, then the regime is not democratic.¹⁸ There is evidence that the defense forces have engaged in humanitarian abuses and financial misdeeds within Uganda (CSOPNU 2004; HRW 2004; 2003; Omara-Otunnu 1992). Illegal behaviour by members of the Ugandan security apparatus also has been well documented in the Democratic Republic of Congo (Jackson 2002; Reno 2002; UNSC 2000; 2002). The perpetrators include individuals close to the president, and for the most part, the individuals implicated in these scandals have not suffered severe

¹⁶ In 1999, the IMF set an upper limit on military spending of 1.9 percent of GDP; above that proportion, loans might be delayed or halted (Reno 2002).

¹⁷ Defense expenditures comprised 14.08 percent of the total. In response, some donors (the United Kingdom and Ireland) withheld US\$20 million in funds (DFID 2003).

¹⁸ To have a democracy "the elected government must to a reasonable degree have effective power to rule" (Collier and Levitsky 1997). Much of the literature on the relationship between democracy and military power was developed in the context of debates about political regimes in Central and South America in which substantial powers were reserved for the military in ostensibly democratic regimes.

sanctions.¹⁹ Reno (2002) argues, “predation solves short-term problems of political control by keeping soldiers occupied” but undermines the ability of the state to control these “violence entrepreneurs” in the long run. Oloka-Onyango (2004) argues that Museveni’s reliance on the military has undermined attempts to reduce corruption, reform the civil-service, and create democratic local government.

Semi-authoritarian Politics: “No Party Democracy” and Local Governance

In relatively stable regions of Uganda, the semi-authoritarian regime established by Museveni is the operative political context (Tripp 2004). Semi-authoritarian regimes occupy a middle space between democracy and authoritarianism. Concisely defined, democracies are political systems in which “elections are competitive, free, egalitarian, decisive and inclusive, and those who vote in principle also have the right to be elected—they are political citizens” (O’Donnell 2001). Authoritarian regimes, on the other hand, are organized political systems in which citizens have few political rights, but the government does not engage in extensive mobilization, unlike totalitarian regimes in which citizens are expected to participate in organized political activities.²⁰ Tripp (2004) argues that semi-authoritarian regimes are distinguished by “their lack of consistency in guaranteeing civil and political liberties.” Uganda’s political system combines substantial restrictions on political participation with regular elections and other opportunities for citizens to influence political decisions. While Ugandan citizens ostensibly enjoy freedom of expression and association, human rights organizations have documented torture and abuse of individuals expressing unpopular viewpoints (FHRI 2003; HRW 2004; 2003). At the same time, the media is relatively free and statements critical of the government are regularly published.

After taking power, Museveni’s NRM government established a “no-party” or “Movement” democracy. Museveni saw political parties as a source of divisiveness and instability. Although the NRM did not formally disband existing political parties, they were prohibited from nominating candidates for office. All Ugandans were deemed to belong to the “Movement system” which would provide a broad tent for political debate and decision-making.

“Movement” democracy means that individuals have the right to join the national political movements and participate in elected government councils in their places of residence. Their elected representatives form additional councils in each larger administrative unit. Since the Movement embraces all citizens who wish to join, its operation is considered incompatible with activity by political parties (Kasfir 2000).

The system was initially described as transitional; Ugandan’s political liberties would increase over time as the state was rebuilt and citizens and organizations began to approach politics from a broader, less parochial perspective.

¹⁹ The government has established several anticorruption institutions and now conducts surveys to investigate corruption, but these institutions appear to be ineffective in punishing abuse of office by high-level officials (Flanary and Watt 1999; Tangri and Mwenda 2001; Uganda. Inspectorate of Government 2003). The president’s brother Salim Saleh, who is a major general, was implicated in these scandals.

²⁰ This definition draws from Linz (2000) who described authoritarian regimes as “political systems with limited, not responsible political pluralism, without elaborate and guiding ideology but with distinctive mentalities; without extensive or intensive political mobilization except at some points in their development; and in which a leader or occasionally a small group exercises power within formally ill-defined limits but actually quite predictable ones.”

Many citizens and some observers were initially sympathetic to the “no party democracy.”²¹ Ugandans’ experience with party-based competition has been largely negative. Colonial practices exacerbated religious and ethnic divisions, and most political parties in independent Uganda have had a narrow religious or ethnic base.²² Early Museveni Cabinets incorporated individuals from the major political parties, and the government established new local government structures that provided opportunities for popular participation. These practices suggested that there was space for a diversity of views and for participation without parties. Building on the local “Resistance Council” model developed during the war, the Museveni government created a multi-tier system of local councils throughout the country (Kasfir 2004; Mamdani 1996: Chapter 6). Local governments enjoy substantial power, and councillors are selected by Ugandans. Citizens directly elect members of the village council (LC1), sub-county council (LC3) and district council (LC5). The parish councils (LC2) and county councils (LC4) are indirectly elected.²³ Local governments are responsible for education, road services, agricultural extension, land administration, trade licensing and community development. District Public Service Commissions have authority to hire and fire civil servants in these areas.

Ugandans had no direct involvement in national affairs until 1994, when elections were held to select delegates to the Constitutional Assembly.²⁴ The first presidential elections were held in 1996 by which time, Museveni had been head of state for 10 years. These elections violated the “free” and “egalitarian” requirements for democratic elections. The Movement “system” was exempt from the restrictions imposed on political parties.²⁵ In the 1996 and 2001 presidential elections, opposition candidates and their supporters were subject to intimidation and harassment (FHRI 2003; Sabiti-Makara, Tukahebwa, and Byarugaba 2003). In 2001, the losing candidate, Col. Besigye Kizza, challenged the election results in court. The court ruling upheld the results but acknowledged irregularities (Judgment on Election Petition No. 1 of 2001: Col. (RTD) Dr. Besigye Kizza, Petitioner v. 1. Museveni Yoweri Kaguta - Respondent, 2. Electoral Commission. 2001).²⁶ In 2000, Uganda held a national referendum on the Movement system in which voters were asked to choose between the Movement system and multiparty democracy. The movement system won overwhelmingly (See Bratton and Lambright 2001; Therkildsen 2002), but the referendum was nullified by the Constitutional Court in late 2004 because Parliament had not followed the proper procedures in passing the act enabling the referendum.

In 2002, Parliament passed the Political Parties and Organizations Act after several years of debate. The Act restricted party activities severely, prohibiting members of the security forces, public officers and traditional and cultural leaders from belonging to political parties, expressing views on party controversies, or engaging in activities on the behalf of the party (Section 16). It also prohibited parties from offering political platforms (Section 18(1(a))), opening branch offices (Section 18(1(c))),

²¹ See the range of views expressed in *No Party Democracy in Uganda: Myths and Realities* (Mugaju and Oloka-Onyango 2000; also see Ottemoeller 1998).

²² See the following for discussion of social divisions and politics in Uganda (Apter 1961; Carbone 2003; Karugire 1980; Mamdani 1976; Okuku 2002). Apter, Mamdani, and Karugire discuss the colonial and early independence periods, while Okuku and Carbone focus on contemporary politics.

²³ One third of the seats on each council are reserved for women, and there are special councillors to represent youth, the disabled, and the elderly (village-level only).

²⁴ Before these elections, an indirectly elected National Resistance Council served as the national parliament.

²⁵ These elections were governed by transitional provisions of the 1995 Constitution, which allowed political parties to exist but banned most organized political activities. “... Political activities may continue except— (a) opening and operating branch offices; (b) holding delegates conferences; (c) holding public rallies; (d) sponsoring or offering a platform to or in any way campaigning for or against a candidate for any public elections; (e) carrying on any activities that may interfere with the movement’s political system for the time being in force” (Section 269).

²⁶ Besigye was detained on two occasions and subsequently left the country.

holding more than one national meeting per year (Section 18(2)) and interfering with the Movement system (which was explicitly not a party²⁷) (Section 19). All of these provisions, except Section 16, have been declared unconstitutional by the Constitutional Court, and political parties have started to open branch offices, prepare platforms and hold meetings.

Over time, criticism of the no-party Movement system has increased.²⁸ Critiques have come from former NRM stalwarts and high-level Museveni supporters, including Col. Besigye Kizza and former Cabinet ministers Kategaya and Matembe, as well as opposition parties, human rights activists, scholars and foreign organizations.²⁹ Critiques have highlighted the narrowing ethnic base of the cabinet (Kjaer 2004), favouritism displayed towards Museveni's co-ethnics in military promotions (Okuku 2002),³⁰ corruption (Tangri and Mwenda 2001) and the party-like character of the NRM (Tripp 2004). Surveys provide evidence that the President's popularity has declined slightly and support for the Movement system has declined (Logan et al. 2003).

Ugandan citizens and scholars have also begun to look critically at local governance structures (Francis and James 2003). While decentralization ostensibly was intended to bring government closer to the people, much of the decision-making power is concentrated at the district level. People have much less contact with district officials than with their village councillors, and it is difficult for citizens to hold these officials accountable. The concentration of power in districts is evident in planning processes and revenue collection and allocation. Although the village councils coordinate the development of Community Action Plans, these plans are then passed upwards to each level until they reach the district, which adopts an integrated plan based on the input of civil servants and NGOs as well as elected officials (Francis and James 2003). Districts also collect the graduated tax, the primary local revenue source, and District Tender Boards control tender allocation—many districts have privatized the collection of local taxes and fees.³¹ The district governments receive 35 percent of locally generated revenue while Village Councils receive only 16.25 percent. Francis and James argue that the Council system operates in “patronage mode.” District control over civil service positions and tendering allows for politicized distribution of these divisible goods; the more accessible village councillors have little power. Although there have been notable successes, some frustration with the system is evident (MFPED 2002; also see MORG 2004). One interviewee commented, “The poor people have spoken but nobody cares. Look at the local councillors. A person is a councillor for two years and they have a huge compound and there is no delivery.”

²⁷ Section 2 (1) defines a “political organisation” as “any free association or organisation of persons the objects of which include the influencing of the political process or sponsoring a political agenda whether or not it also seeks to sponsor or offer a platform to a candidate for election to a political office or to participate in the governance of Uganda at any level”; a political party is a political organization with a platform or candidates. Section 2 (2) states “The definition of ‘political organisation in subsection (1) shall not include the following— (a) the movement political system referred to in article 70 of the Constitution and the organs under the movement political system.”

²⁸ Tripp (2004) argues that 1995 was a turning point in the Museveni regime in which the government moved away from inclusionary governance towards a ruling strategy that favors loyalists and seeks to repress dissent; Okuku (2002; 2005) argues that Museveni's ruling strategy has been narrowly ethnic and authoritarian from the start.

²⁹ Uganda is extremely dependent upon foreign aid, as is discussed in Section III. To date, multilateral lending agencies and bilateral donors have refrained from imposing political conditionality on Uganda as was done in Kenya and Malawi. Donors have advocated, often behind the scenes, for greater democratization, (Hauser 1999).

³⁰ At independence, the Ugandan military was largely comprised of Northerners, including ethnic Acholi and Lango. Okuku claims that military recruitment and promotions now favor Museveni's ethnic group, the Bahiima, and other people from southwestern Uganda. He estimates that 10 percent of the military now come from Museveni's home county.

³¹ In his 2005 State of the Union address, President Museveni announced that the graduated tax would be eliminated, and central government would begin paying the salaries of district chairpersons, district executive members, sub-county and town council chairpersons.

Uganda's political environment sends mixed signals to its citizens. On the one hand, Ugandans are provided with real opportunities for participation and accountability. Local governments have considerable powers, and research indicates that Ugandans respect their village councillors, for the most part, and see the Village Council as an important and useful institution (MPFED 2002; Therkildsen 2002). In theory, citizens could use their votes to remove unpopular officials, and some voters are trying to use elections to hold officials accountable: "We have got our pangas and sharpened them. Those snakes shall be wiped out using the votes" (MPFED 2002). Although turnover in councillors is low (Francis and James 2003), Okuku (2005) states that there is a 70 percent turnover rate in MPs in each election. Elected officials exert some decision-making power, and there are some cases in which capable officials have managed to improve outcomes. In Ntungamo District, for example, residents reported better service delivery and more willingness to pay taxes than people from other districts included in the second Ugandan Participatory Poverty Assessment.³² They also linked improved services to capable governance by local officials (MPFED 2002). In addition, official policies state that local programs are to be developed through participatory processes.

On the other hand, Ugandans are implicitly told that their participation is neither consequential nor desirable. As the local government system is structured, the most accessible village councillors have very limited authority; district officials have much greater authority. The influence of local voters is also diminished by the technocratic processes through which the national government uses its financial influence over local governments to make local governments upwardly accountable to national bureaucrats (Craig and Porter 2003; Francis and James 2003). Central government transfers account for about 90 percent of local government incomes, and much of the revenue transferred is conditional. Efforts to hold local officials accountable have been constrained by widespread clientelism and corruption. In each of the participatory poverty assessments, rural Ugandans and civil servants described and condemned corruption among local politicians; district officials were regarded as most corrupt (MPFED 2000; 2002). Corrupt activities included undermining service delivery and manipulation of the tendering process; there were very few instances in which corrupt individuals were sanctioned. The second national participatory poverty assessment report describes one case as follows:

... in 2001 in Madudu Sub-county, that covers Kitemba village in Mubende, the District Chief Internal Auditor audited the Sub-county's finances after a complaint by the LC3 Chairman about misappropriation of funds. The audit discovered anomalies in the management of LGDP [Local Government Development Programme] funds and embezzlement of other funds. The Sub-county Chief and Sub-Treasurer were arrested. However, the Chief Administrative Officer (CAO), much to the concern of community members and LC3 councillors, later released them (MPFED 2002:173).

The 2002 report also described the recent emergence of mass vote buying; Muhumuza (2003) contends that vote buying and intimidation were widespread in the first local government elections. Local government elections are particularly vulnerable to corruption and intimidation because voting is not by secret ballot, as in presidential and parliamentary elections (Mutumba et al. 2005)

³² The Ugandan Participatory Poverty Assessment Project is a Ugandan government initiative to incorporate the perspectives of poor Ugandans into the poverty reduction policy process. Research teams conducted participatory rural appraisals in several sites across the country. These appraisals were developed into district reports and national reports, and results were disseminated at the community, district, and national level. The published reports provide more detail on the research methodology (See, for example, MPFED 2000; 2002).

Museveni's harsh criticism of dissenters and the prolonged detention and torture of some individuals who have contested elections without NRM support sends a clear message that participation is only welcome within limits (See HRW 2004). The 2002 Suppression of Terrorism Act gives the government broad powers to act against perceived opponents of the state. Ugandans may fear that criticism of councillors or the councils will be interpreted as criticism of the NRM.

Given these mixed signals, most citizens are unlikely to take full advantage of the opportunities that may exist. Recent agricultural initiatives emphasize a demand-led approach. The National Agricultural Advisory Services (NAADS), for example, provides extension services in response to farmer group requests. If farmers are uncomfortable making demands, the program cannot succeed. However, the political context in Uganda is continuing to evolve, and some civil society organizations (CSOs) are encouraging citizens to engage with local government.³³

Some grassroots communities tend to associate policy work with going against government. It is the process of building awareness around participation in the need for everyone to engage.... We can use service provision as a way to build awareness about processes and rights.

Several CSOs have altered their structure to facilitate interaction with local governments. The Uganda NGO forum, for example, has established district forums in several areas, and the Uganda National Farmers Federation includes 45 district associations. These CSOs may provide an organized means for livestock producers to influence district policies and to take advantage of demand driven programs.

At present, the overriding political question is that of presidential succession, or continuity. The 1995 Constitution limits individuals to two terms as President, and Museveni's second term will end in 2006. Museveni has sought to retain his hold on power by eliminating the constitutional limit on presidential terms in office. Museveni and his advisers floated this issue in public settings on several occasions. For example, President Museveni was quoted as saying, "I have been hearing people talking of a 'third term' for the incumbent president" (Oloka-Onyango 2003). Then government established a Constitutional Review Commission. After failing to obtain a recommendation to eliminate term limits from the commission, the government drafted a white paper recommending that Parliament decide this issue (Republic of Uganda 2004).³⁴ Parliament overwhelmingly comprises NRM adherents. Despite this, the "Third Term" or "kisanja" debate inside Parliament and among the populace has been lively and a range of views has been expressed. Two steps have been taken to facilitate the elimination of term limits. First, the term limit provision has been incorporated into a compendium bill including several other measures, some of which also require constitutional amendments.³⁵ Parliament must accept or reject the bill as a whole. After the bill receives parliamentary approval, the government plans to hold a referendum on the measures requiring constitutional amendments. Secondly, Members of Parliament have been bribed to support the third term with payments of 5 million Ugandan shillings (about US\$3,000).³⁶ It is estimated that 223 Members of

³³ Throughout this paper, civil society organization is used to refer to member based-associations, community-based organizations, and domestic or international nongovernmental organizations (NGOs). This reflects the Ugandan usage of the term.

³⁴ The government established a Constitutional Review Commission in 2001 to consider term limits and other issues. In its 2003 Final Report, the Commission recommended that the people decide this issue in a referendum.

³⁵ The bill would also reduce restrictions on political parties, recognize Swahili as a second national language, and allow the creation of multidistrict regional governance structures.

³⁶ These payments were widely reported in the media, and several articles were published in the daily newspapers the *Monitor* and the *New Vision*. Some individuals received a larger sum of up to 10 million shillings (US\$ 6,000).

Parliament, including 213 voting members, accepted the “kisanja cash” (Gyezaho 2004); constitutional amendments require the support of two thirds of Parliament, or 204 members. Parliament passed a resolution authorizing a referendum in early May 2005; shortly thereafter the major opposition parties announced that they would boycott the referendum. The referendum is scheduled for late July 2005. The next elections for the President, Members of Parliament and District Council chairmen are scheduled for February and March 2006.

SECTION III: REFORMING UGANDA: NEO-LIBERALISM & PARTICIPATION

This section discusses Uganda's economic reforms, participatory processes, and their influence on policymaking. Since 1986, the NRM government has implemented major economic reforms that seek to alter the state's basic approach to the market and service provision. This section begins by discussing the alliance that has successfully advocated reform. It then turns to bureaucratic politics and the strategies adopted by civil servants skeptical of neo-liberal reform. The reformist alliance also has focused attention on poverty, and national government has created participatory processes such as the Participatory Poverty Eradication Process through which farmers' associations and other members of civil society can shape policy. These processes provide opportunities for pro-poor interventions. However, major policy decisions continue to occur largely outside the public domain. The final part of this section discusses the privatization of the Dairy Corporation. This case illustrates the limited influence of sector participants and highlights the potential of the Ugandan media to raise the visibility of less than transparent processes.

Liberal Reform Alliance

The alliance between key actors in the Ugandan government and major multilateral and bilateral donors has assisted the government to implement major reforms, including economic liberalization and decentralization. The relationship between the Ugandan government and foreign donors and lenders has evolved over time as Uganda moved from reluctant adherence, through structural adjustment conditionalities, to a working relationship based on ongoing consultation with its "development partners." Well reasoned proposals that fit within the framework on which government and donors agree find a receptive hearing. Reducing poverty is an explicit objective of government policy and foreign aid; there are substantial opportunities to implement pro-poor interventions that fit within the framework.

Museveni's National Resistance Movement initially attempted to follow a divergent path, but price and foreign exchange controls failed to end the economic crisis. It was in this context that the government accepted conditional aid from multilateral lenders in 1987. The economic reform package advocated by donors was a fairly standard mix of economic stabilization and structural adjustment measures.³⁷ Reforms sought to create macroeconomic stability, to increase Uganda's openness to the international economy, and to reduce the state's role in the economy. The government's commitment to structural adjustment policies was initially weak and implementation halting. In the early nineties, however, President Museveni became a vocal advocate of reform and implementation improved (Dijkstra and Van Donge 2001).³⁸

Uganda is extremely dependent upon foreign donors and lenders—official development assistance accounted for more than 12 percent of GDP in fiscal year 2002/2003 (World Bank 2003).³⁹ Since 1987, foreign aid has almost always exceeded exports and tax

³⁷ John Williamson identifies 10 principles of the Washington Consensus: fiscal discipline, public expenditure (investment is greater than consumption), tax reform, financial liberalization, competitive exchange rates, trade liberalization, friendliness to foreign direct investment, privatization, market deregulation, and secure property rights (1993, discussed in Van De Walle 2001: 138-139).

³⁸ Scholars' views on Uganda's implementation of economic reforms vary. While some argue that implementation of economic reforms has been incomplete and plagued with corruption (Tangri and Mwenda 2001; van de Walle 2001), others believe the government is committed to strict budgetary control and dismantling of parastatals and marketing structures (Dijkstra and Van Donge 2001).

³⁹ The World Bank is the largest multilateral lender to Uganda, and the United Kingdom is the largest bilateral donor.

revenues (Dijkstra and Van Donge 2001). Donors fund about half of the government's budget (DFID 2003), and in fiscal year 2002/2003, official development assistance accounted for more than 12 percent of GDP (World Bank 2003). Although the relationship between donors and the Ugandan government was initially based on conditionality, donors gradually became convinced of the government's sincere commitment to reform (Adam and Gunning 2002).⁴⁰ One outcome has been a new way of working based on ongoing consultation and reduced policy conditionality. The "development partners" participate in the development of the overall framework and sector programs through consultative group meetings and a wide array of working groups, which include civil servants, donors and, sometimes, civil society. The development partners also have created donor groups for specific areas of interest. In line with this way of working, several agencies, including the World Bank, the European Union, and the development agencies of the United Kingdom, Denmark, the Netherlands, Ireland, Norway and Sweden have moved away from project funding towards general budget support, poverty action fund support and sectoral basket funding (World Bank).⁴¹ This new way of working has received substantial praise from outside observers and many participants (Adam and Gunning 2002), but some members of civil society believe that it gives foreign donors disproportionate influence as they have greater access to the government than civil society organizations and ordinary citizens.

Over time, Uganda became a "show case" for neo-liberal economic reform (Dijkstra and Van Donge 2001). Uganda's economy grew an average of 6.3 percent a year during the 15 years following 1987, and inflation diminished substantially (Okidi et al. 2004). Additionally, the national poverty headcount fell from 55.7 percent in 1992/1993 to 33.8 percent in 1999/2000, and the rural poverty headcount fell from 59.7 percent to 37.4 percent over the same period (Okidi et al. 2004). Uganda's impressive economic growth was seen to demonstrate the benefits of reform policies, and it became a favored recipient of foreign aid. By the end of the 1990s, however, the growth rate had diminished and the poverty headcount increased to 37.7 percent (national) and 41.7 percent (rural) in 2002/2003 (Okidi et al. 2004). Some but not all of the reduced growth rate and rising poverty can be attributed to changing commodity prices and unfavorable agricultural terms of trade (Okidi et al. 2004). Many of the domestic contributors to the reduced growth rate may be difficult to address. These include the small size of the domestic market, limited and inconsistent access to electricity, low agricultural productivity and high interest rates. Although agriculture comprises a substantial proportion of GDP, and is the primary source of most people's livelihoods, agricultural productivity growth has been very low.

There are some signs of tension in the government-donor partnership. International donors were extremely displeased at the transfer of funds away from development expenditures and toward security in 2002-3, and have expressed concern about human rights, corruption and democratization (DANIDA 2003; Sweden 2004; DFID 2003). Museveni has repeatedly lashed out at foreign donors, particularly after criticism of his actions. To date, however, there are few signs that donors and lenders plan to reduce their financial commitment to Uganda. Instead, the government of Uganda and its development partners established a set of partnership principles in 2003 (MFPED 2004a). Since then, major bilateral and multilateral donors have raised concerns about democratization, corruption, and human rights with Ugandan government officials (Mugisa 2005; Mulumba 2005; Musoke 2005). However, only Britain and Ireland had withheld funds based on these concerns as of June 2005.

⁴⁰ Uganda was the first country to qualify for debt relief under the enhanced Heavily Indebted Poor Countries (HIPC II) initiative. Proceeds from debt relief are allocated to poverty alleviation through the Poverty Action Fund.

⁴¹ Basket funding is budget support earmarked for a particular area or initiative.

Changing Governance and Bureaucratic Politics

The Ugandan government-donor partnership is based on shared commitment to a neo-liberal framework. Central tenets of this framework are that the role of government is to provide an enabling environment for the market, that service provision should be demand driven, and that a transformation in the population from a subsistence orientation to a market orientation is necessary. Government provision of macroeconomic stability is a core part of this enabling environment. This partnership has positioned the Ministry of Finance, Planning and Economic Development (MPFED) as first among equals (Brock, McGee, and Ssewakiranga 2002). Because this ministry develops overall spending targets and assigns a budget ceiling for each sector, it can and does enforce fiscal discipline.⁴² The medium-term expenditure framework estimates government revenue over the near term (three years) and establishes spending targets which are linked to macroeconomic policy goals. Budget ceilings (or spending caps) are established for each sector based on government priorities. The sectoral working groups and the relevant ministries then decide how to allocate funds within the ceiling. This process focuses on spending rather than revenue; the budget ceiling can be smaller than the funds available.

Donors tend to see MPFED as a bulwark of support for the reform agenda in the face of uncertain commitment to reform by bureaucrats more comfortable with old ways of working in which the government provided services directly, and with limited consultation.⁴³ Although reform rhetoric pervades policy discourse—it is taken for granted that government must justify public involvement in service provision and ‘interference’ in the economy—program proposals and comments in private settings indicate that many civil servants are highly sceptical that government withdrawal is appropriate given the weakness of the private sector. The following comment is representative:

I am a believer in promoting private industry, but government cannot get out of everything. That is why we have become stagnant. Strategic interventions, market failures, we did it [privatization] and we have not done well. There are market failures. Politicians and the private sector believe the government sector divested itself too early. We must redefine the government role.

As with other government ministries, the role of the Ministry of Agriculture, Animal Industries and Fisheries (MAAIF) has changed substantially. As Animal Production and Marketing Commissioner Saamanya summarized:

The Ministry is no longer directly responsible for service delivery. Instead, it seeks to play a facilitatory role and to create an enabling environment. Functions: one, policy formulation and review; two, national planning of programs and projects; three, standard-setting, laws and regulations; four, technical support to local governments so that quality services are provided -this includes training and capacity building; five, control of epidemic diseases; six, monitoring and evaluation (interview).

MAAIF’s new role requires substantial institutional transformation. Previously, MAAIF had a large staff of agricultural extension and animal health officers who were directly responsible for service provision. Many of these officials have been transferred to the districts and no longer report to MAAIF, but observers suggest that MAAIF has been slow to embrace its new role. Reformers have often chosen to work

⁴² The primary area in which the spending limits are disregarded is security. Some executive offices, including the Office of the Prime Minister, have also consistently overspent (World Bank 2003).

⁴³ DFID targeted individuals in this ministry for support of the reform agenda (Brock, McGee, and Ssewakiranga 2002).

around existing government institutions given their uncertain commitment to reform. While MAAIF seeks to reform itself, the government has created, and donors have funded, new organizations to implement the new policy approach. In the agriculture sector, new organizations include the Plan for Modernisation of Agriculture (PMA) Secretariat, the Dairy Development Authority (DDA) and the National Animal Genetic Resources Centre and Databank (NAGRC&DC).⁴⁴

The PMA is a multisectoral and multi-ministerial initiative that seeks to reduce poverty by improving agricultural productivity. In general, the PMA seeks to shift farmers from a subsistence orientation to a commercial orientation, to increase the proportion of goods that are marketed and to address barriers to increased productivity. The PMA Secretariat has been the focus of substantial contention. Formally, the Secretariat is simply a coordinating body. It reports to a steering committee comprising all of the participating ministries and has little formal authority. However, there is tension between the PMA and MAAIF. Observers suggest that MAAIF has been sidelined in the reform process: “[MAAIF is] not the policy engine, it doesn't set the direction of agriculture in Uganda. And the people you look at are the PMA and the Ministry of Finance [MPFED] and donors” (Also see Spilsbury, Naggaga, and Oyat 2003). Tension is exacerbated by a perception that donors have favored new organizations at the expense of MAAIF. In one donor's view this perception is both inaccurate, as agricultural expenditures have increased, and due to the Ministry's failure to finalize its development strategy and investment plan. MAAIF's perceived failure to adapt to the new policy environment may hinder its efforts to secure funds.

While some observers have articulated substantive critiques of the PMA and its components (Ashley and Nanyeenya 2002; Bahiigwa, Rigby, and Woodhouse 2005; Manyire and Emmett 2004), its opponents within MAAIF have chosen not to challenge the PMA openly. Instead, they have failed to prioritize PMA initiatives in budgetary allocations and have questioned its accomplishments. The PMA identified seven priority areas for public investment: agricultural research and technology development, agricultural advisory services, rural financial services, agricultural education, agricultural marketing and agro-processing, natural resource use and management, and development of supportive physical infrastructure. MAAIF is the lead ministry for the first two areas. Progress has been extremely uneven, and it is generally agreed that reform of agricultural advisory services is most advanced. A new organization, National Agricultural Advisory Services (NAADS), was created and has started to provide services on a demand driven, contract-based approach in several districts. While critics assert that NAADS has received disproportionate funding, program implementation has been hindered by the allocation of substantially fewer funds than were anticipated. Because NAADS received 13 billion Ugandan shillings rather than the budgeted Ush19 billion in 2003, it had to delay expansion of the program to six more districts (Bahiigwa, Rigby, and Woodhouse 2005). In the 2004 review, a NAADS official indicated that budget cuts in 2003/4 and spending projections for the two years to follow would require the program to reduce the number of sub counties involved from 153 to 137; NAADS was originally projected to be operational in 309 sub-counties by this point (NAADS 2004). In this context, NAADS officials are understandably defensive.⁴⁵ The National Agricultural Research Organization (NARO), which is leading agricultural research and technology development, also has failed to receive anticipated funding. The priority areas of the PMA that are led by ministries other than MAAIF are much less advanced. Although

⁴⁴ The NAGRC&DC supports genetic improvement efforts and is seeking to commercialize provision of artificial insemination and breeding services.

⁴⁵ A donor advocated and financed external assessment should provide a more objective evaluation in the near future. The International Food Policy Research Institute is also developing a relationship with NAADS.

MAAIF officials are sometimes hostile to the PMA, they regard it as an important initiative and are engaged in ongoing interaction with the Secretariat. It has been difficult for the PMA Secretariat to obtain high-level participation and funding priority from the non-agricultural ministries with primary responsibility for the other priority areas. The Secretariat is attempting to address these problems.⁴⁶

The PMA and NAADS initiatives demonstrate the limitations of creating organizations as a response to resistance to reform. While these organizations provide a means to work around recalcitrant bureaucrats, it is difficult for them to succeed without allies within existing organizations. Donors have the ability to dedicate funds to favored initiatives—by allocating money to the NAADS's basket, for example—but civil servants outside MFPED also have a number of strategies at their disposal. The case of the African Development Bank (ADB) Livestock Development Program loan illustrates some of the strategies used by civil servants in the new environment.

The ADB Livestock Development Program will provide the Ugandan government with approximately US\$30 million in loan funds over five years (ADB 2002). The program seeks to "reduce rural poverty by increasing the commercial orientation of subsistence agriculture through sustainable increases in livestock productivity and meat output." The program has six components: livestock restocking and genetic improvement, improved livestock health status, improved livestock water supply and forest resources, improved livestock marketing systems, improved livestock information, and program coordination. Several of the activities described and project documents are inconsistent with the new role of MAAIF described above. For example, the program will give animals to households and construct cattle dips, valley dams and slaughter slabs. These interventions may be well advised and pro-poor in their impact, but they are clearly inconsistent with the new approach.

It seems clear that the civil servants pushing this project exploited procedural ambiguities in the project approval process.⁴⁷ New agricultural projects are supposed to receive approval from MAAIF and MFPED, but at the time this program was approved, it was not clear which ministry had the final say, nor which subpart of MFPED should grant approval. One sector participant stated:

... it was quite interesting hearing them [MFPED]...discuss this issue and getting a viewpoint. It is 180° of difference from what our perception is as people working in agriculture sector. They were saying, 'No, no, ...the approval comes from agriculture,' and we said 'No, no, finance approves it,' and they said 'No, no, it's not us,... it's you guys!' we said 'Look, who approves these big loans?' ... of course, the point is that decision-making is very confused. It is not clear who makes the decisions.

Additionally, once a project has been entered into the budget, it is incorporated into the budget ceiling. So MAAIF staff could indicate to MFPED that the project had been approved and put it into their budget. This task was made easier by the low level of activity in the agricultural sector working group. As indicated earlier, sectoral working groups develop the sector budgets. Some working groups meet regularly, thus providing an opportunity for regular oversight of policy implementation, but the agricultural working group does not.

⁴⁶ A draft Agro processing and marketing strategy has been developed, and donors are grappling with approaches to rural financial services. As discussed, problems with power provision affect all processors and marketers. In 2003, only 1 percent of rural areas had access to electricity (Kiwawulo and Arinaitwe 2004).

⁴⁷ Discussion of this case is based on my interviews; it may not present a wholly accurate view of the process.

The adoption of the livestock development program has two consequences, which may be viewed favourably by critics of liberal governance and unfavourably by reformers. First, the program allows MAAIF to undertake activities that fit comfortably within its old style of working and addresses perceived gaps in the new approach. In interviews, many actors within and outside MAAIF questioned whether conditions existed for market forces to produce desired outcomes without greater government intervention. In particular, people highlighted the weakness of the private sector and the lack of supportive infrastructure for livestock markets and disease control. In the new system, producers are expected to pay for animal health services which are regarded as a private good.⁴⁸ However, preventive animal health care often require infrastructure whose cost may be prohibitive for small producers. Local governments could choose to create shared facilities, such as cattle dips and weighing stations, but few have done so.

The role of the local authority is very unclear. Although they are responsible for endemic diseases they are just displacing responsibility. For example, tick and tsetse fly diseases are considered to be local [responsibilities], but the farmers are held responsible for the infrastructure for controlling these diseases. You need dips, sprays, and pumps. For tsetse, you could buy traps but you need chemicals.

The traders told me that there are no weighing stations in the livestock markets... There was market infrastructure prior to the conflict. We had the proper infrastructure -- weighing stations etc. All of these were vandalized during the conflict. I have asked government, "what are you doing?" The local authorities are running away from responsibility. They want to just privatize....The infrastructure should be provided and then the private sector can manage it.

The livestock development program will enable MAAIF to put this infrastructure into place. One program advocate stated, "We see this as a strategic intervention where assistance is needed."

The second consequence of the livestock development program is that it takes up a great deal of space in the budget, thereby limiting the funds available to other programs. The MFPED has established an integrated budget ceiling and allocates a certain amount to each ministry. With the exception of security, MFPED has been firm in enforcing the expenditure ceilings for each ministry. If MAAIF has committed to spend Ush 10 million to implement the livestock development program, 10 million less is available for other programs, regardless of available funding. These funds may well be taken away from programs with less ministerial support. Because PMA initiatives are funded through the sectoral budgets, they are vulnerable in this process. This issue was discussed during the 2004 NAADS review:

Because of the restrictions of the MTEF [Medium-term Expenditure Framework] ceiling and the fact that donor contributions to the basket funding of NAADS are linked to GOU funding made available within MTEF, flow of funds to the programme had been below those expected. This situation was becoming more serious... Donors emphasised that there was no shortage of money to fully meet the funding commitments they had made: however the principle of basket funding had to be preserved (Republic of Uganda. National Agricultural Advisory Services 2004:15).

⁴⁸ Economic theory distinguishes between private goods and public goods. A pure private goods exhibit excludability and rivalry, that is, the benefits accrue to the user and one person's use prevents another's. Most goods fall somewhere along the spectrum between public and private goods. For example, if a farmer builds a dip and vaccinates his cattle, he benefits directly from reduced losses due to disease. However, neighboring farmers also are likely to benefit from reduced exposure to sick animals. The farmer who invests in preventative healthcare is bearing the sole cost but does not monopolize the benefits.

While it is often the case that projects spend far less than is projected, these funds remain unavailable to other programs unless project leaders revise their commitments well before the end of the fiscal year.

The discussions of PMA/MAAIF tensions and the ADB loan illustrate some of the dynamics of reform within the government. These cases show that civil servants have the capacity to manipulate reform processes to support or undermine desired initiatives. Livestock sector policy is unlikely to be wholly consistent as long as there is deep disagreement within the bureaucracy about the appropriate approach.

Participatory Policy Processes: The Poverty Eradication Action Plan

For the most part, livestock producers and civil society organizations do not directly participate in bureaucratic struggles. Instead, citizens and CSOs participate in policy formulation through formal participatory processes and through direct contact with policymakers and donors. The central government has created opportunities for associations, organizations and local governments to participate in policy formulation. These participatory processes have been pushed for and supported by major donors (Brock, McGee, and Ssewakiranga 2002). As these processes have become institutionalized, many participants and observers have come to the conclusion that participatory processes offer some opportunity for influence, but the options considered are sharply constrained by the reform framework (Craig and Porter 2003). The discussion that follows focuses on policy formulation with regard to poverty reduction.⁴⁹

Poverty reduction is a shared objective of government and its development partners. The importance of poverty reduction is indicated by the decision to house the key poverty agencies within the Ministry of Finance, Planning and Economic Development, the most influential ministry. The Poverty Monitoring and Analysis Unit, the Uganda Participatory Poverty Assessment Process and the Planning and Poverty Eradication Section produce and publicize poverty data. They also have coordinated the government's poverty reduction policy process by jointly serving as the secretariat for the Poverty Eradication Action Plan (PEAP). The PEAP has provided the overall framework for development since 1997. The PEAP articulates the government's policy priorities and approach to reducing poverty.⁵⁰ Agriculture is identified as a priority sector for antipoverty intervention and strategies for the agricultural sector are provided in the Plan for Modernization of Agriculture (PMA).

Although the initial PEAP was developed by a consultant to MFPED in consultation with the sector ministries and with little public participation, the process has become progressively more participatory in each subsequent round - the PEAP is revised about every two years. The most recent PEAP revision began in July 2003 and involved systematic consultation with local government, the private sector and civil society. Civil society and private sector organizations were represented on the thematic diplomatic working groups, they submitted policy documents (Private Sector Foundation Uganda 2003; Uganda National NGO Forum and CSO PEAP Revision Steering Committee 2003), and they reviewed the draft PEAP.

⁴⁹ Brock, McGee and Ssewakiranga (2002) also discuss Ugandan poverty policy processes, their potential, and their limitations. Although the views in this section overlap substantially with those in their paper, this discussion is based primarily on the author's interviews.

⁵⁰ The Poverty Eradication Action Plan serves as Uganda's Poverty Reduction Strategy Paper for the World Bank.

The PEAP process provides substantial opportunities for public participation while ensuring the anti-poverty measures are consistent with the overall reform paradigm. The March 2004 draft stated:

Government's strategy for poverty eradication is based on transformation of the economy through private investment, industrialisation and export-led growth. Industrialisation in Uganda will be based on the country's endowments of natural resources and labour. Private investment will make these endowments more productive, driving up incomes and transforming the economy. Over time, the demand for labour will increase, raising the share of wage employment and the level of wages.

The role of agriculture is therefore complementary with the process of industrialisation. For instance, industrial investment in processing will improve the market for farmers. Similarly, increased agricultural incomes will increase the size of the domestic market for manufactured consumer goods and services. For these processes to occur, there needs to be an enabling environment for private business. There is also a need for appropriate infrastructure and other public services. (MPFED 2004b)

Interviews indicate that public participation is taken seriously, but the basic framework is not open to question (c.f., Nyamugasira and Rowden 2002). A lobbyist argued that the PEAP process, and policy processes more generally, whilst apparently open, are in fact quite restricted:

Uganda, the government, that's the central government, is much more open, you can have an in, it's easy to walk in there. It's very easy to do good research, to say 'please include this' or 'this needs to be included otherwise poor people won't be represented.' Policy formulation has been opened up a long way. It's the policy implementation that is the problem and the failure to really be able to challenge the macroeconomic framework. That the government will not listen to. They'll shut down. They will not respond...That is something they will not question; it is just not something you raise. We are liberalizing and that is the way it is; we are privatizing and that's a good thing. Poor people will need to pay for services in agriculture.

Other participants indicated that the government seeks to ensure that the PEAP is consistent with other government policies and the agreed-upon division of labor between public sector and private sector activities.

At the same time, the most recent PEAP revision process suggests participation is not meaningless; advocacy efforts can have an impact. Several Ugandan civil society organizations engaged in an organized lobbying effort to alter the way in which the PEAP depicted pastoralists and addressed their issues. Pastoralism is a contentious issue in Uganda, and "nomadism" has been condemned by influential politicians and senior civil servants. The following statements by Minister of State for Animal Industry, Mary Mugenyi, are representative:

In the livestock sector we continue to have nomads. Running around this country ... moving with their animals, spreading disease, living in very poor conditions...(Pro-poor Livestock Policy Initiative Workshop, November 8, 2004)

So I know the problem with pastoralists...and we have to deal with them, very very seriously. ...I want to comment, to request that wherever these pastoralists, these nomads, are, we give them a specific period of time and provide some funds,... give you [pastoralists] a particular period of time until ... you are allowed to be here until, for not long maybe one year. Within it you must find somewhere to go. Buy your own

land because you have livestock. We no longer have free land here. Buy your own land, you have livestock...those who want the modern life can settle down. Those who don't want to be..., they will go and herd the animals of those who have modernized. But something must be done. ... People who don't want change and modern life ... they eventually have to settle, no doubt about it (Ugandan Veterinary Association Symposium, November 25, 2004).

In the view of organizations that work with pastoralists, the previous PEAP reflected these perceptions by wrongly treating pastoralism as a source of insecurity and seeking to solve pastoralists' insufficient access to land and water through sedentarization and provision of boreholes. These organizations view pastoralism as a livelihood strategy that is often environmentally sustainable - and the best use of arid lands - and could be economically profitable. Research indicates that, although the average number of cattle per household is high among pastoralists, pastoralists fare poorly by most measures of well-being (United Nations Development Program 2002). Pastoral communities tend to have inferior access to animal health services, human health services and education because services are oriented towards sedentary communities.

Pastoralism-supportive organizations adopted a multifaceted approach to the PEAP revision process. PANOS and Oxfam, which are international NGOs, took the lead in this effort. With the Ugandan NGO Forum and several other member organizations, they created a Civil Society Organizations Pastoral Task Force, commissioned research from local scholars (Muhereza and Ossiya 2003, 2004), cultivated relationships with staff in MFPED, and established a Pastoralism Parliamentary Group. These efforts received support from friendly donor organizations, who funded educational efforts for policymakers. Task force members participated in the PEAP revision process and submitted recommendations, backed by research findings. Advocates made a strategic decision to engage with policymakers on their terms, and to argue that pastoralism makes economic sense:

And so we started to think how can we make sure that pastoralists are included? Now in the past people have made concerted efforts to [have] pastoralists included in the PEAP but they've always come from [a] human rights perspective and they've always been crushed. Because you know around the world human rights is a very contentious issue to deal with and it's a very contentious issue because everybody asks you ...'Whose rights in Uganda are not being abused? Why should pastoralists be different?' And those questions are very tough and very sobering questions... but they brought us to ask more concrete questions ... and to look for a more suitable entry point until we realized that actually the PEAP is not just a development document but an economic document. It's about money and you have to show that any intervention that you are taking or you are demanding for is going to make financial sense. So you're correct to say political economy. And so that was the challenge for us, to show that pastoralism makes economic sense. So we used two entry points: economics and we used human rights...

Although the final version of the PEAP had not been published by the time this report was written, the PEAP drafts in circulation describe pastoralism as a livelihood strategy and identify pastoralists as a vulnerable population. As the PEAP provides the framework for development policy, the discussion of pastoralism in the new PEAP provides an entry point for civil society organizations to engage with the ministries directly involved in livestock policy, service provision and other issues.

Civil Society Views of Participatory Processes

Representatives of civil society organizations express a wide range of views about the impact of their participation and its value relative to the time and staff energy it consumes. Some argue that formal participatory processes are an improvement from past exclusionary practices:

I think, we've moved a long way. There's a lot of opportunity for NGO's... But the framework can never be fundamentally changed. But at the same time since the space is there, maybe you keep on engaging, you keep on challenging. It's better than it [is] not being there. If the alternative is that the government decides everything and we sit down and we go 'Okay, what can we do' So I think that's how it works.

The idea of civil society engagement in policy is not very old. I would not want to lose the opportunity to make comments. I think that you can achieve more by working from the inside.

Others have become sceptical about the impact of participation:

This consultation process. They are consulting with local government functionaries, not the grassroots. They're going to the subcounty and the districts. There is a culture of seminars. These consultations are with administrative people not with the grassroots. It is two thieves chasing one another. They know that the representatives have not consulted the grassroots. The donors see this but they stay quiet. It is two thieves doing funny things together. They don't want the voice of the real people but the appearance.

In addition to the PEAP revision, CSOs participate in some sector working groups, the gender donor group and the PMA Steering Committee. CSO participants have sometimes found group norms silencing. Meetings often are dominated by donors and government officials, who have greater technical expertise and familiarity with the processes under review. Because most Ugandan NGOs are financially dependent on foreign donors and government contracts, vocal disagreement in group meetings may be difficult. Instead, organizations that are disappointed with consultative settings have sometimes expressed disagreement through statements to the press. Other group members then become upset that the organization has taken a disagreement outside the group rather than addressing it within the group.

ActionAid, an international NGO active in Uganda, has published an analysis of participation in the poverty reduction strategy process (ActionAid International Uganda et al. 2004; also see Gariyo 2002). The authors argue that the processes are donor-driven and silence debate about important national policy issues like monetary policy, land reform and trade. ActionAid suggests that civil society organizations consider creating other venues for broader policy discussion as a complement to, or replacement for the government poverty reduction policy processes. The Ugandan NGO Forum is conducting an evaluation of the impact of CSO participation in the PEAP revision.

For most Ugandan civil society organizations, involvement in policy consultation and advocacy is a new experience. Civil society organizations are now asked to share their viewpoints and to serve as partners with government in research and service provision. Organizations are often comfortable and experienced in service provision, but policy processes require a new set of skills. In interviews, CSO staff and civil servants agreed that civil society organizations need to develop greater technical expertise to analyse, formulate and negotiate policies. Several Ugandan CSO

associations, including the Uganda National NGO Forum and the Development Network of Indigenous Voluntary Associations, are leading advocacy efforts or assisting member organizations to build their capacity.

The new openness to societal participation is a dramatic shift for cooperative associations and other farmers groups. These organizations were subject to strict controls during the 1970s, and many ceased to function. The government is now encouraging the revitalization of cooperatives. Although agricultural associations are routinely invited to participate in government policy processes, there has been little organized advocacy outside the dairy sector to date. However, the Agricultural Council of Uganda is seeking to promote policy analysis and advocacy among commodity associations. The Uganda Beef Producers Association, a fairly new organization comprised primarily of large producers, is engaging with the government on key issues.

Dairy Sector Reforms: Participation and Exclusion and Privatization Processes

The dairy industry is the most organized livestock subsector in Uganda. There are several dozen local producers associations or cooperatives, four district unions, regional dairy associations and associations for traders, processors and breeders.⁵¹ Many of the cooperative organizations predate the Museveni regime, whilst the others are relatively new. The largest charitable organizations that donate livestock, Heifer Project International and Send A Cow, only work with groups. Additionally, a recent USAID project has encouraged the formation of associations.⁵² Dairy organizations are particularly strong in the south west, where milk is relatively abundant but prices are low. Many producers in this area are obligated to sell their milk to the Dairy Corporation because it owns local milk collection centers.

It might be expected that dairy sector participants would be well-positioned to influence government decisions regarding the sector. Local dairy cooperatives have a longer history than other livestock producers associations, some dairy cooperative leaders have held political office, and the President comes from the dairy-oriented south-west. However, dairy associations and private sector dairy companies have had little influence on the privatization of the Dairy Corporation. Established in 1967 to develop the dairy industry, the Dairy Corporation is the largest milk processor in Uganda.⁵³ More than 13,000 farmers sold milk to the Corporation in 2002 (Mwenda 2005). The Corporation has suffered from severe financial difficulties and the government has often been called upon to subsidize its continued operation. Dairy producers have also expressed dissatisfaction with the Corporation:

The Dairy Corporation isn't giving us good prices. If we had an alternative we wouldn't sell to them. But the machines—the coolers and generators—that we are using belong to the Dairy Corporation. We are using their equipment to put in our milk. We will be coming to abandon these people. We will get away from them.

⁵¹ Organizations include the Uganda National Dairy Farmers Association, Uganda National Dairy Traders Association, Ugandan Dairy Processors Association, Ugandan Veterinary Management Association, Eastern Uganda Dairy Farmers & Breeders Association, Northern Uganda Dairy Farmers & Breeders Association, Central Uganda Dairy Farmers & Breeders Association, Western Uganda Dairy Farmers & Breeders Association, and the Ugandan National AI Technicians Association.

⁵² The US Agency for International Development jointly funded the giant Land O'Lakes cooperative, Heifer Project International, and World-Wide Sires to promote the private dairy sector in Uganda, and a number of organizations were started under the aegis of this project, which is coming to a close.

⁵³ The functioning of the Corporation was severely impaired, and much of the infrastructure was destroyed during the Amin regime and the civil conflicts that followed. In the late 1980s, the Corporation was rehabilitated, and much of the infrastructure in south western Uganda was restored.

Although farmers have not yet been able to sever the relationship with the Dairy Corporation, they have withheld milk in response to unacceptable prices. This tactic led to some improvements, demonstrating the potential power of collective action.

In Uganda, privatization is influenced by conflicting economic and political imperatives. From an economic perspective, the Dairy Corporation has been a drain on state resources and might well function better under private management. Privatization is consistent with a liberal reform strategy of state withdrawal from inappropriate attempt to take on private sector functions. From a political perspective, privatization is an opportunity to allocate favors; one can use the divestment of state assets to reward allies or donors.⁵⁴ It is clear that political considerations have often trumped economic factors in the privatization of state assets. The government has established regulations to govern privatization; privatization processes have been governed by a Divestiture Statue since 1993. The government also has established a Privatization Unit, housed in MFPED, to manage the divestment of parastatals. This unit evaluates the organizations to be divested and issues requests for bids; it is supposed to divest each organization to a suitable bidder. Despite this, state assets have been undervalued and granted to political loyalists in several cases (Tangri and Mwenda 2001; Uganda Debt Network).⁵⁵ In others, President Museveni has unilaterally intervened to determine which company will be awarded ownership, as is the case with the Dairy Corporation.

After the government decided to privatize the Dairy Corporation, dairy producers in the Southwest, who sell much of their milk to the Corporation, sought to persuade the government to divest the Corporation to dairy farmers, and, with support from the Dairy Development Authority,⁵⁶ the farmers formed a national association, the Uganda National Dairy Farmers Association. However, it became clear that the government would not give farmers a majority share. Instead, the privatization unit issued a call for the prequalification of companies and consortiums. There were several responses to this call, and four consortiums were pre-qualified in December 2003. At that point, communication with the consortiums, dairy associations, and Divestiture Reform and Implementation Committee stopped.

The Dairy Corporation is a mystery. Things have been going on for a long time and we don't know what's going on (November 12, 2004 Interview).

In October 2004, a newspaper article revealed that the Cabinet had ordered the suspension of the Corporation's privatization, and its lease to a Thai company (Nnanzozi 2004). The rationale for postponing privatization was a proposed school milk program. The announcements led to immediate speculation because the Thai company, Malee Sampran Public Company Ltd., was experiencing serious financial difficulties. Subsequent stories revealed that the president had ordered the lease for a nominal fee of one dollar,⁵⁷ and that the Thai company willingness to lease the

⁵⁴ Van de Walle (2001) argues that African political leaders have used privatization to reward and penalize key individuals and groups. Lewis and Stein's (1997) study of Nigerian financial sector privatization illustrates how political actors can manipulate the process. When privatization is dominated by political considerations, it rarely produces the desired economic benefits.

⁵⁵ Cases include the privatization of Uganda Airlines Corp., Apollo Hotel Corp., Uganda Commercial Bank, Uganda Consolidated Properties Ltd., and Uganda Grain Milling Corp. Ltd.

⁵⁶ The Dairy Corporation was responsible for developing the dairy sector and regulating it as well as marketing milk for several decades. In 1998, the Dairy Development Authority was created and granted responsibility for regulation and sector development; the Dairy Corporation continued to collect, process, and market milk.

⁵⁷ The Privatization Unit proposed to charge the company US \$1 million plus rental fees and a proportion of profits (Mwenda 2005). Museveni argued that the low fee was necessary to persuade this "very serious and successful investor" to take on the out-of-date factory and to develop food-processing potential (Museveni Defends 1 Dollar Dairy Corporation Deal 2005).

Corporation was conditional on the grant of the school milk feeding program to itself as a guarantee of demand. Additionally, the Thai company was considering subcontracting its lease obligations to one of the consortiums, and two Cabinet ministers had established a front company, Pan African Foods Limited, to take the lease on behalf of the Thai company. In late February 2004, the Parliamentary Committee on Finance and Economic Development suspended the lease agreement pending further consideration. Vice President Bukonya then issued a directive which "expressly forbids Malee Sampran from using a Ugandan firm as the contracting lessee and from sub-contracting its lease obligations to a third party" (Mukasa 2005). In April, the Minister of State for Privatisation Peter Kasenene announced that the government had decided not to lease the Dairy Corporation to Malee Sampran Public Company Ltd but to hire managers from the company instead. Later that month, it was announced that the corporation would be sold to Ugandan dairy farmers (Karugaba 2005a). Since an executive at the Thai company accepted a management contract in May, it is not clear who will control the company (Karugaba 2005b, c; Nalugo 2005).

The privatization of the Dairy Corporation directly affected thousands of dairy farmers, and granting the school milk program to Malee Sampran would have negatively affected other milk processing companies.⁵⁸ In 2003, there were 12 private milk processing companies, most of which were operating at less than 30 percent of capacity (Kasirye 2003); the school milk program was an attractive contract to many domestic processors. Despite this, sector participants were excluded from this process until the series of stories by the *Monitor* newspaper brought these processes into the open and stirred Parliamentary action. In Uganda, presidential interventions are frequent and difficult to challenge:

"Can't somebody else take care of this business, does it always have to be the President? That is why I always say it's a one-man state...couldn't the Prime Minister or Vice President do something or anybody else?"

In President Museveni, all Uganda's problems seem to find their final arbitration (Gyezaho 2005).

Uganda's reforms have created space for consultation and participation. Parliamentary oversight of divestiture provides a venue in which affected parties can plead their case; the dairy divestiture committee included the president of the Bushenyi Dairy Industry Cooperative Union. Like other new government agencies and parastatals, the Dairy Development Authority regards consultation as an integral part of its work. However, the influence of these agencies, civil society organizations and affected parties is limited when formal procedures are not followed. This case illustrates the limits of participatory reforms in a semi-authoritarian context. Because Uganda's media is relatively free, garnering press coverage of irregular activities may be one of the few tools available to those without high-level political contacts.

⁵⁸ The United Nations World Food Program subsequently withdrew its tender for school milk provision because the government's demand that one supplier receive the tender violates UN requirements for open and fair bidding (WFP Pulls Out of School Food Deal 2005).

CONCLUSION: OPPORTUNITIES FOR STRATEGIC INTERVENTION

This section outlines several interventions that could improve the livelihoods of poor rural livestock producers. The proposed interventions seek to reduce barriers to producer benefit, such as high transaction costs, widespread disease and insufficient information that reduce producers' benefits and diminish their negotiating ability. The proposed interventions work within the dominant neo-liberal market approach. While this perspective seeks to constrain government intervention in markets, governments are supposed to provide an enabling environment for the market and ensure the provision of public goods. These services are necessary for markets to fulfil their potential. Markets do not exist in isolation, and they cannot perform well without support. Crucial services provided by the state include the provision of order and a legal, administrative and regulatory infrastructure (Chaudhry 1993; Evans 1995). Scholarship also has highlighted the importance of information and transaction costs (Leonard 2000).⁵⁹ The proposals suggest some ways in which intervention could improve market functioning and enhance producer benefit.

Improving Livestock Sector Infrastructure

Although the government has prioritized road construction and rural electrification, it has not devoted equal attention to sector-specific infrastructure. Weighing stations, cattle dips and milk collection centers facilitate the operation of the livestock sector. Weighing stations provide buyers (traders) and sellers (livestock producers) with information that facilitate valuation of the products being sold. Cattle dips facilitate disease prevention. Collection centers enable dairy farmers that produce only a small amount of milk to sell their milk jointly. Collection centers also can reduce losses from spilled milk.

These semi-public goods are unlikely to be provided sufficiently without intervention.⁶⁰ Their cost is such that few small producers could afford individual purchase, and the Ugandan livestock sector overwhelmingly comprises small producers. Most local governments have tendered out the management of livestock markets and privatized abattoirs and slaughter houses. Market managers and local governments could afford to create a common infrastructure, but they do not benefit directly from their existence. For them, sick animals or lower cattle prices are externalities; they do not bear these costs. Other actors, such as livestock traders, may benefit from the absence of infrastructure. Because livestock traders buy and sell animals on a regular basis, they have access to price information and develop skill at assessing livestock. Because small-scale producers sell their animals infrequently, they are less likely to be able to assess the market value of their livestock in the absence of weighing stations and standardized grading systems.

Government intervention to facilitate provision and maintenance of this sectoral infrastructure would benefit poor producers, but direct government provision of this infrastructure, as envisioned in the ADB Livestock Development Project, is not the only possible approach. The government could also require livestock market managers to provide weighing stations, or it could allocate space in which farmers groups could

⁵⁹ The literature on new institutional economics has focused on these issues (See, for example, North 1990; Williamson 1975, 1999)

⁶⁰ A pure public good exhibits nonexcludability and nonrivalry (one person's use does not prevent another's). These traits create free rider problems; since those who bear the costs of provision cannot exclude others from benefit, there is little incentive to invest. For semi-public goods, exclusion is difficult and/or subtraction (crowding) effects occur. Willingness to pay for these goods depends on how the exclusion and rivalry problems are addressed, as well as on the private benefits garnered by recipients of these goods. (Also see footnote 48.)

place weighing stations, cattle dips and other collective infrastructure.⁶¹ There are dairy cooperatives in Uganda and elsewhere that have established collection centers.⁶² Alternatively, government or nongovernmental organizations could subsidize the purchase of infrastructure, facilitate negotiations with suppliers to provide appropriate products and encourage standardisation of products.

Improving Incentives for Market Participation and Productivity

The mission of the PMA is “eradicating poverty by transforming subsistence agriculture to commercial agriculture” (MAIIF and MPFED 2000). At present, however, poor producers, traders and processors face a number of disincentives to investment in commercial production. Rural producers lack good information about the prices their goods may receive at markets, and they consequently make decisions about what to market and how much to invest in their animals based on sparse and possibly inaccurate information. Although producer ignorance may benefit other sector participants in some cases, in others it simply represents a loss to the sector as livestock products are unsuited to higher value uses. While there have been initiatives to provide crop information through the radio, there has been no systematic dissemination of livestock price information for several years (ADF 2002). Interventions to disseminate livestock market information broadly are clearly warranted and could be undertaken by government, donors, or the private sector. Because substantial capital and technical expertise in communications would be required, this intervention is likely to be outside the capacity of producer groups.

Producers that sell their livestock encounter a prohibitive array of taxes and fees. Selling a cow may require purchase of a movement permit and a movement letter, and payment of a market tax and a slaughter tax (Bahiigwa et al. 2004; Ellis and Bahiigwa 2003). Bahiigwa and co-authors (2004) argue that these fees are regressive; “poor people with small quantities to sell pay relatively much higher dues than less poor people with larger quantities to sell.” These fees are a disincentive to participate in formal markets, and may undermine prospects for commercialization. Their research also indicates that the revenues generated by these fees are not sufficient to outweigh these costs (Bahiigwa et al. 2004; Bahiigwa, Rigby, and Woodhouse 2005). Government intervention would be necessary to remove these disincentives.

For processors and marketers, insufficient quality differentiation is a disincentive to investment. It is more expensive to produce high-grade, hygienic products, and, at present, there are limited markers for high-quality goods at the lower end of the market.⁶³ Without interventions to alter the incentive structure, the poor quality of livestock products is likely to inhibit exports to foreign markets. Strategies to improve the incentives could include greater government enforcement of existing standards and private sector investment in branding to allow price differentiation. A grading system for livestock products could assist producers, marketers and consumers to make informed decisions about price and quality.

⁶¹ The literature on common pool resources suggests that collective provision and maintenance of this infrastructure by its users may be superior to state or private management (See Ostrom 1990).

⁶² For example, the Kirinyia Women’s Cooperative Society has a small center in which it collects milk, packages it for sale, and makes yogurt. While this infrastructure was largely built by the group, its members have benefited from livestock donations and organizational capacity building from Heifer Project International.

⁶³ UHT milk is sold in distinctive vacuum packs and commands a premium. However, this milk is too expensive for most Ugandan consumers.

Linking Information to Reform Assessments

The Uganda Government has implemented several initiatives to reduce poverty, including the PEAP and the PMA. Agricultural and livestock interventions use a group and enterprise-based approach. Given the scepticism about these interventions among civil servants and civil society organizations, these programs are under pressure to deliver results. In this context, there is a tendency to focus on the outcomes that will be measured, for example, the number of farmer groups or sub-counties served by NAADS (PMA 2004). In the rush to demonstrate success, there is a risk that poor producers will lose out.⁶⁴ Groups located in poor areas do not necessarily benefit poor people, and mixed groups that include women and poor people do not necessarily represent them (Isooba et al. 2003; Peterson 1982). Thus, it is important to incorporate measurable indicators of the extent to which poor people, pastoralists, women and other marginalized groups participate in programs and benefit from them (Also see Bahiigwa, Rigby, and Woodhouse 2005:6, 11-12). Doing so will encourage program implementers to focus on this area (c.f. Adam and Gunning 2002). This information also will assist poor people's organizations and CSOs advocating on behalf of the poor to monitor success and advocate change.⁶⁵ Development partners that fund these initiatives could encourage the government to incorporate disaggregated participation and outcome data into these programs. For example, the Ugandan Bureau of Statistics could include relevant indicators in household surveys or censuses.

Supporting Citizen and Civil Society Participation

For most of Uganda's history, the government has sought to repress participation rather than to encourage it. Most Ugandan civil society organizations have little experience participating in policy development or engaging with local governments. In this context, poor livestock producers are unlikely to take full advantage of existing opportunities to participate, or to create new opportunities to participate. National and international organizations that have some experience and participatory processes or policy advocacy could contribute to poor people's participation by building the capacity of membership associations to participate in public policy. Support could include sharing information about participatory processes - for example, describing how the budget process or the non-sectoral conditional grants⁶⁶ are supposed to work - , supporting groups of poor producers, linking similar groups in different areas and facilitating participation (See Houtzager and Kurtz 2000). For example, ActionAid Uganda is supporting several regional networks that work on agriculture and food security. The networks identify their policy priorities and decide what approach to take. Because participation in politics is sometimes met with repression, individuals and local group should retain control over their level of engagement and form of participation. Local people are likely to have a better sense of implicit political boundaries, and they will live with the consequences of their choices.

While none of these interventions would guarantee improved livelihoods, each of the proposed interventions would increase livestock producers' capacity to engage with

⁶⁴ As Bahiigwa and co-authors (2005) observe, there is disagreement on whether PMA should prioritize poverty reduction or "modernization." There is sufficient ambiguity in the PMA to provide implementers with flexibility. Spilsbury, Naggaga, and Oyat (2003) argue that implementation to date has tended to favor the better off.

⁶⁵ This intervention would build upon existing attempts to assess the impact of NAADS on poor producers (See Manyire and Emmett 2004; MPFED 2002).

⁶⁶ The non-sectoral conditional grants are transfers to local governments that may be used on any poverty reducing activity that benefits the community as a whole and falls into a priority sector (separately funded sectors, including health and education), are excluded. These funds could be used to support livestock sector interventions.

the market and with the state. Small changes, such as provision of weighing stations, could increase the extent to which poor producers benefit from their livestock and are motivated to invest in them. The interventions discussed above would not alter the fundamental political context of semi-authoritarian governance and enduring violent conflict in much of the country. There are no simple strategies for resolving these deeply rooted problems, and Ugandans will decide how to address them through their individual and collective actions over the long-term.

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