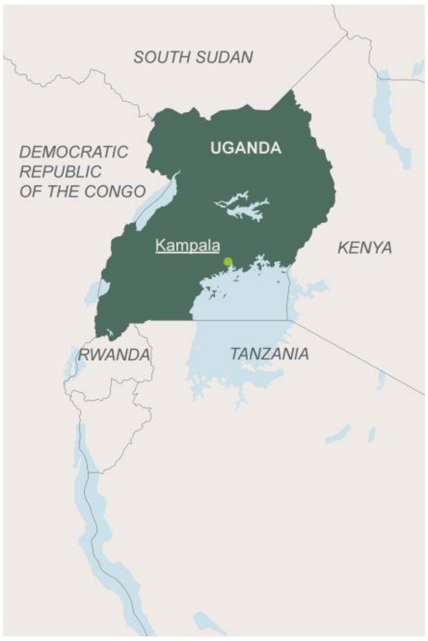
Ex post evaluation – Uganda

Sector: Co-financing of Ugandan poverty reduction strategy (budget support)
Programme/Project: PRSC II - IX: (i) 2002 65 843, (ii) 2002 66 767, (iii) 2004 65 310, (iv) 2005 66 745, (v) 2007 65 297, (vi) 2010 66 018; complementary measure: 2010 70 184*
Implementing agency: Ministry of Finance, Planning and Economic Development (MoFPED) Uganda (Phase I); Prime Minister's Office (Phase II)



Ex post evaluation report: 2016

		Project Phase I (i-v), (Planned)	Project Phase I (i-v), (Actual)	Project Phase II (vi), (Planned)	Project Phase II (vi), (Actual)
Investment costs (total)	EUR million	644.20	636.20	Roughly 1,007.00	Roughly 676.00
Other donors	EUR million	600.00	603.00	Roughly 990.00	Roughly 660.00
Funding	EUR million	44.20	33.20	17.00**	16.00**
of which BMZ budget funds	EUR million	44.20	33.20	17.00**	16.00**

*) Project (i), (ii), (iii) in radom sample 2010 and project (vi) in random sample 2015**) incl. complementary measure

Summary: As part of Financial Cooperation, Germany supported the implementation of the Ugandan poverty reduction strategy and the national development strategy using budget support between 2004 and 2012. This contribution was initially made as co-financing for the Poverty Reduction Support Credits (PRSC) (II - IX) of the World Bank (Phase I). Since 2009, the budget support from donors has been increasingly harmonised in a common approach in the form of a Joint Budget Support Framework (JBSF), where German general budget support was also provided (Phase II). Underlying this was a joint policy matrix, which for the budget support donors was the central instrument for dialogue with partners and for reviewing progress in the reforms. The German initiative also included a complementary measure to improve public financial management.

Objectives: The project was designed to help alleviate poverty in Uganda through measures to improve access to basic social services, develop infrastructure, strengthen financial management and modernise administration. The complementary measure focused on reforms of public financial management. The objectives also covered "good governance", better use of public resources as well as various sectoral objectives (rural development, private sector promotion, enhancing the level of education, improving the population's health as well as water supply and waste water disposal).

Target group: The entire population of Uganda, but especially poor groups.

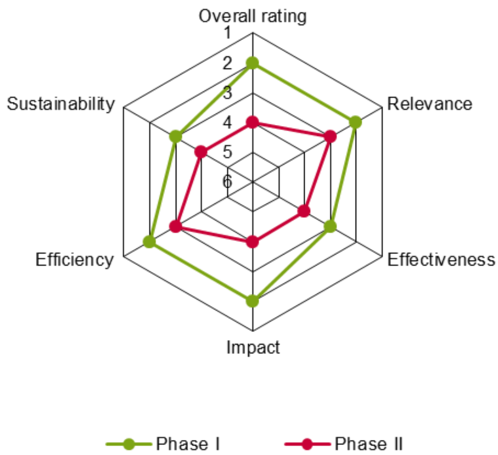
Overall rating: Phase I: 2; Phase II: 4

Rationale: While there was marked agreement on objectives in Phase I and a high level of trust between the Ugandan government and budget support donors, these basic requirements for the effectiveness of budget support in Phase II were met only to a limited extent.

Highlights: As a budget support donor, Germany was able to influence important debates (in political dialogue for example), although the financial contribution was relatively low compared to other donors.

Various impacts of budget support (including the complementary measure) could probably not have been achieved with other DC modalities; this applies for example to the reforms of public financial management.

The budget support donors did not sufficiently address the issue of the Ugandans putting in the necessary effort to increase their own revenues.



Rating according to DAC criteria

Overall rating: Phase I: 2; Phase II: 4

General conditions and classification of the project (only for complex projects)

FC commitment to supporting the national poverty reduction strategy includes a complementary measure (CM) to improve public financial management (PFM) in addition to 6 BMZ projects (tranches).

This ex post evaluation covers six FC projects:
- PRSC II, BMZ No.: 2002 65 843, EUR 4 million,
- PRSC III, BMZ No.: 2002 66 767, EUR 4 million,
- PRSC IV, BMZ No.: 2004 65 310, EUR 4 million,
- PRSC V-VI, BMZ No.: 2005 66 745, EUR 7.2 million,
- PRSC VII-IX, BMZ No.: 2007 65 297, EUR 14 million,
- Programme for joint support of the National Development Plan, BMZ No.: 2010 66 018, EUR 13 million plus the CM, BMZ No. 2010 70 184, EUR 3 million.

Underlying the budget support commitment was a joint policy matrix, a joint assessment framework (JAF), which for the budget support donors was the central instrument for dialogue with partners and for reviewing progress in the reforms. At the same time, underlying principles (1. peace and stability in the region, 2. democracy, 3. human rights, 4. fundamental principles of the rule of law) as well as requirements (preconditions: 1. budget preparation and implementation, public financial management, 2. macroeconomics and fiscal policy, 3. fight against corruption, 4. poverty reduction and economic growth and 5. dialogue between donors and Government) became an integral part of the budget support approach. A Memorandum of Understanding completed in 2012 on the joint arrangement for budgetary support was no longer ratified by the Joint Budget Support Framework (JBSF) partners.

The projects are assessed during two different phases within the ex post evaluation, which are considered separately:

– **Phase I** includes the projects in the final stages of implementation of the Poverty Eradication Action Plan (PEAP) and the period before the establishment of a JBSF; these are the years 2004-2008 and include the PRSC co-financing 2002 65 843 (EUR 4 million), 2002 66 767 (EUR 4 million), 2004 65 310 (EUR 4 million), 2005 66 745 (EUR 7.2 million) and 2007 65 297 (EUR 14 million);

– **Phase II** includes the projects in the JBSF period until the beginning of the budget support suspensions due to incidents of corruption in the Prime Minister’s Office in 2012; i.e. the years 2009-2012 are covered in this period. The beginning of the implementation of the National Development Plan (NDP, 2010/11-2014/15) therefore also falls into this phase, which includes the projects 2010 66 018 (EUR 13 million) and 2010 70 184 (EUR 3 million).

This ex post evaluation is based primarily on the “Joint Evaluation of Budget Support to Uganda” from May 2015, which was drafted under the joint auspices of the EU and the World Bank (Independent Evaluation 2015; IDA 2015).

Overall rating

The overall evaluation of the budget support contribution is inconsistent. The inconsistency relates on one hand to the phases of the budget support, and on the other to the overall effects.

The objectives of the German and (to a greater extent) joint donor budget support in Phases I and II was complex and basically overambitious (cf. Independent Evaluation 2015; IDA 2015). The targets aspired were too diverse and subject to changes depending on the project and phase. A simpler and more precise list of objectives and a correspondingly simpler design of budget support would have been appropriate in terms of effectiveness (for example by focusing on topics in the political dialogue) and for better measurability. This consideration of the objectives applies for the evaluated budget support projects in Uganda, but it also applies in a similar form to include other comparable partner countries which received budget support in this period.

Different effects of budget support, including the CM, can be identified that could not have been achieved with other DC modalities; this applies for example to the legal and institutional PFM framework (support for the central role of the Court of Auditors, etc.).

Fundamental to the different evaluation of the phases is the decreasing relationship of trust between the Ugandan government and the budget support donors over the duration of project from Phase I to Phase II. Whereas in Phase I there was a high level of agreement and rapid successes were achieved, the premises in Phase II were increasingly no longer shared by both sides, since the Ugandan Government gave significantly less priority to poverty-related policies, and although it established good PFM regulations, it did not implement them adequately (noticeable in the form of insufficient budgetary discipline) and particularly showed an unwillingness to tackle the misuse of funds/corruption effectively. The discovery of oil and gas reserves as well as minerals, and the increased focus of donors on governance issues, probably contributed to the Ugandan partners being less willing to work on aligning interests in Phase II.

The scandal around the misuse of funds in 2012 relating to the donor-supported reconstruction programme for North Uganda, which was managed by the Prime Minister's Office, and the insufficient readiness to address these systematic problems have highlighted the fundamental nature of the clientelistic political system in Uganda, and for most of the budget support donors were the trigger to question the budget support funding. All the donors (including Germany) adjusted their budget support in the subsequent period for all but two instances of sector-specific budget support. However, with the remaining DC modalities donors have significantly fewer options to influence the fundamental problems of the political, economic system in Uganda from now on.

When weaknesses in budget support for Uganda are identified, sustainability issues in particular should be mentioned; besides inadequate poverty-related expenditure, this relates mainly to the insufficient revenue base. In both phases, budget support donors did not address this problem sufficiently with the Ugandan partners.

On the plus side there are important advances in the implementation of the two Ugandan development strategies (PEAP and NDP), which can be traced back to contributions from budget support donors. Here, the decreasing poverty and the achievements in the health and education sectors, especially during Phase I, should be mentioned in particular. For Phase II, the effect of the CM is assessed more positively than that of the overall measure.

For German DC it should be stressed that, despite smaller budget support contributions (2011/12: third smallest of nine budget support donors), they took significant opportunities to help shape events across the dialogue formats (including through the underlying principles as part of the budget support approach) as well as in the area of PFM.

Relevance

The relevance of the evaluated projects was rather high over all phases, but with shifts in emphasis between the two phases. The support of the central poverty and development strategies (PEAP and NDP) through budget support services in close cooperation with the World Bank, and from Phase II in a harmonised manner with all budget support donors, addressed key development problems for Uganda. However, the importance of national economic development for the sustainability of poverty reduction was strongly emphasised only in the second phase, and therefore became an integral part of the poverty strategy. The projects in both phases corresponded to the priorities of German development cooperation and at the same time to a greater level of individual responsibility of the Ugandan partners.

Similarly, the more specific contribution of the PFM complementary measure was very relevant. In the face of the country's serious politico-economic problems (clientelistic structures, corruption by the political elite of the country, use of state structures and public budgets to maintain power, etc.), approaches to create greater transparency and improve PFM are of overarching importance (also in the sense of poverty-related policies).

As budget support represents instruments to finance partner strategies, and in part to shape them, the individual responsibility of the Ugandan partners was pronounced. The role of partners is also heavily emphasised by the direct use of national systems.

The following aspects are noteworthy in terms of relevance:

1. The objectives of budget support projects were too complex, too ambitious and barely able to be verified or evaluated directly. This is evident for example in the policy matrix, which at times contained almost 150 indicators and actions (JAF 4).

2. The focus of the policy dialogue shifted during the evaluation period: Whereas in Phase 1 the consideration and dialogue on sectoral issues was paramount, this changed in Phase II. The introduction of the common dialogue platform for all budget support donors (JBSF), the naming of underlying principles and preconditions and the change of the national chairmanship from the Ministry of Finance to the Prime Minister's Office resulted in cross-cutting issues, and in particular governance issues (such as those intended by the donors) coming more to the fore. This extended guidance did not correspond to the expectations of the Ugandan Government.

3. There was general agreement on objectives between budget support donors and the Ugandan Government in Phase I. Phase II, however, was strongly characterised by divergences. For the Ugandan Government, the underlying principles promoted by the donors without clearly defined indicators were an unsuitable instrument for the budget support dialogue.

4. With regard to financing relevance, budget support was highly important for a while. Overall, official DC for Uganda increased significantly from FY 2003/04 to FY 2013/14 by more than 50 % (from USD 1 billion to USD 1.69 billion). The share of budget support and also the absolute volume of budget support declined, however, from 2003/04 (at the time budget support made up more than 40 % of the entire DC and the vast majority of the on-budget DC); after the 2012/13 financial year, budget support plays virtually no role. This is reflected in the strongly reduced share of budget support in public development spending, which dropped from 70 % to 4 % during this period. The total amount of budget support commanded a share of 6.8 % of the Ugandan budget most recently (financial year 2012/13).

5. Among the twelve budget support donors (in 2012/13 there were still nine budget support donors in addition to Germany) Germany was one of the smaller contributors, accounting for 4.5 % of budget support disbursed in the financial year 2011/12 for example. Nevertheless budget support was a central platform for German DC to be able to shape and influence sectoral issues (PFM, energy etc.) with a view to political dialogue. This was applicable for instance for the PFM Working Group, which was chaired by Germany for four years.

Relevance rating: Phase I: 2; Phase II: 3

Effectiveness

A simple analysis of the achievement of programme objectives for this evaluation cannot be carried out. There are two reasons in particular for this: (i) the broad, and in parts unclear, formulation of objectives, (ii) the predominant causalities, which are not fully clear, between the contributions from budget support projects and variances (such as basic services, quality of governance).

At programme objective level, discrepancies over the course of time can be identified. For the co-financing of PRSC II-IV, these included the more efficient and fairer use of public resources, greater efficiency in public administration, rural development and basic services in areas of agriculture, health, education, water supply and sanitation. From the co-financing of PRCS V, the objectives were expanded to include topics that play a central part in the sustainability of national developments: macroeconomic stability at the same time as high private-sector-dominated economic growth, as well as an increase in the efficiency and competitiveness of the private sector. In addition there are also demands concerning governance reforms, such as the strengthening of political governance, reforms in PFM and anti-corruption measures.

Selected key aspects of the intended effects of budget support at programme objective level shall be examined here. The objectives are reflected – albeit with sometimes significant changes (number of indicators, etc.) over time – in the implementation of the requirements (prior actions) of the World Bank or in the various policy matrices (JAF) and were thus included in the respective disbursement decisions regarding German budget support.

Sectors particularly relevant in terms of poverty: In sectors particularly affected by poverty, such as health, education, water supply and waste water disposal, progress in Uganda has been mixed. In general it can be seen that the objectives aspired in Phase I were significantly better achieved than in Phase II. Budget support has contributed to capacity-building in these sectors through the co-financing of implementation strategies, and has pushed forward the reform discussions in political dialogue.

There have been clear improvements in broad areas in Phase I, such as access to drinking water in rural areas, while Phase II saw improvements that are less distinct and sometimes even involved stagnation and steps backwards (for example a decreasing percentage of children who have completed their primary school education as well as a decline in access to clean drinking water in urban areas). In the education sector, weaknesses can be identified in qualitative terms: although the enrolment rate increased from 85-90 % in the years 2000-2004 to 94.3 % in 2013, insufficient attention was paid to the high percentage of girls in the dropout rate. In the healthcare sector there continued to be a large gap between rural and urban services. In the water sector, access to clean water particularly in rural areas and smaller towns was improved (access to drinking water in rural areas: 2003/04: 57 %; 2008/09: 65 %). Caution, however, should be exercised when interpreting these figures because supposed “deteriorations” could be caused by previous improvements[1] or other effects (e.g. rural-urban migration).

Development in the agricultural sector was unsatisfactory over the total period of the evaluation. Growth of the sector from 2005-2013 fluctuated between -1.8 % and +2.7 %, and was below the average of the overall economic development of the country. Important issues such as land reform were not promoted due to political conflicts and the inactivity of the Parliament.

Measured against the objectives of the sectoral JAF indicators (which consistently included the sectors of health, education, transport, water supply and waste water disposal; and also agriculture and energy for JAF 5) for the years 2008/09 (JAF 1) until 2012/13 (JAF 5), the values vary considerably from year to year and from sector to sector. The best average of 73.3 % was noted for JAF 1, and the worst (27.7 %) was scored by JAF 5.

Public Financial Management: With regard to public financial management, significant improvements overall can be identified for the evaluation period. This applies both to Phase I as well as in many respects to Phase II, and the recurring cases of fund misuse in particular make it clear that despite sometimes efficient PFM institutions (especially the important and positive role of the Court of Auditors), political implementation was inadequate.

Relevant analytic instruments show that before 2004 Uganda had a less efficient PFM system, which could have been considerably further developed over the last ten years or so due to the Ugandan partners’ greater willingness to implement reforms, and which also stands out in a positive light compared with the rest of the region. Supporting evidence can be found among others in the PEFA (Public Expenditure and Financial Accountability) analyses from 2005, 2008 and 2012, the International Monetary Fund's (IMF) regular PFM studies, as well as the Fiduciary Risk Assessment by Department for International Development and the analysis of fiduciary risks by KfW.

The progress can be ascribed to the role of budget support as well as the PFM complementary measures (mainly through basket funding (with FC contributions) from the Financial Management and Accountability Programme/FINMAP). A separate PFM working group chaired by KfW has helped contribute towards professional dialogue in this area.

The numerous cases of fund misuse, especially in Phase II, have shown that there is no consistent implementation of appropriate policies aimed at preventing as well as dealing with even very high-level corruption cases (for instance ministers who are alleged to have become rich from granting oil exploration licenses), and demonstrated that corruption in Uganda has a systemic nature[2]. Nevertheless the Ugandan Court of Auditors, which was also a key partner of the FC complementary measures, revealed cases of fund misuse in the Prime Minister’s office, which provided an opportunity for suspensions or delays in

---

[1] For example, an increase in the enrolment rate may initially be associated with an increase in the dropout rate. The reason for this is that the increasing enrolment rate causes a shift in the socio-economic background of the students (more students from poorer families), which changes the overall cohort composition.

[2] cf. Andrew 2013: The Limits of Institutional Reform in Development, Changing Rules for Realistic Solutions, 110ff.

payment by the budget support donors. Despite difficult conditions in Uganda, the Court of Auditors has made it clear that it can work independently and effectively.

Effectiveness rating: Phase I: 3; Phase II: 4

Efficiency

The budget support approach in Uganda has provided donors involved in all phases with opportunities to shape the scope and quality of subjects, which would not have been dealt with, or clearly less intensively, through other DC modalities. The role of budget support was supportive in Phase I due to the high objective congruency, in that it was flanked by a sensible developmental policy approach for the country through dialogue and participation in strategic issues (such as at sector level) as well as additional financial resources for implementing the poverty reduction strategy. In Phase II, budget support donors were able to address the increasing content-related disparities via the platforms and political dialogue within the framework of budget support, even though a fundamentally different orientation of Ugandan politics was clearly not possible as a result.

The use of budget support as well as the PFM complementary measure offered the donors involved relatively great opportunities to support the reform of the PFM system. The well-functioning Court of Auditors showed this very clearly, even if through its work it was shown that the insufficient willingness to prevent the misuse of funds in a politically effectively manner was ultimately addressed only to a limited extent.

As a small budget support donor, Germany had relatively large participation opportunities in all phases; the use of funds was thus efficient from a German point of view. This applies in particular to the involvement in PFM topics, as well as the profiling of the entire German DC, which was supported by the budget support commitment. The relatively low German financial contribution also makes it seem appropriate ex post that the projects were first provided as co-financing for the World Bank's PRSC. As a result, transaction costs on the Ugandan and German sides were kept low during Phase I (as no joint donor approach had yet been established) and the leverage effect of the World Bank’s approach was strengthened.

The combination of the budget support with the PFM complementary measure was useful and efficient. As a result, better cooperation on the principle measure was achieved, and additional effects were attained from a central cross-sectional topic with a low allocation of funds.

Budget support had a positive impact on donor coordination. In particular during Phase II, harmonisation efforts were intensified with the JBSF. Dialogue aligned in Phase I primarily towards sectoral issues was replaced with comprehensive dialogue in Phase II for budget support. The joint donor budget support evaluation (Independent Evaluation 2015) stressed that sectoral dialogue in this context was inadequate in Phase II. Overall though, joint policy and technical dialogue have been strengthened on the basis of budget support. These platforms and opportunities to shape events will cease to exist after almost all of the budget support ends.

In terms of the predictability of funds for partners, the budget support instrument in Phase II in particular proved itself to be an unpredictable instrument for the Ugandan partners. Due to problems with misuse of funds outlined above, among other factors, donors delayed and suspended their payments. This is reflected in the evaluations of the corresponding PEFA indicator (evaluation range A (best) to D (worst rating); 2005: C+, 2008: D, 2012: D).

Uganda’s insufficient own revenue and the poor political efforts to overcome this issue are core problems of both Phase I and Phase II. Only the additional revenue from oil as well as increased pressure due to suspended or delayed budget support payments led to the issues receiving more attention on the Ugandan side from the end of Phase II. With a relatively stable ratio of own revenue to the economic strength of the country of around 13 %, Uganda exhibited a weak performance in both phases in comparison to the rest of the region. The reasons for this can largely be found in the country’s politico-economic situation. The non-application or enforcement of tax rules (especially as apply to the higher income groups in the country, including members of the Government and the Parliament), as well as tax exemptions, resulted in the problem scarcely being dealt with. As part of budget support activities (political dialogue and conditionalities), the topic received insufficient attention.

In assessing the joint donor budget support evaluation, there are indications that the budget support in Phase I in particular weakened the efforts of the country to mobilise local resources, because the at times high budget support made possible the level of expenditure, despite lower revenues, and therefore reduced the pressure for reform. There are no signs that donor support impacted on the efficiency of the use of funds (for example rising personnel costs without increasing productivity). For Phase II it seems that such an effect is not as plausible due to the diminished DC and, above all, budget support.

Efficiency rating: Phase I: 2; Phase II: 3

Impact

The consistent overall objective of the German budget support projects was to contribute to poverty reduction in Uganda. However, the wording of the exact overall objectives in the FC appraisal documents for the different projects varies. To some extent they went beyond this objective by also mentioning the satisfaction of the population with public services and improved access to basic public services as a development objective.

Ugandan ownership for a poverty and development programme, backed by the budget support donors, was strong in Phase I and practically non-existent in Phase II. This is where the biggest constraint in the developmental impacts of budget support projects can be seen.

For Phase I it is clear that Uganda managed to implement a successful poverty reduction policy, and the budget support helped with this. This progress could not be continued in Phase II. A decline in poverty in Uganda from 51.5 % to 38.0 % can be established overall for the period 2006-2009. The joint donor budget support evaluation assumes that the situation since then has rather stagnated. However, the Ugandan poverty report from 2014, based on a national poverty line of just USD 1, argues that poverty had further declined to 19.7 % (MoPED 2014). Regionally speaking the war-torn north of the country is more strongly affected by poverty than other regions in Uganda. The number of those living in absolute poverty in the country remains high because sufficient progress could not be achieved due to the persistently high population growth. Inequality in Uganda is also high in terms of international standards (Gini coefficient: 0.438).

In addition, it is clear that Uganda achieved success in macroeconomic stability and economic growth during the evaluation period; this applies especially for Phase I and only to a limited extent for Phase II. Together with the global financial and economic crisis, as well as waning agreement on the objectives between budget support donors and Ugandan partners, various socio-economic advances came under pressure in Phase II (in the health and education sectors, for example), which also hampered economic growth.

Fiscal policy, the level of debt and the debt sustainability risks were largely reasonable in both phases. Problems concerning public budgets increased, particularly during Phase II. This applies especially to extra-budgetary expenditure (for large military equipment) and a number of supplementary budgets, as well as to politically-motivated expenditure (in the context of elections).

In Phase II, the Government shifted its spending priorities overall in favour of productive sectors (especially infrastructure) and defence spending, and at the expense of (direct) spending used to alleviate poverty (including the Poverty Action Fund/PAF); despite economic growth, there was no effective strategy promoted to increase own revenues, and public budgetary funds or cost-relevant decisions were increasingly used during election cycles (politically-motivated increase in number of districts in the evaluation period by almost 50 %, reducing local taxes, etc.).

The effects of the budget support relate to financial and non-financial aspects. Other DC modalities could not have had the same effects. The donor projects have largely provided a significant amount of resources for the implementation of important poverty-related policies. However, in no way have they generated a notable increase in own resources, but possibly only alleviated the pressure here. With regard to dialogue and conditionalities, the budget support managed to work towards long-term development effects and address sensitive political/economic aspects.

In Phase II, the JBSF contributed to a harmonised donor approach as well as higher-level political dialogue with the Ugandan Prime Minister's Office. It is assumed that this “dialogue leverage” would not have been available through other DC modalities. In different ways, PFM issues were brought forward in both phases in the form of institutional and legal requirements. For the German contribution, the CM as well as the perception of the speaker role were important design elements for the PFM working group, in order, for example, to support the independence of the Court of Auditors and its central role in revealing the misuse of funds (such as in the Office of the Prime Minister) in professional and political dialogue.

Impact rating: Phase I: 2; Phase II: 4

Sustainability

The sustainability of the changes achieved with the budget support depends on continued willingness to reform and a clear development focus on the part of the Ugandan partners. These requirements were still only present to a limited extent from Phase II. In this respect there was stagnation in relevant areas (in particular general poverty) and even steps backwards in some cases (caution is advised here with interpreting the data, see Effectiveness). Thus the sustainability of socio-economic progress promoted by budget support depends crucially on whether the Ugandan Government grants a higher priority to the most poverty-relevant sectors.

The incentives associated with budget support were apparently too weak to mitigate the deterioration from Phase I to Phase II in any significant way. The negative sides of the politico-economic system in Uganda with its clientelistic structures and a government structure aimed at retaining power, which exploits state structures in many fields (increase in number of districts, funding of special election programmes, etc.) could not be decisively curtailed. Budget support offers fundamental opportunities to apply leverage in the sense of political dialogue, conditionalities, delayed disbursements and suspensions, particularly in comparison to other DC modalities. However, the prospect of future revenue from oil and gas apparently clearly intensified the declining relevance of DC (including budget support).

The structure of DC support for Uganda fundamentally changed from the beginning of Phase I until the end of Phase II. Overall, the DC volume for Uganda rose sharply (from USD 1 billion in 2003/04 to USD 1.69 billion in 2012/13). Budget support projects and other DC modalities using national systems (on budget) initially accounted for most of the support (around 60 %); donors provided less than 20 % of their DC using Ugandan systems at the end of Phase II. This means donors almost completely ceased their budget support at the end of Phase II and now support Uganda using other DC instruments, which operate in parallel to the national system and lead to increased transaction costs. There is also the platform for cross-donor political and technical dialogue, which offered participation opportunities and which is no longer available after the end of almost all the budget support.

Overly low importance was attributed in Phases I and II to the aspect of own revenues (currently accounting for only around 13 % of economic power, though the absolute volume has increased since 2000). Although own revenues continued to increase slightly during the budget support period, this trend has been declining since 2011/12 according to estimates from the World Bank.

A structure-forming and thus sustainable effect can be identified for the PFM reforms. This includes the significant role of the Court of Auditors and the improved transparency overall, to give just two examples. Nevertheless, these successes should not conceal the fact that the effects with regard to implementation are low due to the political system.

Sustainability rating: Phase I: 3; Phase II: 4

Notes on the methods used to evaluate project success (project rating)

Projects (and programmes) are evaluated on a six-point scale, the criteria being **relevance, effectiveness, efficiency** and **overarching developmental impact**. The ratings are also used to arrive at a **final assessment** of a project's overall developmental efficacy. The scale is as follows:

Level 1	Very good result that clearly exceeds expectations
Level 2	Good result, fully in line with expectations and without any significant shortcomings
Level 3	Satisfactory result – project falls short of expectations but the positive results dominate
Level 4	Unsatisfactory result – significantly below expectations, with negative results dominating despite discernible positive results
Level 5	Clearly inadequate result – despite some positive partial results, the negative results clearly dominate
Level 6	The project has no impact or the situation has actually deteriorated

Rating levels 1-3 denote a positive assessment or successful project while rating levels 4-6 denote a negative assessment.

Sustainability is evaluated according to the following four-point scale:

Sustainability level 1 (very good sustainability): The developmental efficacy of the project (positive to date) is very likely to continue undiminished or even increase.

Sustainability level 2 (good sustainability): The developmental efficacy of the project (positive to date) is very likely to decline only minimally but remain positive overall. (This is what can normally be expected).

Sustainability level 3 (satisfactory sustainability): The developmental efficacy of the project (positive to date) is very likely to decline significantly but remain positive overall. This rating is also assigned if the sustainability of a project is considered inadequate up to the time of the ex post evaluation but is very likely to evolve positively so that the project will ultimately achieve positive developmental efficacy.

Sustainability level 4 (inadequate sustainability): The developmental efficacy of the project is inadequate up to the time of the ex post evaluation and is very unlikely to improve. This rating is also assigned if the sustainability that has been positively evaluated to date is very likely to deteriorate severely and no longer meet the level 3 criteria.

The **overall rating** on the six-point scale is compiled from a weighting of all five individual criteria as appropriate to the project in question. Rating levels 1-3 of the overall rating denote a "successful" project while rating levels 4-6 denote an "unsuccessful" project. It should be noted that a project can generally be considered developmentally "successful" only if the achievement of the project objective ("effectiveness"), the impact on the overall objective ("overarching developmental impact") and the sustainability are rated at least "satisfactory" (level 3).