



Observatoire sur la Pauvreé
P o v e r t y W a t c h
Vigilar la Agenda de Pobreza

ANALYSIS OF LINKS BETWEEN POVERTY AND TRANSPORT AND OTHER RELATED POLICIES IN UGANDA

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February 2005

Transport Forum Group, Uganda.

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Executive Summary

Uganda is classified, as one of the least developed countries in the world. Its per capita income¹ is US\$ 250. About 48% of Uganda's national budget is accounted for through foreign aid. Poverty trends² reveal that 38% of the population (8.9 million) lives below the poverty line in 2003. Poverty is particularly acute for women living in rural areas with households headed by women, who constitute 29 percent having a higher risk of poverty.

Though poverty trends look challenging, significant achievement have been attained in the past decade. Poverty has fallen both absolute and in relative terms. In 1992, 9.3 million people were living in poverty, whilst 8.2 million were out of poverty. As of 2003, 8.9 million were living in poverty, whilst 16.4 million are out of poverty. 56% of the population was living in poverty a decade ago, as compared to 38% now

The Poverty Eradication Action Plan [PEAP] provides the long-term framework for poverty elimination. It is made operational through the Poverty reduction Strategy Paper (PRSP) in 1997. The PRSP is based on six core principles that include,

- Broad based participation by civil society and private sector in all operational steps;
- Result oriented approach focused on outcomes that benefit the poor;
- Comprehensive recognition of the multidimensional nature of poverty;
- Effective prioritisation to ensure that implementation is feasible in technical and institutional terms;
- Partnership orientation that promotes the involvement and co-ordination of development partners;
- Long-term perspective for poverty eradication.

The PRSP is supported by the medium-term expenditure framework, which prioritises public expenditure towards key anti-poverty targets.

The budgeting policy is underpinned by two fundamental objectives:

- **Promotion of rapid economic growth:** Facilitating the growth of the private sector.
- **Ensuring benefit for all:** Putting in place policies that ensure that all people benefit from growth, in particular the poorest members of the community.

Challenges of the PRSP

The general weaknesses in the PRSP process provide an important backdrop in analysing the role of transport in poverty reduction.

- **Poverty and inequality:** Despite the general trend of declining poverty, income poverty has recently risen from 34% in 2000 to 38% in 2003. This has been accompanied a marked increase in inequality, which has been rising since 1997. In other words growth has become less pro poor.
- **Universal Primary Education (UPE):** Although UPE enrolment has rapidly expanded, the quality of education and drop out rates remain a problem. (Out of 2,159,850 pupils who enrolled in P1 in 1997, only 22% reached P7 in 2003)

¹ Background to the budget for financial year 2004/5, Ministry of Finance and Economic Development, June 2004

- **Poor health services:** Child nutrition, together with infant and child mortality indicators, has deteriorated between 1995 and 2000. HIV/AIDS remains a challenge and is a leading cause of death amongst the productive age group of 15-49.
- **Economic growth:** In addition to being less pro poor, in the recent years, growth has also slowed, with real economic growth averaging 5.5% per annum between 1999/00 and 2003/04, compared to 6.7% between 1985/86 and 1998/99.
- **Macro economic management**
Government large fiscal deficit, caused by the high level of aid dependency, is putting upward pressure on both interest rates and the exchange rate. The resulting major expansion in the net issuance of government securities is "crowding out" private sector investment by both reducing the volume of loans made by commercial banks to the private sector and increasing the cost of borrowing. The resulting appreciation of the shilling is reducing the profitability of the export sector and prices paid to farmers.
- **Participatory role of designing PRSP:** There are concerns within the civil society that genuine engagements of the grassroots were insufficient;
- **Impromptu budget cuts:** Impromptu budget cuts and re-allocations are common in Uganda. The first pot of money that is a victim of this is money for social development programmes. A lot of the re-allocation is towards the defense budget.
- **Corruption:** The integrity of officials responsible for the implementation of PEAP at all levels is crucial. Recent experiences and evidence from Inspectorate of Government shows that public resource diversion and misuse are as widespread.

Revised PEAP

Due to challenges of the PEAP in addressing the poverty problem, a revised PEAP was drafted with a view to address and consolidate the achievements in the quest to eradicate poverty; The revised PEAP provides the main policy thrust that will be followed over the medium term to address the key emerging challenges and priorities for poverty reduction. Building on existing good practices, the government policy will aim at strengthening economic management; enhancing production; competitiveness and incomes; addressing security, conflict resolution and disaster management; improving governance; and improving human development outcomes.

TRANSPORT SECTOR IN THE CONTEXT OF POVERTY IN UGANDA

The Uganda Transport System consists of road, water, rail, and air transport. In 2001, the transport sector contributed 6.01% to the GDP. Uganda has not yet developed a National Transport Policy (NTP) although a Draft Transport Sector Policy and Strategy Paper was published in 2001 with the objective of developing a National Transport Policy. The Government's medium term strategy hinges on the promotion of cheaper, efficient and reliable transport services. The extent to which transport can contribute to poverty reduction is influenced by the following factors:

- The decentralisation programme in which the responsibilities have been devolved from the Central Government to the District and Local Government administrative levels;
- Liberalisation of the economy which has made it possible for private companies to manage public transport business;

- Government's control of infrastructure investment and maintenance with purpose of improving access as a way of fighting poverty.

The road transport is by far the most dominant mode of transport. It accounted for 99% of passenger-km and 95 % of freight tonnes-km in 1998. The total public road network is 64,558 km. Of these national roads are 9458, District roads 22,300, urban roads 2800 and community access roads 30,000. Only 25% and 45% of national and urban roads are paved respectively. All the others are unpaved. Roads have been identified as among the priority areas that can facilitate poverty reduction. The key element in the implementation of the Government's transport sector strategy is the Ten Year Road Sector Development Programme (RSDP). The objectives of RSDP are to

- Provide an efficient, safe and sustainable road network in support of market integration and poverty reduction;
- Improve the managerial and operational efficiency of road administration;
- Develop construction industry.

Poverty responsive policies in transport have been developed largely based on Road transport. This is based on the argument that the other modes of transport put together carry only 20% or less of the freight and passenger traffic and therefore less significant as far as poverty eradication is concerned. In the last four years, road infrastructure has been government's fastest growing programme with a doubling of resources provided to the main roads to over Uganda Shs.35 billion a year.

Elements of transport strategy that support poverty reduction in Uganda.

The following elements policy elements can be said to provide links between poverty reduction and the transport sector strategies.

- **Recognition of transport as a means of poverty reduction:** The PRSP recognises that the majority of the poorest people are isolated. They incur high transport and accessibility costs. These costs are higher in rural areas especially for inland water transport that is four times more expensive than road transport.
- **Increase in roads expenditure:** The original focus of RSDP was main-roads but with the background of PEAP there was shift to include District, Urban & Community Roads in order for the rural communities and the poor people to participate in national economy. Strategies have been worked out to ensure that District and Community Access roads that serve the agricultural areas and rural local populations, and in turn feed into the national road networks are developed. Uganda is a beneficiary of the Heavily Indebted Poor Countries Debt Initiative (HIPC). Much of these resources from this initiative are being used to fund rural feeder roads.
- **Policy response to externalities:** Improved road network has led to increased traffic volumes, leading to problems of worsening traffic accidents, and increasing axle load violations. These externalities contribute poverty intensification if they are not adequately addressed. Under the RSDP, several policy and strategy studies have been undertaken to handle issues of road network management, road design/maintenance standards/specifications, project development procedures, road maintenance procedures, road safety, environmental assessment/protection and road financing.

- **Policy response to Gender:** Government has set a policy of involving women in labour-based works as a way of addressing poverty and equity. It requires contractors to use at least 30% of their labour force as women.

Positive Transport policies outputs

As well as making its own contributions to the growth of economy, transport is a facility that helps other sector to reach their own potential. Transport also contributes to the following:

1. **Generation of domestic revenue:** In terms of fuel tax, road licences, income tax and import taxes representing 23% of the local domestic revenue to the treasury. The Kampala City Council public transport levies contribute up to 30% of the local tax collections;
2. **Employment opportunities:** It creates employment through transport services as well as in construction activities. Transport service sector is a large employer, poor people are employed as drivers, cyclists, conductors, guides, boat operators, tax collectors, and porters among others. Boda boda services in Uganda directly employ up to 200,000 people;
3. **Improving the poor peoples livelihood:** Roads facilitate the modernisation of agro-business and improving accessibility to schools, markets, health care, water and sanitation points, administration and security. They also open villages to the rest of the world, reduce transport costs and increase poorer peoples competitiveness in markets;
4. **Contribution of transport sector to cross-cutting objectives of poverty reduction strategy (e.g. Aids, HIV, good governance etc):** Transport plays a crucial role in meeting transversal objectives of poverty reduction. In the case of HIV/Aids for instance, the victims are usually taken back to rural areas for care by the relatives. During their illness they need easy access to health services for drugs and other home care services.

Disconnection between transport sector policies and poverty reduction objectives.

There are situations where transport policies have not worked to reduce poverty. In some cases policies have contributed to increasing poverty.

- **Privatisation without adequate regulation of transport services:** This has led to cartel like operators who, without any consultation or intervention by Government determine the fares. The existence of cartels is a contradiction of government policy of competition;
- **Value for money:** Road users currently, do not get value for money by the condition of services they get. During the financial year 1998/9 for example, only USHS 60.49 billion were disbursed to the road sector compared to USHS 261.21 billion that were actually collected from road users. This represents only 23%of the money collected;
- **Lack of performance indicators:** The mechanism to monitor tendering, performance of contracted companies is lacking, most of their agreements are kept secret and not provided to the public. The poor are the least

empowered to monitor performance; in many cases, the Local Authorities inefficiently manage the public transport system.

- **Capacity Building in transport service industry:** Benefits from services are insignificant because there is no legal framework or development strategy to support service providers in developing business strategies for the benefit of the users, e.g. help raise the capacity of operators in public transport, driver training and local trucker organisations;
- **Disadvantaged road user groups:** Poorer people, people with disabilities (PWD) and other marginalized groups are not offered alternatives in the privatised transport service environment;
- **Traffic safety:** Privatisation and the hands off approach in regulation of the industry have intensified safety problems for the poor;
- **Economic rationale:** while privatisation has improved services, the services are now based on economic rationale and therefore exclude many poor people;
- **Environmental issues:** The Environmental Policy and management assessment study was conducted to identify the status of the country's procedures for conducting Environmental Impact Assessments (EIA) of the road sub sector. It was found that little has been done in addressing this issue and there is no framework for mitigation or redress as in the case of oil spills or excavation sites created by road works, which contribute to water, based diseases.
- **Traffic security:** Security and crime in transport is usually not considered during transport policy formulation yet it is critical in the perspective of poverty reduction, as the poor are the most vulnerable. In Uganda the examples of risks include the civil war in the north where rebels target public transport and usually kill and injure the poor in the process. In addition, Intermediate modes of transport like donkeys and oxen are lost in the process. Road users are also vulnerable to crime in transport thus undermining the role of transport in trade or provision of livelihood, paradoxically; transport provides a sense of security. Road users especially the women are more secure hiring motorcycles during the night rather walking in dark spots.

Conclusions

Government has developed a strategy to address poverty challenge by promoting economic growth hand in hand with improved social welfare; there is however a number of issues that needs to be addressed if the transport sector is to contribute effectively towards the poverty reduction goal. Although Government has confirmed private and civil society's role in policy formulation and provision of transport services, the two entities hand in the policymaking process remains minimal. There is acknowledgement from the civil society that they lack of capacity to engage donors and government in meaningful dialogue about transport issues whether at national or local level. The danger of not involving the wider population in the policy making process is the loss of popular ownership and failure of poverty reduction programmes as identified by Vision 2025, which is a key element in public-private partnership. This leads to public-private mistrust. This works to the disadvantage of the poor. Transport policy planning has been for a long time been a public service role. Since it is now a government policy to open up and

work with the private sector, planners of in the transport sector ought to open up to collaboration with other sectors.

Secondly, while the emphasis is on road transport, policy makers usually emphasise roads rather than transport services. There are also arguments that emphasis on roads has led to the neglect of other modes of transport e.g. rail and water transport. The lack of integrated transport planning has led to biased policies towards road transport and roads in particular and the draft transport policy and strategy paper seems silent on this.

Thirdly, while major efforts have been made to in the recent years to improve the road transport infrastructure and operations much of the network remains in an unsatisfactory condition leading to difficulties in mobility and high transport costs. In urban areas, there is little attention being paid in developing the urban infrastructure for efficient urban mobility. There is currently no provision for the disabled who require special facilities like special cabs and toilet facilities.

Finally, Uganda is yet to articulate an integrated rural transport policy that looks at more than the rural roads. Rural transports are poorly developed and expensive. For example, there is evidence to show that the poor people use *boda boda* yet it is more expensive compared to taxi. Little is being done to promote Intermediate Means of Transport (IMT). Even the plan for Modernisation of Agriculture little is mentioned on use of IMTs to improve on rural travel. Bicycles, which are widely used in rural Uganda, for instance, are heavily levied with tax duties making the poor peoples ability to afford the difficult.

Acknowledgement

The authors of this report would like to thank all those who contributed in the writing of this report.

We are indebted to the staff of Ministry of Finance Library for their patient and willing participation, for without their contribution this study would not have been possible.

We would like to acknowledge the generous technical support provided by Peter Njenga, the Regional Coordinator IFRTD in Eastern and Southern Africa.

Last but not least, we would like to thank the Civil Society Challenge Fund for providing funds for the project.

Objectives of the paper

This report assesses the contribution of transport to the poverty alleviation process in Uganda. It discusses whether or not transport contributes to poverty alleviation. It is part of the wider study covering 12 countries in Africa and Latin America to critically looking the transport and infrastructure contribution to poverty reduction initiatives.

The study attempts to critically assess how the transport policies anchor into the poverty eradication policies particularly, the Poverty Reduction Strategy Paper (PRSP). This is due to growing concern that transport largely contributes to economic growth rather than to direct poverty reduction.

The study is also interested in understanding the realities on the ground regarding the policy outputs. In other words, are transport and poverty reduction policies actually contributing to uplifting the poor peoples' livelihood or not? This is critical because good policies are supposed to trickle down to improve the poor peoples livelihood. It is also because for some years now a lot of public investment expenditure has been directed towards poverty reduction initiatives.

The process

The first phase of the project has been designed to review existing literature, specifically focusing on transport policies together with poverty reduction policies. The following key documents were reviewed. *Vision 2025*, National Long term Perspective Studies, Draft Transport Sector Policy and Strategy Paper, Background to the Budget, 1999 to 2003, Road Management and Financing study, Transport Sector Strategy Study, Poverty Eradication Action Plan, Poverty Reduction Strategy Paper. The full list of the documents reviewed is attached as *References*.

Chapter 1

Poverty reduction strategies in Uganda

1.1 Introduction

Poverty is defined as lack of access to basic necessities of life (food, shelter, clothing) and other needs like education and health. It is a dynamic process of socio economic, cultural, political or other forms of deprivation which affects individuals, households or communities, often resulting into lack of access to basic needs of life, a feeling of powerlessness, isolation and social exclusion.

Uganda is a poor country and is classified, as one of the least developed countries in the world with income per capita is US\$ 250. About 48% of Uganda's national budget is accounted for through foreign aid.

Poverty trends³ reveal that 38% of the population (8.9 million) lives below the poverty line. The poorest of the nation are distributed as follows; Central 17% Western 21% Eastern 25% and the North 37%.

Though poverty trends look challenging, significant achievement have been attained in the past decade. Poverty has fallen both absolute and in relative terms. In 1992, 9.3 million people were living in poverty, whilst 8.2 million were out of poverty. As of 2003, 8.9 million were living in poverty, whilst 16.4 million are out of poverty. 56% of the population was living in poverty a decade ago, as compared to 38% now

Uganda's poor include the small holder farmers in the country side, unemployed in the urban areas, jobless youth, the illiterate, orphans, beggars, street children and vulnerable poor groups such as the landless pastoralists, settlers in drought prone areas, and victims of natural and human disasters like wars.

The war in the north has contributed to poverty intensification in the country. Research shows that up to 2.2% of GDP⁴. As of October 2003, 1,405,976 internally displaced persons were living in security camps. In addition, cattle rustling are prominent in the north and create insecurity, which intensifies poverty.

Poverty is particularly acute for women living in rural areas. Households headed by women who constitute 29 percent⁵ have a higher risk of poverty. In addition, poverty increases with the number of female-headed households, as men migrate in search of jobs. This phenomenon places higher responsibility for the well being of the family entirely on women.

Uganda Vision 2025⁶ identifies poverty as a national weakness and shows how the eradication of mass poverty and rural transformation has been a national aspiration which has had limited success. The reasons for the failure of the earlier strategies are (apart from the usual problems of resource limitations)

³ Household Survey, Uganda Bureau of Statistics, 1999.

⁴ Larkin, 2000 Day of analysis on Northern Uganda.

⁵ "Women and Men in Uganda. **Facts and Figures** 1998" Ministry of Gender and Community Development.

⁶ Vision 2025, **A Strategic Framework for National Development**, Volume 1, Ministry of Finance, February 1999.

lack of people's participation in formulation of prescriptions. As such, many of the previous strategies lacked popular ownership and commitment of key actors in society in their implementation. Secondly, many of the action plans were formulated on a piecemeal basis without linking them to other development issues in an integrated manner.

1.2 Need for Poverty eradication

Poverty eradication is fundamental to human development. Poor people are vulnerable and do not effectively participate in the economy. Their involvement therefore in the economy, constitutes a major premise for measuring the benefits of economic growth and development to the general population.

1.3 Government response to poverty eradication

Government of Uganda believes the challenge of poverty can be tackled by the implementing the right policies. Such policies have adopted the following strategies:

- Maintaining and consolidating the existing macro economic policy
- Promoting economic growth
- Providing social infrastructure
- Creating national capacity to facilitate adequate and quick response to socio economic problems such as structural unemployment
- Good governance
- Promoting regional development balance in Uganda
- Promotion of regional cooperation

1.4 Poverty Eradication Action Plan

It was with this background that government embarked on the implementation of the Poverty Eradication Action Plan [PEAP]. Priority areas were identified and resources are now being redistributed from non-priority to poverty eradication areas so that resources match national objectives.

PEAP has the following four pillars

- Rapid and sustainable economic growth and structural transformation
- Good Governance and Security
- Increased ability of the poor to raise their incomes
- Enhanced improvement of quality of life.

The PEAP clearly shows that there are essentially six critical sectors that require substantial budget expenditures if the objective of eradicating poverty is to be achieved. The first three sector are directly concerned with increasing rural incomes and supporting the private sector [main roads, rural feeder roads and, agriculture] the other three [Education Health and Water] are directly concerned with improving the quality of life of the poor.

The six areas are interdependent. For example the modernisation of agriculture is critically dependant on the improvement of road network and higher levels of literacy. Increased access to clean water would have a major importance on health.

The development of the PEAP led to the production of a Poverty reduction Strategy Paper (PRSP) in September 2000. In May 2001, The World Bank approved a Poverty Reduction Support Credit (PRSC) which established a

rolling medium-term policy framework setting out a three-year reform programme with performance benchmarks, policy measures and outcomes targets.

1.5 Poverty Reduction Strategy Paper (PRSP)

PRSP is the government framework strategy that outlines how a country plans to utilise the debt savings in order to eradicate poverty.

The development and implementation of PRSP is based on six core principles that include,

- Broad based participation and involvement by civil society and private sector in all operational steps.
- Result oriented approach focused on outcomes that benefit the poor.
- Comprehensive recognition of the multidimensional nature of poverty
- Effective prioritisation to ensure that implementation is feasible in technical and institutional terms.
- Partnership orientation that promotes the involvement and coordination of development partners
- Long-term perspective for poverty eradication.

Formulation of PRSP starts with developing a comprehensive understanding of poverty and its determinants. This involves:

- A participatory analysis of causes of poverty,
- An understanding of who the poor are and where they live and their main barriers to moving out of poverty.
- Identification of the right poverty reduction outcomes, and the key public actions, policy changes, institutional reforms, programmes and projects needed to achieve the outcomes.

Lastly, target indicators and monitoring systems are established to monitor implementation of policy progress in poverty reduction.

1.6 Re-focusing public expenditure

The Government of Uganda has refocused public expenditure on poverty eradication. All public expenditure has been reoriented to prioritise poverty eradication without compromising the overall strategy for accelerated growth. Government's budget policy can be summarised by two simple fundamental objectives

1.6.1 Promotion of rapid economic growth

As the private sector is the engine for economic growth, sustaining rapid growth means providing the right environment for private sector to flourish. In particular this means ensuring overall security, the maintenance of macro economic stability, the expansion of the road system, the provision of a well functioning legal system and the implementation of wide ranging structural reforms, such as the liberalisation of markets.

1.6.2 Ensuring benefit for all

Rapid growth alone is not sufficient. It is vital to ensure that all people benefit from the growth, in particular the poorest members of the community. This means putting the right policy framework in place regarding land; access to credit; support to micro and small-scale enterprises; industrial relations and training; the environment and disaster management. But it also means focusing Government spending on three objectives:

1. Strengthening good governance
2. Increasing incomes for the poor
3. Improving the quality of life of the poor (in particular through increasing provision for three basic services: health; water and education)

In translating these policies into practical objectives into practical budget proposal, the following cardinal principals of good budget practice are observed:

- The overall cost must be affordable
- Allocation across sectors should conform with strategic objectives
- Allocations should be prioritised according to where the limited resources can make the greatest difference

1.7 Past budget performance

Past budget scored well on overall affordability. Inflation is under control. There was substantial increase in regard to highest priority areas during the years: Security and Roads. Health has also been increased.

1.7.1 Challenges of the PRSP

The general weaknesses in the PRSP process provide an important backdrop in analysing the role of transport in poverty reduction.

- **Poverty and inequality:** Despite the general trend of declining poverty, income poverty has recently risen from 34% in 2000 to 38% in 2003. This has been accompanied a marked increase in inequality, which has been rising since 1997. In other words growth has become less pro poor.
- **Universal Primary Education (UPE):** Although UPE enrolment has rapidly expanded, the quality of education and drop out rates remain a problem. (Out of 2,159,850 pupils who enrolled in P1 in 1997, only 22% reached P7 in 2003)
- **Poor health services:** Child nutrition, together with infant and child mortality indicators, has deteriorated between 1995 and 2000. HIV/AIDS remains a challenge and is a leading cause of death amongst the productive age group of 15-49.
- **Economic growth:** In addition to being less pro poor, in the recent years, growth has also slowed, with real economic growth averaging 5.5% per annum between 1999/00 and 2003/04, compared to 6.7% between 1985/86 and 1998/99.
- **Macro economic management**
Government large fiscal deficit, caused by the high level of aid dependency, is putting upward pressure on both interest rates and the exchange rate. The resulting major expansion in the net issuance of government securities is "crowding out" private sector investment by both reducing the volume of loans made by commercial banks to the private sector and increasing the cost of borrowing. The resulting appreciation of the shilling is reducing the profitability of the export sector and prices paid to farmers.
- **Impromptu budget cuts:** Impromptu budget cuts and re-allocations are common in Uganda. The first pot of money that is a victim of this is money for social development programmes. A lot of the re-allocation is towards the defense budget.

- **Corruption:** The integrity of officials responsible for the implementation of PEAP at all levels is crucial. Recent experiences and evidence from Inspectorate of Government shows that public resource diversion and misuse are as widespread.

1.8 Weaknesses of the PRSP.

1.8.1 pro poor policies

Experiences from communities' shows that there is need to bridge out the micro level deviations between existing policies and grassroots realities. Ordinary Ugandans need basic understanding of local, national, and global linkages to appreciate some of the national issues that affect them. Policy makers on the other hand need a deeper understanding and appreciation of the livelihood challenges of ordinary Ugandans to make pro-poor policies. There are widening gaps between the poor people and policy makers regarding some pro-poor policies. For instance, up to two thirds of the adults are out of remunerative employment, they pay tax but basic public social services are privatised. Up to 90% of the Ugandans rely on imported used clothing but these clothes have become a target of tax increments of up to 57%. Whereas the PEAP is expected to significantly transform the nature of agriculture that is largely subsistence (75%) to commercial agriculture and up to 85% of Ugandans derive livelihood from agricultural sector but the sector allocation is just 2% of national budget resources and the extension system is privatised.

1.8.2 Participation in designing PRSP

Civil societies were involved in the development of the PRSP; there are some concerns that genuine engagements of the grassroots were insufficient. Participatory methodologies that directly engage the poor were not explored or exploited and there was no clear institutional framework for participation. In essence, the procedure for participation, decision-making process and roles of different stakeholders were not clearly spelt out. In addition there was a problem of understanding the meaning of the word participation. While some understood it as information sharing, others regarded it as consultation or collaboration. It brought in a variance in understanding the what, the who, and the how of participation.

1.8.3 Context of PRSP

There are arguments that PRSP should be of some difference to the old structural adjustment approach. Whilst poverty reduction should be the primary goal of PRSPs, the PRSP is "*up side down*". The macro economic policy framework is the starting point and overriding factor. PRSP is more interested with macro economic stability as it central to government national economic planning. It ignores critical issues like social services, food security and agricultural extension which all need to be revisited.

The main concern of all development actors is why macro economic stability and high economic growth of more than a decade has not translated into actual poverty reduction. Uganda has the poorest life expectancy, mortality, dependency, teenage pregnancy and fertility indicators compared to most of its neighbours and its latest human development index, despite some improvements its still much lower than sub Saharan Africa averages.

⁷ Liking and Learning on PRSP, report by Joyce Kortlandt (NOVIB), John Ruthrauff (OXFAM),

There are now suggestions for more studies⁸ to find out why good macro economic policies do not trickle down to the grassroots. Indeed there are arguments that civil society organisations are advocating for home grown PRSP. In this way, increased local resource mobilisation would finance poverty reduction initiatives and allow the country to focus on the priorities it has identified itself.

1.9 Revised PEAP

Due to challenges of the PEAP in addressing the poverty problem, a revised PEAP was drafted with a view to address and consolidate the achievements in the quest to eradicate poverty; The revised PEAP provides the main policy thrust that will be followed over the medium term to address the key emerging challenges and priorities for poverty reduction. Building on existing good practices, the government policy will aim at strengthening economic management; enhancing production; competitiveness and incomes; addressing security, conflict resolution and disaster management; improving governance: and improving human development outcomes.

The four main core challenges remain and require urgent attention. These are:

- i) Restoration of growth in the incomes of agricultural households;
- ii) Restoring security in the parts of the country experiencing insecurity, and dealing with the consequences of insecurity
- iii) Consolidating the achievements of and addressing challenges in human development;
- iv) Using public resources more efficiently to address poverty

⁸ Liking and Learning on PRSP,

Chapter 2. 2.0 Uganda Transport System

2.1 Introduction

This chapter provides a brief description of the transport system in Uganda

2.2 Transport Modes

The Uganda Transport System consists of road, rail, water and air transport modes with road being the most dominant.

2.3 Transport Activities

Table 1.0: Estimated Transport activity within Uganda, 1998

	International	Transit	Domestic	Total
Passenger Traffic (Million passenger-km)				
Road	100	-	12,253	12,353
Rail (inc. URC Marine)	1	-	-	1
Inland Water (excl. URC Marine)	-	-	107	107
Air	-	-	10	10
Total	101	-	12,370	12,471
Freight Traffic (Million tonnes-km)				
Road	173	65	2,673	2,911
Rail (inc. URC Marine)	137	-	10	147
Inland Water (excl. URC Marine)	-	-	11	11
Air	-	-	-	-
Total	310	65	2,694	3,069
	Percentage Distribution			
	International	Transit	Domestic	Total
Passenger-km				
Road	99.0	-	99.1	99.1
Rail (inc. URC Marine)	1.0	-	-	0.0
Inland Water (excl. URC Marine)	-	-	0.9	0.9
Air	-	-	0.1	0.1
Total	100.0	-	100.0	100.0
Freight tonnes-km				
Road	55.8	100.0	99.2	94.9
Rail (inc. URC Marine)	44.2	-	0.4	4.8
Inland Water (excl. URC Marine)	-	-	0.4	0.4
Air	-	-	-	-
Total	100.0	100.0	100.0	100.0

Source: Parkman, Hyder & IDC: Transport Sector Strategy Study, Final Draft Main Report, RAFU/ MoWHC, June 2000.

2.4 Transport contribution to the GDP

Statistics from Uganda Bureau of Statistics⁹ shows that the transport sector contributes 6.01% to the GDP in 2000.

2.5 Road Transport

Road transport is by far the most dominant mode of transport. It accounted for 99% of passenger-km and 95 % of freight tonnes-km in 1998. In FY 1998/99, the vehicle fleet was estimated to comprise some 180,000 vehicles and was growing at about 8% a year. Passenger vehicles made up to 52% of all motorised vehicles and light goods vehicles accounted for a further 35%. Heavy vehicles (buses and trucks) accounted for 10% of the fleet.

Table 2: The Ugandan Road Network

Category of Road	Length	Comments
National	9,458	25% paved
District	22,300	Virtually all unpaved
Urban	2,800	45% paved
Community Access	30,000	All unpaved
Sub Total	64,558	
Private	Unknown	Mainly unpaved

Source: Updated 10-Year RSDP, MFEP

2.6 Rail Transport

Uganda Railways Corporation (URC) is the sole provider of Rail services within Uganda. In addition URC operates three wagon ferries across Lake Victoria. The greatest potential for the rail sub-sector lies in the international movements of export and import goods.

2.7 Air Transport

Uganda being a land locked country requires an efficient air transport industry for the movement of passengers and non-traditional exports especially flowers, vegetables and fish. Air Transport is also vital for the promotion of tourism and is a gateway access to the outside world.

2.8 Water Transport

Water transport is seen as an essential component of the national road network through the provision of "road bridges" between individual road systems severed by water. Like road, water transport facilitates the movement of agricultural produce and fish products to markets and processing centres.

Uganda Railways Corporation (URC) operates formal water transport in Uganda in form of steamer ships. URC ferries connect Kisumu (Kenya), Bukoba (Tanzania) with Jinja and Port bell (in Uganda).

⁹ Statistical yearbook, 2001, Uganda Bureau of Statistics.

Apart from URC, informal or rural inland water transport plays a sizeable portion in the transportation of passengers and cargo on the navigable rivers and lakes of Uganda. They provide services like fishing and movement to and from the islands.

Chapter 3

Uganda Transport System

3.1 Introduction

This chapter provides a description of Uganda's transport Policy Framework.

3.2 Transport Sector Policy purpose.

The purpose of the transport policy is to establish the means by which Government sets out to achieve its transport objectives in support of national and development aims. The transport system has been planned within wider context of national development. The Government's medium term strategy hinges on the promotion of cheaper, efficient and reliable transport services as a means of providing effective support to increased agricultural and industrial production, trade, and tourism, social and administrative services.

3.3 Factors impacting on Transport Sector Policies in Uganda

There are a number of aspects that have impacted on transport planning process, these include

- The decentralisation programme in which the responsibilities and powers are devolved from the Central Government to the district Local Government administrative levels. Since 1993, the administrative and financial responsibilities have been entrusted to local authorities with purposes of better service delivery.
- Liberalisation of the economy has made it possible for private companies to manage public transport business. Government divested state owned companies that used to run public transport business. It has disengaged itself from business practices.
- Government's retention of the role of regulation and taxation of transport operators
- Government's control of infrastructure investment and maintenance with purpose of improving access as a way of fighting poverty.

3.4 National Transport Policy

Uganda has not yet developed a National Transport Policy (NTP) although a Draft Transport Sector Policy and Strategy Paper¹⁰ was published in 2001 with the objective of developing a National Transport Policy. An NTP is important for the harmonization of the different policies. Explanations for the delay have been placed on the need to carry out a Transport Master-Plan study, which is underway although there are suggestions that there is no need for another study but engagement of a consultant to carry out this role¹¹.

In practice therefore, each transport sub-sector has its own sectoral policies and it is hoped that in future a national transport policy will eventually be developed.

3.5 Problems of absence of a National Transport Policy

Absence of an NTP is a disadvantage to the country. Many crucial issues are not being addressed as a result. Critical areas such as, urban mobility is not being given the attention they deserve as emphasis is being laid on main

¹⁰ The Draft Transport Sector Policy and Strategy Paper, *Government of Uganda, Ministry of Works, Housing and Communications*, December 2001.

¹¹ Transport Sector Strategy Study, *Final Report, Volume 2, IDC, Hyder and Parkman 2000*

roads. In addition, the country is not optimising the benefits of donor support. Initiatives like the Rural Travel and Transport Programme (RTTP) of the Sub Saharan Africa Transport Policy Programme (SSATP) are being missed in the process.

3.6 Draft Transport Sector Policy and Strategy Paper

The Draft transport policy and strategy sector paper is a result of various initiatives drawn together with the latest government thinking in a single document of transport sector policy and strategy. Transport sector is expected to play a central role in the development of the economy, eradication of poverty and the economic integration as a whole. Significant improvements are required however if transport is to play this role effectively, it has to have improvements.

3.7 Institutional framework for transport policies

The Ministry of Works, Housing and Communications, (MOWHC) sets out policy for transport sector. The District and Urban Councils with planning assistance from MOWHC manage the District, Urban and Community Access Roads.

3.8 Road sector policies

Roads have been identified as among the priority areas that can facilitate poverty reduction and are critical in the transformation and development of the economy. The key element in the implementation of the Government's transport sector strategy is the Ten Year Road Sector Development Programme (RSDP). The Roads component of the Programme will cost USD 1.5 billion. The objectives of RSDP were to

- Provide an efficient, safe and sustainable road network in support of market integration and poverty reduction
- Improve the managerial and operational efficiency of road administration and,
- Develop the construction industry.

The RSDP has had 3 main components. These have been

- Institutional Development
- National Roads management
- District, Urban Roads & Community Access Roads management.

3.9 Air Transport Policies

Government policy on the aviation industry is to ensure that the air transport industry is safe, secure, regular and efficient. It is also to ensure that the Entebbe airport turns into a regional hub.

3.10 Rail Transport Policies

The policy on rail hinges on reduction of direct role of government in the sub sector, promotion of private sector participation and commercialisation of URC.

3.11 Water transport Policies

An Inland Water transport study was concluded in 1998. Among other things, the study aimed at reviewing the current water transport policies and regulations with a view of formulating new ones. Various laws relating to water transport were found to be disjointed and out of date. Government is working on the basis of the study recommendations and will soon come out

with a new policy for the sub sector. Otherwise the current policy is for government to provide port infrastructure and services. The policy is however being reviewed and it is envisaged that in future, as a general principle, Government will continue to provide port infrastructure but the operation of ferry and other services will be transferred to the private sector.

3.12 Emphasis on Road Transport

Poverty responsive policies in transport have been developed largely based on Road transport. This is based on the argument that the other modes of transport put together carry only 20% or less of the freight and passenger traffic and therefore less significant as far as poverty eradication is concerned¹². They have their unique qualities. For example, rail transport is well suited for bulky cargo such as coffee cement etc. Air transport is also well suited for high value, low volume and perishable products such as flowers and fresh fish. In these two instances, the poor only benefit indirectly from the increased capacity of the exporters to purchase their produce.

3.13 Inadequate funding of road infrastructure

There are reports of delayed payment to the private sector providers. This has led to problems for the private sector at times leading to indebtedness in some cases leading to the closure of businesses. This has led to the retardation of private sector development. This trend undermines the government policy of developing a viable local construction industry and promotion of private sector participation.

3.14 Inadequate focus on transport services.

Although it is mentioned that emphasis is on road transport, the policy makers usually emphasise roads rather than transport services. Many road transport policies hinge on roads instead of transport¹³. Road transport services and rural inland water transport are largely neglected on the pretext that it is shifted to the private sector. This is a weakness that puts poor users at a disadvantage.

There are also arguments that emphasis on roads has led to the neglect of other modes of transport. Using the railway mode as an example, there are arguments that a vibrant railway system contributes to the preservation of the road infrastructure assets. Uganda before 1990's had a vibrant railways system that was run down by poor management and reduced financing from Government. The poor people used to use the passenger trains to move with their goods. Lake and water transport has declined in the significant role it played when the road network was completely underdeveloped. Infrastructure and vessels are in poor conditions and there has been inadequate funding for their impact. This is being done with the clear knowledge.

"Although water transport is inexpensive, energy efficient, efficient and environmentally friendly form of transport. It is not exploited".¹⁴

In other words, lack of integrated transport planning has led to biased policies towards road transport and roads in particular although the draft transport policy and strategy paper seems silent on this;

¹² G.O. Wandera, "The role of transport in the Economy of our country," How is poverty linked to transport?. Paper presented at the inauguration of MUTMA, August 1999

¹³ Budget speech, 2003/4, 12th June 2003.

¹⁴ ECA ibid

Transport modes must compete with each other's for available funds. Government will undertake a study to identify policies that will ensure equal treatment of different modes of transport so that they may compete on a level playing field¹⁵

3.15 Road Infrastructure Investment

The critical importance of roads in transforming and developing the economy has been recognised by the government. In the last four years Road infrastructure has been government's fastest growing programme with a doubling of resources provided to the main roads to over shs.35 billion a year. Donors have also been increasingly willing to commit substantial resources and their spending is expected to rise from around US\$30million in 1997/98 to over US\$150 million in 2000/01. Ten Year Road Investment Plan envisages investments on a total network of 29,372km of district and urban roads from year 2003-4 to FY 2012-13. The total investment is about US\$ 476million (including about 35.3 million investment for the dilapidated Kampala City roads)

¹⁵ Transport Sector Strategy Paper. Ibid 2003.

Chapter 4

Transport and Poverty reduction

4.1 Introduction

This chapter examines how transport policies are coherent with to the poverty reduction initiatives. It attempts to look at a number of issues to assess whether or not the policies favour the poor. In this way the strength and weaknesses of the policies are discussed.

4.2 Poverty reduction achievements.

Records from the Uganda Bureau of Statistics indicate a reduction of poverty from 66% in 1997 to 38% by 2003 although it had reached 35% in 2002. This reduction has been attributed to implementation of good transport policies. The actual contribution of transport in this reduction is not available.¹⁶ Government documents reveal the commitment to fight poverty. For instance, U Shs 18.49 Billion will be spent on road development budget in the FY2004-5 from the Poverty action Fund.

4.3 Transport policies coherence with the Poverty reduction strategies

4.3.1 Recognition of transport as a means of poverty reduction

In terms of poverty, it has been proved that the majority of the poorest people are isolated. This is because they incur high transportation costs related to both physical and non-physical barriers. These costs are higher in rural areas especially for inland water transport that is four times more expensive¹⁷. The recognition of the linkage of transport, as a prerequisite to fight poverty by government should be seen as strength of the Government.

*"Transport infrastructure and services can significantly contribute to reducing poverty since on one hand there is a link between infrastructure and economic growth, and on the other, the poor are usually identified as having inadequate access to infrastructure services such as clean water, sanitation and transportation and communications, which are considered as "input indicators" of poverty."*¹⁸

4.3.2 Increase in roads expenditure.

The original focus of RSDP was main roads but with the background of PEAP there was shift to include District, Urban & Community Roads in order for the rural communities and the poor people to participate in national economy.

Government's strategy of increased expenditure on roads is deliberate attempt, together with other initiatives to eradicate poverty. Poverty reduction is not just expected to be a by-product of economic growth but a result of the participation of the poor in the economy. For economic growth and poverty reduction to be sustainable, the largest proportion of the population, who are the poor rural dwellers, should be included in the regeneration of the economy.

¹⁶ Ministry of Finance.

¹⁷ Kwamusi Paul, Waterways and livelihood, IFRTD, 2003.

¹⁸ UNECA, The Way Forward, 12th meeting of the conference of the African ministers of transport and communications. May, 2002.

PEAP is the background to the change in prioritisation of the national road development and maintenance investment plan. The provision of an efficient road network (National and District) is pivotal to the PEAP. Given the complementary nature of the National Roads and the District Urban and Community Access Roads (DUCAR), strategies have been worked out to ensure that harmonious and synchronized development of these networks is undertaken in support of Government's poverty reduction strategy. Whereas District and Community Access roads serve the agricultural areas and rural local populations, they in turn feed into the national road networks that connects centres of the country and eventually into the neighbouring countries.

Uganda is a beneficiary of the Heavily Indebted Poor Countries Debt Initiative (HIPC). This initiative will save the country US\$ 650M in debt over the next 30 years. Under this arrangement, a Poverty Action Fund has been created. Much of these resources are being used to fund rural feeder roads. For example, UGSHS 13.86 billion was earmarked in 1999/2000 for rural road development. In addition, the Government is procuring a ship for use in Ssesse Island under the funding of Poverty Action Fund.

4.3.3 Policy response to externalities

Road improvement had in the past been done without much attention on traffic management, traffic safety, traffic axle load limits, environmental protection and social impact mitigation. Government has realised the importance of developing policy and regulatory frameworks under which road users, road assets, and the environment can be protected. Improved road network has led to increased traffic volumes, leading to worsening traffic accidents, and increasing axle load violations. These externalities contribute poverty intensification if they are not adequately addressed.

Under the RSDP, several policy and strategy studies have been undertaken. The studies have highlighted the need to update, harmonize and improve the current policies/ Strategies / practices in;

- Road network management
- Road design and maintenance standards, and specifications
- Project development procedures
- Road maintenance procedures
- Road safety
- Environmental assessment and protection, and,
- Road financing

4.3.4 Policy response to Gender

Government has set a policy of involving women in labour-based works as a way of addressing poverty and equity. It requires contractors to use at least 30% of their labour force as women.

4.3.5 Positive Transport policies outputs

As well as making its own contributions to the growth of economy, transport is a facility that helps other sector to reach their own potential. Transport is

referred as "oil of the wheel of the economy"¹⁹. The eventual output of the transport policies is supposed to be efficient transport system especially for the other sectors.

4.3.5.1: Contribution of transport sector to domestic revenue

Transport related operations in terms of fuel tax, road licences, income tax and import taxes contribute up to Ushs 260 billion by 1998 representing 23% of the local domestic revenue to the treasury. This contribution is significant because government uses these resources to fund various poverty reduction programmes in the country. In addition, transport operations in form public transport levies and tender fees are the single most important source of tax revenue for local governments. Kampala City Council for instance, public transport levies contribute up to 30% of the local tax collections.

4.3.5.2. Employment opportunities

This is especially so with regard to enhancing rural household incomes. The MOWHC is implementing a deliberate policy to encourage contractors to use labour-based methodologies as a way of alleviating poverty.

In regard to transport services, public transport is one of the largest informal sector employment providers. Poor people are employed as drivers, cyclists, conductors, guides, boat operators, tax collectors, and porters among others. Howe estimates that Boda boda services in Uganda employ up to 200,000 people²⁰. In addition several people are employed as mechanics, artisans, fuel company employees and traffic enforcement officers.

4.3.5.3. Improving the poor peoples livelihood.

The provision of an efficient road service is at the core of poverty eradication strategies and enhancing rural incomes. Roads benefit the poor in many ways. Roads facilitate the modernisation of agro-business and improving accessibility to schools, markets, health care, water and sanitation points, administration and security.

Rural roads open villages to the rest of the world, reduce transport costs and if the market is competitive, increase the prices they get from their produce. They also improve food security for the nation as a whole, through easier transport of produce to areas of shortage.

4.3.5.4 Contribution to meeting crosscutting objectives of poverty reduction.

Transport plays a crucial role in meeting transversal objectives of poverty reduction. In the case of HIV/Aids for instance, the victims are usually taken back to rural areas for care by the relatives. During their illness they need easy access to health services for drugs and other home care services.

4.4 Transport policy inconsistency with poverty eradication.

People living in poverty are more interested in seeing tangible improvements of their living standards through increased access to affordable and adequate

¹⁹ Road sector management and financing.

²⁰ Howe John, Boda boda Uganda's Rural and Urban Low Capacity Transport Services in Uganda, 2002.

basic services in order to appreciate the benefit of transport policies. Unfortunately, this is in many not always the case. Road users pay heavily in terms of taxes levied by the Government yet there are many cases when they receive less value for money for the taxes levied.

4.4.1 Reasons for poor transport policy outputs

The ECA, summarised the past decade in transport development as follows
*"During the last decade, transport and communications development has made some positive contributions to the economic development of Africa. At the same time, it has constituted an important source of externalities, which are not internalized in many cases due to the failure of national policies in reaching the aim of equalizing private and social cost as well as satisfying the needs of users. The current development of transport is still neither satisfactory, or has not contributed to the reduction of poverty in Africa particularly in rural areas where most of the poor, especially women live."*²¹

There are a number of reasons that lead to poor policy outputs. These include:

Non-implementation of the transport policies, poor implementation, absence of the relevant transports policies and negative impact of the transport policies.

ECA²² however, believes that the poor transport performance is due to lack of appropriate policy formulation and implementation; Inadequate financing; High cost of transportation; lack of appropriate human and institutional capacity; poor transport and communication facilitation; inadequate safety and security; poor contribution of urban and rural areas to development and to poverty reduction; unexploited technological development; lack of appropriate database and; disjointed market integration and inappropriate infrastructure network.

4.4.2 Privatisation of transport services: the cons

The questions around the actual beneficiaries of privatisation of transport services and whether such policies interventions benefit the poor and contribute towards poverty eradication are relevant to the discussions in this paper.

4.4.2. 1.Cartels.

Recent studies by Transport Research Laboratory, UK have shown that public transport agencies in Uganda practice cartel systems leading to inefficient delivery of services²³. The Uganda Taxi Operators and Drivers Association (UTODA) for instance, makes abnormal profits at the expense of the poor. Prices are left to the market forces and the services are limited to people who can afford them. The operators without any consultation or intervention by Government determine the fares. The existence of cartels is a contradiction of government policy of competition.

²¹ ECA ibid, May, 2002

²² ECA ibid, May, 2002

²³ M. Benmaamar, Improved Vehicle Operations in Uganda, TRL, UK,2001

"Government will not as a rule directly participate in the provision of transport services. Its role is to provide policy and guidelines and to clearly define the laws and efficiently exercise its regulatory powers to ensure establishment of a level playing field for the competitive provision of services".²⁴

Privatisation often neglects the social responsibilities in delivery of basic services that are crucial to the poor. The poor lack the capacity to gain access to the benefits of privatisation of public transport. The above observations have severe implications on how the poor should be assisted to access basic services – transport, water, sanitation, education and health. The affordability of such services to the poor is a concern that government should, irrespective of global trends do everything possible to safeguard.

4.4.2.2. Value for money.

For the poor to gain from privatisation and improved basic services resulting from liberalisation there is need to develop policy and regulatory mechanisms that encourage retention of resources generated as well as reinvestment within the public transport and sustainable contribution to social capital by the private sector. Road users currently, do not get value for money by the condition of services they get. During the financial year 1998/9 for example, only UGSHS 60.49 billion were disbursed to the road sector compared to UGSHS 261.21 billion that were actually collected from road users. This represents only 23% of the money collected.

4.4.2.3. Lack of performance indicators

In many cases, the Local Authorities inefficiently manages the public transport system. In the tendering system for instance, there is limited involvement of the citizen groups, while existing regulatory mechanisms have also proven ineffective at ensuring needs of the poor are put into considerations during the tendering process. The mechanism to monitor performance of such companies is lacking, most of their agreements are kept secret and not provided to the public. Indicators to show impact and quality are also lacking and the poor are the least empowered to monitor performance.

4.4.2.4 Capacity Building in transport service industry

There is no legal framework or development strategy to support service providers in developing business strategies for the benefit of the users. Despite transport sector being one of the highest sources of revenue for both central and local governments, there are no purposive steps taken to help raise the capacity of operators of transport services.

4.4.2.5. Disadvantaged road user groups.

²⁴ Draft Transport Sector Policy and strategy Paper.

The disabled, senior citizens (elderly), and children are most vulnerable members of society who are usually at a disadvantage in regard to access to transport.

PWDs are usually left behind during the rush hours due to the relatively long time they take to board or disembark public transport and yet there is no effort to orient them towards catering for such disadvantaged persons. PWD also have to wait for hours in rush hours till everybody has left before they are transported. Taxi operators are reluctant to stop especially when it is raining and assist them into the taxi. In addition, public transport vehicles have no provisions for transporting disabled passengers. In Kampala for instance, there is no single vehicle fitted with sky jacks tailifts. The disabled require to be accommodated in the design and operations of the transport system because it is their basic right. The benefits of providing transport to people with disabilities are closely related to poverty reduction. They are as follows;

Mobility allows a disabled person to earn a living

Providing transport improves the opportunity for social acceptance

It helps to develop personal skills and knowledge

Supports the disabled to fulfill political, social and economic goals

Increases their independence

Helps recover the investment in human potential, for instance where a trained disabled person is economically active

The general layout of the taxi parks in the Kampala city and other urban areas has no provision for the wheelchair use. The taxi parks toilets have no provision for wheelchair users or a special toilet with supporting rails. The entrance to the old taxi parks provides for staircases with no provision for the wheel chair use. Useable sidewalks providing access to pedestrian traffic are usually not accessible due to vendors and closed access by shop owners due to security fears.

Currently, in Uganda there is no institution for hearing public complaints about public transport service delivery. Though the private sector provides public transport, there are certain aspects that should be handled by government especially the development of accessible transport services.

4.4.2.6. Traffic safety

There is evidence to show that privatisation has not increased traffic safety especially public transport industry. Instead it has intensified safety problems for the poor. For instance, taxi drivers are known have questionable professionalism and quality. Similarly, there is evidence to confirm that most taxi drivers perform poorly in the traffic system. The police figures show that public transport vehicles involvement in accidents with about 29% chances compared to small vehicles. Since most of the public transport users carry poor people, the poor are more susceptible to accidents. In addition, the poor people are not able to have proper medical care in post accident situation. This implies that their vulnerability to severity of accident is therefore more pronounced. Research in Uganda shows that road accidents impacts the poor most²⁵. This is because they are more vulnerable as pedestrians and cyclists to injuries. Pedestrians and cyclists are unprotected road users in the traffic system. The data shows that about 60% of the fatalities are pedestrians many

²⁵ Work done by Injury Control Centre, Uganda, 1998.

of whom are children. The rich reduce such risks by being passengers in the traffic system.

Uganda has no traffic safety policy. Although government has set up a new traffic Act and instituted safety studies, safety concern remains minimal and uncertain. One recent study²⁶ states that accidents are costing the Ugandan economy up to \$101 million per annum. This represents 2.3% of the GNP. This is a heavy loss if one considers that transport sector contributes 6% of the GNP. This implies that almost half of transport's contribution to GNP is lost in traffic accidents alone.

There is an oversight on the part of Government planners over failure to play a leading role in promoting liberalization at the expense of safety. For instance, importation of used tyres undermines safety commitment by Government. In addition, unlike the HIV/AIDS victims in Uganda, in regard to the legal process, the poor road users are frustrated by the system that treats them as mere evidence. There is failure in protecting the road user's rights and guaranteeing fair compensation. Road accident victims do not have a provision for material, medical, judicial and counseling assistance. The system is biased towards drivers. Drivers are usually powerful and influence the outcome of the judicial process, as the poor cannot be pitted against them. They see themselves as weak and are not treated with dignity they deserve due to inability to hire legal services. Unfortunately such issues are not reflected at the transport policy planning stages and therefore not tackled.

4.4.2.7. Economic rationale

It is true that privatisation has improved services since the government divested itself from the provision of services; however, the services are now based on economic rationale and therefore exclude many poor people. For example, roads in poor state of repair users suffer from overcharging or complete withdrawal of services by the operators.

4.4.2.8 Retrenchment

The responsibility for road administration and execution of road activities has been separated from the MOWHC by the creation of semi- autonomous Road Agency Formation Unit (RAFU). The creation of RAFU as a precursor to the future Road agency has led to implementation of RSDP that has been transferred to RAFU. In this respect, it has led to decrease of staff of MOWHC with an increase of staff in RAFU. However from Figure below, it is apparent that many workers of MOWHC are being laid off, as RAFU employment opportunities are limited and open to expatriates.

In other words sector reforms are impacting negatively to the poor employees who lose their livelihood thus increasing poverty as they end up being redundant.

²⁶ *Road safety Study, Uganda, Economic working Paper, Phoenix Engineering & Research Ltd, 2001*

Table 3. Impact of reforms on employment in the road sector.

Approved staff of MOWHC					
Year	1996/ 7	1997/8	1998/9	1999/00	2000/01
Establishment	2291	2159	na	1706	1603
Posts filled in RAFU					
Month/Year	March 1999	September 1999	March 2000	September 2001	April 2002
Establishment	4	4	22	44	64

Source: Road Sector performance monitoring Report, Gibbs Ltd for the RSDP-CU, MoFED

4.4.2.9. Labour based technologies: Lip Service?

Despite the confirmed commitment by the government for promoting labour based technologies, a recent study²⁷ shows that there appears to be a professional bias in favour of equipment intensive methods compared to labour based method. Labour-based contractors thereby strive to become equipment based in order to secure more contracts. This undermines the chances of creating employment chances for the poor.

4.4.5 Implementation problems

Although decentralisation has taken place since 1993, in practice, however, a lack of institutional capacity has meant that effective institutional framework remains to be established. In the district and urban areas officials are often overburdened by their many tasks, contracting industry suffers from procedures that are complicated, cumbersome and difficult to interpret and long drawn out procurement process. Also there is a lack of serviceable equipment at the district and urban levels. In addition, there are coordination problems between the centre and the districts as shown below

*" Poverty status report points out some anomalies such as allocations of a feeder roads grants to Kalangala (Islands), where most transport is water borne "*²⁸

4.4.6 Road condition.

Major efforts have been made to in the recent years to improve the road transport infrastructure and operations and these are beginning to be successful, however, much of the network remains in an unsatisfactory condition leading to loss of access and mobility and high transport costs. This translates into restriction of economic growth, low standards of health and education and an impediment on poverty eradication programme.

" Despite an improvement in the network, 63% of the population still do not have access to proper means of transport. Lack of affordable transport is

²⁷ Transport Sector Strategy Study, Final Report, Volume 2, IDC, Hyder and Parkman 2000.

²⁸ Revised PEAP, Volume 1, Draft 2, Ministry of Finance, May 2002.

restricting rural communities from accessing markets for their produce, hence adversely affecting livelihoods and food security²⁹.

4.4.6. 1 Urban Infrastructure

Whereas government has confirmed commitment to improving and preserving transport infrastructure, there is little attention being paid in developing the urban infrastructure for efficient urban mobility. Only 1% was spent on urban roads expenditure during the 3 Year 1996-99 periods. Under the RSDP only 4% will be spent, implying that little change is likely to be seen in the short term. Local and urban authorities are reluctant to improve urban mobility although on average, 10-30% of the local authorities funds are collected from road users from operating licenses and parking fees. These funds are used into other activities but not improving the urban mobility. This aggravates poverty as it is estimated that 18% of the urban poor people's income is spent on transport.³⁰

Urban roads are in a particularly poor condition and deteriorating rapidly. Using Kampala city as an example, It is estimated that 80% of the total vehicle fleet operates in and around Kampala and the rest 20% upcountry³¹. The current transport system in the city is characterised by the following; congested central business district, poor quality of service from public transport, high exposure to road accidents. This is seen in long commuting times and journey delays, lengthy waiting times for public transport, high accident rates. These have resulted from a number of factors including:

- Poor terminal organisation and management, which restricts the optimum use of the available public transport capacity.
- Use of small minibuses that contribute to congestion of roads. Poor standards of road traffic awareness, vehicle maintenance, and driver behaviour
- The low affordability of the poor to use public means of transport.
- The lack of funding available to the operators, who are thus unable to replace the existing vehicle stocks with modern, efficient and comfortable buses.
- The low capacity of the existing road network, and its inefficient use.

Draft transport policy summarises the problems of Kampala as

The problem of Kampala is lack of road maintainace, at least due partly to an inadequate revenue base from city council a failure to develop infrastructure in line with the rapid urban growth and inability to properly provide and regulate the supply of public transport.

4.4.6.2. Rural infrastructure.

Uganda has no rural transport policy although Government is committed to improving rural roads. Rural transport is expensive and there is evidence to show that the poor people use *boda boda* yet it is more expensive compared to taxi³².

²⁹ Extract of " Background to the Budget 1999/2000"

³⁰ ECA, *ibid*, 2002.

³¹ Road management and Financing study, Volume 2 BKS (pty), 2000.

³² John Howe, *Boda Boda*, Uganda's Rural and Urban Low Capacity Transport Services, Un published report, 2002

4.4.6.3. IMT promotion

Although Poverty Eradication Action Plan (PEAP) mentioned of the need to promote the use of draught animals, little is being done to promote Intermediate Means of Transport (IMT). Even the plan for Modernisation of Agriculture little is mentioned on use of IMTs to improve on rural travel. A recent baseline survey³³ shows that

"Villagers expressed a need for a better availability of means of transportation. In particular, high cost and lack of available transport were indicated by both men and women as main household travel and transport problems"

Bicycles, which are widely used in rural Uganda, for instance, are heavily taxed, making the poor people's ability to afford the difficult. This is in contrast to Government of Kenya that removed all taxes on bicycles.

"The availability of adequate transport is a prerequisite for development, poverty eradication, attraction of private investments, and the facilitation of regional economic integration and international trade. It is this context that Ugandans aspire for a modern, integrated, efficient, safe and environmentally friendly transport system. In addition, they wish for transport modes that complement one another.... They aspire walking long distances and transporting heavy loads by portage should be eradicated. In this regard, Uganda aspire for use of motorised transport by all"³⁴.

In regard to water transport, Government's approach is biased towards acquisition of ships or formal water transport that cannot serve all the islanders and there is no attempt in place to help the private sector with technology transfer for safer and more economical vessels. The result has been that the poor people living around the lakes and rivers in Uganda are isolated. It is evident that the provision of services to such communities is difficult and transport is one of the most pressing problems hindering development of these areas³⁵.

"Despite an improvement in the road network, 63% of the population not have access to proper means of transport. Lack of affordable transport is restricting rural communities from accessing markets for their produce, hence adversely affecting livelihoods and food security"³⁶

4.4.9 Trade Issues.

Trade is one of the most powerful forces linking our lives and sources of unprecedented wealth. Trade could be a powerful vehicle that can reduce poverty and support economic growth but that potential is being lost both at local and international trade.

³³ Kleih et al Improved Food Marketing Through Appropriate Transport for Poor Farmers in Uganda, NRI report No. 2734, Final Report, 2003.

³⁴ Vision 2025, ibid ,1997.

³⁵ Kwamusi Paul, Waterways and Livelihoods, 2003.

³⁶ Background to the Budget, 2000, MOFED, adopted from Road Management and Financing study, Volume 2 BKS(pty), 2000.

4.4.9.1. Low produce prices.

In many cases, poor farmers are given less than 20% of the final product in the markets found in the urban areas. This is due to the presence of many middlemen and women who handle the produce on its way to the market. Studies³⁷ have found out that the poor people sell their produce to the middlemen even before the harvesting takes place due to pressing family problems thereby getting even lower prices.

4.4.9.2. Taxation

There are cases of inappropriate government policy to tax commodities used by the poor. The tax on used clothes (Mivumba) for instance, is unrealistic. Uganda levies 15% as import duty, 17% as VAT and 15% as excise duty. This is a total cumulative rate of over 50%. This is higher tax than what is levied on luxury vehicles. There is no tax that has such an adverse impact on poor people. It should be noted that it is estimated that the employment opportunities of up to 100,000 with 6,000 being located in Owino market in Kampala. This is double the number of the people employed in the textile industry who are being 'protected'.

4.4.9.3. International Trade

Oxfam estimates that in Africa alone,³⁸ if trade could be increased by only 1% this would mean that \$70 billion approximately five times what the continent receives in aid. There is an unlevel playing field that has made many poor farmers even poorer, or forced them out of the land completely.

Uganda heavily relies on coffee. Coffee boom leads to improved livelihood and improved transport services as Howe³⁹ traced the origin of *Boda boda* to the booming coffee trade. Currently, however, there are heavy losses that are being encountered by Uganda, particularly the smallholder farmers due to unfair trade practices.

*" There is a crisis in the world coffee prices.... Massive overproduction has pushed the prices down to an all time low.... million of coffee producers face ruin. Families are unable to buy medicines, enough food, or to send their children to school. The four giant coffee companies make huge profits while paying farmers less than it costs to grow it"*⁴⁰

*"The rich countries stress their commitment to fight poverty, yet in practice have rigged rules and double standards lock poor people out of the benefits of trade. For instance, the rich tell the poor countries to get rid of subsidies but continues to spend \$1 billion per day on subsidising its own farming enterprises. The result is dumping on the world markets undermining the livelihood of millions of the smallholder farmers in poor countries."*⁴¹

When developing countries export to rich countries, they face barriers that are four times higher than those encountered by rich countries. These barriers cost \$100 billion the developing countries per year much more than

³⁷ Kleih et al Improved Food Marketing Through Appropriate Transport for Poor Farmers in Uganda, NRI report No. 2734, Final Report, 2003.

³⁸ www.maketradeair.com. visited on 10th June 2003. Please visit www.maketradeair.com/Uganda.

³⁹ John Howe, Boda Boda, Uganda's Rural and Urban Low Capacity Transport Services, Un published report, 2002

⁴⁰ www.maketradeair.com.

⁴¹ www.maketradeair.com. visited on 10th June 2003.

what they get as foreign aid. Ugandan fish products for instance, are sold to European middlemen who eventually sell on the American markets. Uganda has no direct access to the American fish market.

There are suggestions that since developed countries are agree on trade issues for example through Paris club, developing countries should also form a "poverty club" in which they could articulate issues from developing countries. There is need to create a network that rejects the imposition of measures that deepen trade inequality and poverty.

4.4.9.4. Cross border informal trade.

Alongside the formal international and bilateral trade, there exists a vibrant cross-border informal trade between countries. This trade is usually referred to as informal because it largely works outside the national and regional policy framework. It is usually seen as illegal. Customs and government agents discourage this form of trade, as they believe it contributes to smuggling and revenue losses. Quite on the contrary, it also based on the nature of African production systems, which is based on subsistence agriculture whose production levels are too low to benefit from economies of scale.

Informal trade is important in a number of ways; firstly, it contributes to food security across the countries involved in the trade. Maize is usually exported to Kenya from Uganda in return for manufactured goods. Secondly, it creates employment for a number of players, including, transporters, boat operators and women who use this activity to increase their household income. Thirdly it creates social integration within the people of the region

Transport plays a crucial role in the facilitation of cross border trade. Given the little production volumes, and the low volumes require collection and are wide spread, the intermediate means of transport (e.g. bicycles, motorcycles, wheelbarrows and boats) are the most appropriate means of this trade. A rethinking of new policy for trade and transport on this informal trade is necessary. The government has to design simplified the customs procedures and quality assurances standards among others.

4.4.10 Environmental issues

There have been interventions to address the problems related to environment issues and Road sub sector. The Environmental Policy and management assessment study was conducted to identify the status of the country's procedures for conducting EIAs of the road sub sector.

Little has been done in raising awareness of environmental issues that are not adequately addressed be it by the Road agency or the NEMA. For instance, the road users are not aware of how to cope with issues like fire fighting oil spills. Oil spills are a common occurrence in Uganda especially along the Northern corridor usually leading to fatal fires killing the poor people who usually want to draw from the wrecked vehicles. In addition, communities on the project areas are not assisted in dealing with burrow that is left behind after road works. These usually become mosquito breeding grounds usually causing malaria sickness.

4.4.11 Traffic security

Security, just like safety is an issue that is important in regard to assessing transport policy outputs. However, security or crime in transport is usually not considered during transport policy formulation yet it is critical in the perspective of poverty reduction as the poor are the most vulnerable.

4.4.11.1: Civil war.

Civil insecurity in the north that has kept nearly 800,000 people displaced from the districts of Katakwi, Pader, Gulu, and Kitgum. Poor people currently live in internally displaced camps (IDC). In addition in areas of Katakwi, Moroto and Nakapiripirit the poor people are in protected camps due to attacks by the Karamajong cattle raiders. In both cases food transport networks are disrupted leading to problems of food insecurity as it has kept away traders from bringing food. The rebels target public transport and usually kill and injure the poor in the process. In addition, Intermediate modes of transport like donkeys and oxen are lost in the process. These events devastate and inflict enormous trauma onto their victims, leaving them economically poorer and food insecure.

4.4.11.2. Criminal gangs

Road users are vulnerable to crime in transport thus undermining the role of transport in trade or provision of livelihood. Traders for instance, are targeted when they are leaving market place. Public transport users lose money and valuables to pickpockets. In regard to Water transport, pirates usually harass the transporters. In regard to road public transport, the operators are also vulnerable. For instance, criminal who pose as pillion, usually steal motorcycles by injuring or killing the operators. Criminal gangs usually infiltrates the public transport operators and terrorise the poor road users.

4.4.11.3. Transport as a source of security for the poor.

Transport on the other hand provides a sense of security. Road users especially the women are more secure hiring motorcycles during the night rather walking in dark spots.

4.4.12 Involvement of private sector stakeholders in policy formulation

4.4.12.1. Policy formulation process

Although Government has confirmed private sector involvement in provision of transport services, civil society and private sector's hand in the policymaking process remains minimal. Starting with the process itself, the way by which transport policies and strategies are made is top-down. Government usually engages consultants to carry out studies, which eventually end up into policies for the country. Though arrangements are usually put in place mainly through the workshop contributions of the stakeholders. These workshops are largely seen by the civil society as merely 'endorsements' of the proposals that were submitted by the government than providing inputs into the debates backed by in-depth analysis of the present situation concerning the ordinary road users⁴².

⁴² For Example, the private sector recommendations were discarded in the Uganda Road safety study in 2001.

There is however acknowledgement from the civil society that they lack of capacity to engage donors and government in meaningful dialogue about macro economic or transport issues whether at national or local level.

*"Only a few civil society organisations have the capacity to influence policy planning. The actors are not even aware that space is open for them to participate. There is a danger that CSO might endorse position, which they have little knowledge about. There is a clear need to empower CSO for greater impact on policy planning, implementation, monitoring and evaluation"*⁴³

4.4.12.2. Public-private sector mistrust

The danger of not involving the wider population in the policy making process is the loss of popular ownership and failure of poverty reduction programmes as identified by Vision 2025, which is a key element in public-private partnership. In other words it leads to public -private mistrust. This works to the disadvantage of the poor.

4.4.12.3. Lessons from other sectors

Transport policy planning has for a long time been a public service role. Since it is now a government policy to open up and work with the private sector, planners of in the transport sector ought to learn from elsewhere for best practices. The health sector for instance, takes the private sector as partners for a win-win situation. Private health providers are involved in the formulation, planning and in the implementation of health policies and strategies. During the recent budget for instance, government has subsidised private health providers with Ushs 17.2 billion (\$8.5m) thereby underscoring their vital role in delivering health care.⁴⁴ Instead, in the transport sector, they are more concerned with fines as a form of regulation rather than in the planning.

4.4.13 Infrastructure financing

Commercialisation is an aspect of Government's transport policy. Although the past budgets have scored well in terms of matching resources to strategic objectives of improving financing of transport investments and there has been substantial increase in regard transport areas during the years, long term financing of transport investment need to be planned. Even in the last 2002/3FY, there was a cut in maintenance of funds due to increased defense budgetary spending. The Transport Sector Strategy Study and Road Management and Financing Study have advised for the need for both the creation of a Road Fund and a National Maintenance Fund.

The argument is that the burden of transport expenditure should be shifted from the general taxpayer to the road user, who becomes a paying customer demanding value for money, subject to principles of full cost recovery, efficiency and equity. The reasons for poor condition of the infrastructure and non-funding of transport services like road safety are therefore a result of less investment into the sector as resources are diverted elsewhere.

⁴³ Opportunities and challenges for CSO, Deniva newsletter, Volume 13, Oct-Dec 2002.

⁴⁴ Uganda Government budget, 2003.

The establishment of the Road Fund does not appear to be near or in advanced stages. Critics of Road fund argue that the allocation of revenues (fuel tax) reduces the Ministry of Finance's flexibility in the planning the allocation of public expenditure.

Most of the road infrastructure depends on donor funding, as such, donor funding may dry up without much warning. Government should ensure that there are plans to become independent of such donor funding. Self-funded maintenance can be sustainable in the long term but maintenance funded on loans or grants is not necessarily so. The need for reduced donor dependency is crucial to reduce on shocks of donor withdraws.

Chapter 5

Conclusion

There is need to ensure that revenues from the transport sector are re-invested in sufficient quantities to guarantee efficiency of the sector's operations. At the moment, the road transport infrastructure remains in an unsatisfactory condition leading to difficulties in mobility and high transport costs. In urban areas, there is little attention being paid in developing the urban infrastructure for efficient urban mobility. Only 1% was spent on urban roads expenditure during the 3 Year 1996-99 periods. Under the RSDP only 4% will be spent implying that little change is likely to be seen in the short term. Local and urban authorities are reluctant to improve urban mobility. The role of transport in poverty alleviation is with out doubt significant. This is confirmed by the fact that 6% of the GDP comes from the sector. The sector provides one of the biggest sources of revenue for both central and local government level. This is largely through fuel taxes and local taxi parks management tenders respectively. This revenue is in turn is used by government to implement poverty reduction programmes. Transport sector also contributes positively towards poverty reduction as a facilitator it stimulates the development of other related sectors In addition, the development of other sectors, which also contributes towards poverty reduction efforts.

It creates and provides employment especially to the urban poor and is a means by which the poor to conduct their business and a source of livelihood. The private sector in the transport sector has particularly been at the forefront at creating and maintaining employment. This has been largely seen in the areas of *boda boda*, mechanics, spare part dealers and fuel dealers. Road infrastructure works is also beneficial in employment provision.

A review of government documents reveals that there is over emphasis on roads to poverty alleviation rather than transport as a totality. There are also arguments that emphasis on roads has led to the neglect of other modes of transport e.g. rail and water transport. The lack of integrated transport planning has led to biased policies towards road transport and roads in particular and the draft transport policy and strategy paper seems silent on this.

Despite the above contribution of the sector towards poverty reductions, there are obstacles that currently compromise the sector's contribution towards poverty reduction. It is important to address them because they are an explanation for inefficient transport services in Uganda. Such impediments require urgent attention if the poor are to benefit in terms of cheaper yet efficient transport services.

The current government-planning framework for the transport sector requires a comprehensive review if the goal of poverty reduction is to be attained. This is crucial because, firstly, the framework is unfairly tilted and biased towards infrastructural investment with less regard to service provisions that affect the poor. Roads are not enough; they should be complemented with affordable pro-poor transport service system.

Secondly, the current planning framework is not well integrated to effectively address poverty focussed transport service provision. Uganda is yet to develop a rural transport policy to effectively address rural transport services (especially water transport) and intermediate means of transport (IMTs). Lack of clear policies and strategies to address these issues is one explanation why the sector is not contributing to the reduction of poverty, as expected.

Thirdly, the implementation processes of laws and regulations within the transport sector for protecting the poor are weak. The water transport laws in country for instance are extremely weak. Even the newly enacted laws have implementation problems. The supervisory institutions under the Ministry of Works like the Transport Licensing Board and National Road Safety Council are too weak and under-funded to control the service providers. This has led to poor supervision of the private sector by the line Ministry. This has had implications to the quality of service provision especially for the poor.

Liberalisation of the transport service sector by government of Uganda into the hands of private sector was important given the fact that government is not good player in regard to business and the overall global trends. This is based on the premise that the forces of supply and demand of the business will create an efficient transport service. However, cartels and political patronage have created artificial hurdles towards competition. This situation requires government to develop a framework that has in-built mechanism to protect the poor.

This is important because the driving force behind the private sector is profit rather than service for the poor. There are for instance, reported cases of withdrawal of transport services due to low demand or poor road condition.

The current investment environment is unfavourable for both local and foreign investment in the area of mass transit service for Kampala. Kampala is long due for mass transit service as the public transport service is inefficient and is characterised by low capacity taxis usually causing traffic jams and delays. The potential investors are reluctant to invest in public transport despite the rising transport demands due to the poor and hostile competitive actions of the present actor. UTODA agents for instance, stoned the buses in 2004, which had started providing a cheap transport service for Entebbe-Kampala route. The service was suspended as a result. No action has since been taken against them. Such chaotic situation does not benefit the poor; on the contrary, it affects them negatively thereby intensifying poverty.

It should however be note that efficient transport services for the poor cannot be created through government efforts alone. This requires government in partnership with both the NGO and private sector to review the transport planning process with poverty focused perspective. This will then result into development of a concrete transport framework. These civil society organisations are effective "feelers" on the ground for the benefit of government. They also understand issues affecting the poor quite accurately. This is because their advocacy roles are deeply rooted in their work that is largely based on action research and this paper is one of the many such results. However, the civil society organisations in the transport sector are in infancy stages compared to those in other sectors in Health. Government has recognised the role of productive partnership with the private sector and has helped the development of the local contractors association. However, The MOWHC needs to expand this partnership to include other organisations like the First African Bicycle information Office (FABIO), Uganda Private Road users Association (UPRUA) and Transport forum Group (TFG). A strong and vibrant civil society is important for government as civil society organisations advocate for interests of groups who might otherwise be neglected.

There is an urgent need to address the issues of safety if transport sector is to contribute to poverty alleviation. This is because it has been found out by studies in the country that the poor suffer compared to the rich in cases of accidents. This is because they depend on public transport that are unsafe and their access to post accident assistance is limited due to inability to

access and afford quality medical services. Public awareness in regard to problems related to safety need to be made right from the policy makers who allocate the resources to the poor road users who are the victims. This is important because the policy makers under-allocate resources for this safety. The national Road safety council is dormant and one reason is due to low resource allocation. The road users need to be made aware of dangers of unsafe road behaviours using a sustainable yet consistent approach.

There is need to address the problem of safety if water transport needs to be improved. Water transport users are a vulnerable user group who use unsafe vessels and more often the boats capsize in the process. Water transport is important for Uganda, as it is the source of foreign exchange through export of fish. This is because there are poor are isolated from rescue and recovery services.

Finally, Uganda is yet to articulate an integrated rural transport policy that looks at more than the rural roads. Rural transports are poorly developed and expensive. For example, there is evidence to show that the poor people use *boda boda* yet it is more expensive compared to taxi. Little is being done to promote Intermediate Means of Transport (IMT). Even the plan for Modernisation of Agriculture little is mentioned on use of IMTs to improve on rural travel. Bicycles, which are widely used in rural Uganda, for instance, are heavily levied with tax duties making the poor peoples ability to afford the difficult.

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