

Box 3.2 The Uganda Poverty Reduction Support Credit

On May 31, 2001, the Board of the World Bank approved a \$150 million PRSC for Uganda to support the implementation of the country's poverty reduction strategy set out in Uganda's PRSP. The PRSC is the first of a planned series of three World Bank operations to support Uganda's medium-term development and reform program. The President's Report for the Uganda PRSC has been disclosed and made publicly available at the World Bank's InfoShop.

The Uganda PRSC, the first IDA credit supporting the implementation of a PRSP, supports policy and institutional measures in the government's strategy, with a focus on improving public service delivery through (1) efficient and equitable use of public resources, (2) improved governance through cross-cutting public sector reforms, and (3) improved access to and quality of education, health care, and water and sanitation services. The PRSC builds on a broad range of economic and sector work carried out in Uganda—including household surveys, an enterprise survey, surveys to assess public service delivery and corruption, and diagnostic reports such as the Country Financial Accountability Assessment and Country Procurement Assessment. It supports the government's anticorruption action plan and helps to create an effective incentive system to improve service delivery.

The participatory process used to develop the government's poverty reduction strategy that underpins the PRSP Program broadened the country's ownership of the reforms, and a large number of partners are ready to support their implementation. The multisector, programmatic approach promotes Uganda's ownership of its poverty reduction and public expenditure program and collaboration among local and external partners—with Bank support through the PRSC focused on policy and institutional reform measures with the highest poverty impact in those areas where the Bank has a comparative advantage. In addition, the approach helps reduce transaction costs in delivery of external assistance, strengthen budgetary institutions, and align external support for service delivery reforms with Uganda's budget cycle, which is an essential ingredient for sustained institutional reform and poverty reduction.