## EDITORIAL

# WHY ARE DONORS RUNNING AWAY FROM HEALTH IN UGANDA?

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Since 1990, many development partners (read 'donors') have come to Uganda to support various health activities. Initially, most support was channeled through projects directly implemented by the donors or their agents such as local or international non-governmental organizations (NGOs). However, these approaches were criticized for creating "islands of excellence" in certain geographical parts of the country or in certain programmes within the health sector. With time, urged by international trends in aid management, many donors agreed to contribute to developing local national management systems by passing their assistance through general government budget support. Mechanisms intended to facilitate government leadership of all action in the country took root. One such important mechanism was the sector-wide approach (SWAp), in which the government and the donors jointly agreed upon the priority (action and geographical) areas for which funds were required. Government agreed to let the donors have an important voice in national policy-making while the donors pledged to bring in more funds and to put all their resources in this kind of common pool of the government budget. At national level, therefore, the participating donors could only dictate that their funds be put in the health or other sectors, but not the specific activity or geographical area (Walford, 2003). However, some key donors rejected the approach and instead only supported it in principle. They maintained their direct projects and kept their funds off the budget. External funding initially came in large quantities and led to the health sector growing comprehensively.

Over the last ten years, however, several of the important sources of funding for health activities in Uganda, including those who had committed themselves to the SWAp and those who had stayed out, have closed their doors to the sector. Funding has now been either withheld from the country altogether, or diverted to other sectors or is currently delivered through mechanisms that lie entirely outside the health sector and make it hard for the sector to own the results. Only a few major sources of funding can be said to have come on board. There are various reasons for this decline, some of which can be remedied to maintain the remaining support. The repertoire of reasons includes local and international events and processes.

First, there has always been the fear and distrust of the accountability profile of developing country government systems. Many donors did not trust that their funds would be used for the agreed purpose and not embezzled for personal use by government officials or for activities with political patronage. This fear made some of them only sign a memorandum of understanding showing that they support the SWAp in principle but will not be involved in it. Others only committed a small portion of their funds to the general budget support process, keeping the rest in project form. In return, the government agreed that as long as the activities which these donors supported form part of the agreed priorities, their support would be agreeable. Their fears about poor accountability by government officials soon came to be confirmed by the major corruption scandals involving Global Fund and GAVI money which rocked the health sector, never mind that Global Fund money was managed like a project. The two scandals dented the image of the health sector so badly that those donors who had stayed out of the budget support process could be imagined saying their "I told you so", while those who were in budget support were looking for a way out. Many actual and would-be donors for budget support shelved their ideas and looked for projects to support while others looked for new sectors altogether, because they did not want to be identified with the health sector.

Secondly, there was fear of supporting some government policies which were undeclared from the start and which may not be agreeable to the donors. Uganda's military involvement in the DR Congo, irrespective of the stated reasons, did not go down well with some donors and they pulled either out of

budget support or out of the country. Thirdly, budget support was an unfamiliar approach to many donors, who were used to project support for easy visibility, control of resources and attribution of results. Rather than wait and feel obliged to join the budget support process in the health sector, several donors opted to move to those sectors which did not insist on sector support or support through the general budget. One such popular destination sector is "Good Governance", however multiply the term is defined. Fourthly, there was a major turnover of individuals at the helm of the health sector that was not ignored by the donors. Many key personalities instrumental in the process of reform which brought about the budget support approach were no longer available to sustain it. Instead, they were largely replaced by individuals whose credentials and practices were different. Many donor agencies also had a high turnover of their staff who had imbibed the reform process and were committed to budget support. The credentials of the replacements were also different from those of their predecessors. On both sides, there were concerns about the quality of leadership and governance and both sides progressively often complain about each other in private and occasionally in public. This has led to an erosion of trust and offered the donors yet another reason to bolt out of budget support and sector support at the slightest opportunity to do so.

One such opportunity was offered by the end of the war in northern Uganda. Several major sources of funds opted to support the region directly through their own projects or through NGOs and community-based organizations (CBOs). Another opportunity is currently being offered by the all-but-declared collapse of the Public-Private Partnership for Health (PPPH). Due to the government's frequent unilateral decisions unfavourable to the private sector, especially on funding of the private-not-for-profit (PNFP) sub-sector and staff salaries, several donors are now opting to again begin supporting projects in the PNFP sub-sector. This will further reduce the resources for health controlled by the government which could be available for equitable distribution through budget support.

Political patronage has progressively become a frequent complaint, with many donors complaining about the increased involvement of State House in the daily management of the sector (Örtendahl, 2007). The recent State House interdiction of a Permanent Secretary who was largely seen as efficient confirmed this discomfort of the donors and gave room for speculation that a more malleable replacement was underway. This has also led some donors to edge outwards of the sector.

The effect of the global economic crisis of 2008-9 on the ability of the donors to sustain budget support cannot be ignored. Several donor countries were so badly hit that they are on the brink of being recipients of aid, themselves. Therefore, several of them have had to close local offices, withdraw their commitments, accept no more new requests or operate through smaller projects in 'softer' sectors.

With all this exodus of funding, the health sector has, through the government, resorted to a number of strategies to sustain health funding. The most important approach has been to strengthen advocacy for increased government funding for the health sector. Most of the erstwhile budget support from the donors was in form of grants. Having no alternative resources for replacement, the government has resorted to replace the grants with loans. In the recent past, at least three key soft loan applications in favour of the health sector have been presented to major banks. At least one has already been funded. Whereas it is not good for a country's health to be dependent on grants, the grants offered the country some breathing space and allowed the national economy to grow to a level where now, about 70% of the national budget is self-funded. A key concern is the ability of Uganda to repay these loans in the future. Is Uganda setting the ground for the third round of the Highly Indebted Poor Country (HIPC III) Initiative? As the old adage says, "fat people dig their graves with their own teeth".

**References**

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