Statement by Ahmed Sadoudi  
Date of Meeting: November 16, 2000  

**Uganda: Country Assistance Strategy**  

1. **At the outset we would like to express our appreciation to staff for this very comprehensive, clear, and well prepared CAS candidly describing economic developments in Uganda in recent years, as well as the serious challenges ahead. We are thankful for the staff’s readiness to answer our questions ahead of today’s meeting.** We are particularly pleased that this CAS has benefited from the main findings of the recently discussed OED’s report in CODE meeting on “Uganda: Country Assistance Evaluation.”  

2. We believe that consultations are crucial to building the consensus that underpins successful development and strengthens further the implementation of the CAS. The main strengths of this CAS are indeed its high participatory nature, its strong informational and analytical underpinnings as well as the government’s demonstrable ownership of the strategy and its public commitment to an ongoing process of poverty monitoring.  

3. **We wholeheartedly support the CAS’s objectives and overall strategy of supporting Uganda in its efforts to lay a solid ground for poverty alleviation.** We agree with the volume, composition and triggers of the proposed assistance program, and we support the proposed high case lending scenario.  

4. The **Ugandan authorities are to be commended for the strong commitment to sound macroeconomic policies and promoting growth.** Indeed, it is the first country to reach a completion point and access the Enhanced HIPC initiative. Moreover, it is a country with a relatively long good track-record of economic and political stability. Increasing public participation, good governance, and transparency have generally been fulfilled both in rhetoric and in action.
We would like now to offer some specific recommendations to request clarifications that we hope will serve to elucidate the concerns we and perhaps others may have as well as refer to few areas where the CAS could be strengthened:

5. In this regard, although the CAS has rightly recognized the difficult task facing Uganda in sustaining its good economic track-record, given that the potential for growth from macroeconomic reforms has now been largely exploited entailing the need for a broader reform agenda, we would appreciate more specific references from staff about the elements of this reform agenda.

6. Notwithstanding Uganda’s impressive economic performance, we are concerned that 44 percent of the population remains below the poverty line. Most social indicators in Uganda are indeed lower than average Sub-Saharan Africa. More work is clearly needed in areas that would directly benefit the poor, including agriculture, rural roads and microfinance. In the same vein, we would like to hear management views on the absence in the CAS of initiatives for community related projects, especially that these kind of projects have been proven particularly successful in targeting the poor.

7. We strongly welcome Uganda’s government initiative to better understand poverty determinants by supplementing household surveys by participatory poverty assessments over the past three years. This broader set of indicators includes risk, vulnerability, physical and social isolation, powerlessness, and insecurity. These are concrete applications of the findings of the 2000 World Development Report. However, we would appreciate comments on what measurable indicators the Bank would be taking to monitor improvements in these broader areas.

8. We would also appreciate clarifications on the role the Bank and IFC envisage to play to improve foreign investors’ perceptions, as several surveys show that remaining economic distortions are still adversely affecting foreign investment in the country.

9. The report repeatedly mentioned that the delivery of public services to the beneficiaries is poor and inefficient. But we are not sure whether the report offers concrete steps on the remedial measures and the institutional and monitoring mechanisms to ensure better delivery. Indeed, more effort is also needed for stronger support for capacity building to address institutional impediments to the effective delivery of public services. This Chair would appreciate specific details about relevant technical assistance being provided by the Bank, Fund and other donors. Training for local staff is particularly important as decentralization increases with a view to increasing government’s ownership of the program.

10. This Chair is particularly enthusiastic about the international pilot experience carried out by the Bank in Uganda as a non-lending activity related to market-based approach to manage commodity price risk in the coffee sector. We hope to hear from management in the future about the lessons learned from this experience. Nevertheless,
given world coffee price fluctuations and that this commodity represents half of Uganda’s exports, we urge Uganda to pursue vigorously its efforts of exports’ diversification.

11. While we share fully staff’s emphasis on growth as central to poverty reduction, we want to see CASs provide more clarity on how Bank engagement plans to affect labor-intensive, broad-based growth, especially in rural agricultural and manufacturing sectors where efforts must focus on jobs creation.

12. Finally, we want to commend the staff on the high quality of this report and wish the authorities and Uganda’s people success in the implementation of this essential program and in its efforts to lay a solid ground for serious poverty alleviation.