

Our strategic priorities

EPRC's Strategic priorities are the six main thematic areas in which we aim to make a difference in the next five years 2013/14 to 2016/17. They help to focus our research work within EPRC and with our partners in the pursuit of common goals, and they serve as a key tool to help us track the impact of our work

The guiding principle of our strategic priorities is the need to support the policy direction and priorities of our stakeholders in the new areas that have emerged as a result of the changes in the external global development environment. In addition, the Ugandan economy is being transformed significantly and new challenges and opportunities are emerging which require critical analysis and research for evidence based policy options and responses. Furthermore, the economic and social development challenges facing the country require systematic analysis of the root causes of the problems and the possible alternative strategies to mitigate these problems. Our strategic priorities therefore aim to provide potential areas of research focus and are not intended to reflect our actual research work, which will continue to be identified and tailored to the needs that emerge through consultation and dialogue.

In view of the above, the focus areas for our next five years are categorized broadly as:

TA 1: Economy, Employment and Public Finance Management	TA 2: Macroeconomic Analysis, Social Service Delivery and Protection	TA 3: Private Sector Development and Competitiveness
<p>One of the priority objectives of the Government is to sustain high economic growth and create employment particularly for the youth. Inevitably, there is also increased focus on improving competitiveness in view of the EAC integration where Ugandan firms will face increased competition. There is also a renewed focus on inclusive growth in order to sustain poverty reduction efforts in the country and to curb the growing inequality among Ugandans. While some of these issues may be of a policy nature, some relate to institutional aspects which require in-depth understanding through research.</p>	<p>EPRC focus is on strengthening understanding of the linkage between macroeconomic performance and sectoral/microeconomics that are necessary to speed up the pace of socio-economic structural transformation. This entails research analysis into the microeconomic and service delivery actions that translate into social-economic improvements at household and macroeconomic levels. Our work in this area also focuses on developing effective responses to the ongoing national debate on the potential impact and effect of enhancing direct social protection for Ugandans as a means of alleviating poverty particularly on vulnerable groups i.e. the elderly, children and women.</p>	<p>EPRC is aware that despite the increased role of the state in economic growth and development particularly in the provision of public goods and strategic investments, the private sector remains a key engine of economic growth. However, Ugandan firms face various growth and survival constraints which undermine the private sector led growth such as limitations to competitiveness and high cost of doing business which negatively impact on productivity. Some of these impediments and their implications are not obvious often leading to conflicting government policies and initiatives. EPRC through is working to provide insights into the role of the state vis-à-vis private sector in building a competitive economy.</p>
TA 4: Natural Resources Management	TA 5: Policy Inconsistency and Implementation Gaps	TA 6: Trade and Regional Integration
<p>Sustainable use of natural resources underpins all of our livelihoods, and community well-being. It is an important area of community concern, both domestically and internationally. Successful management of natural resources involves sound technical practices, good policy, and often most importantly, collaboration between individuals and groups with different interests within a landscape. It combines environmental, social, economic and policy considerations, considered from local to global scales. Since many of the issues are interdisciplinary in nature, there is need for extensive research in this area to support development policy discussion and enhance the quality of strategies, policies and NRM related operations.</p>	<p>EPRC research in this area examines Government behaviour in as far as policy formulation and implementation is concerned. There is growing evidence that one of the major constraints to economic growth and social welfare improvement is inconsistency in Government policies and gaps in their implementation. Addressing the problem requires a deeper understanding of whether the current policy direction, planning, prioritization, budgeting, implementation and monitoring processes are consistent with national development outcomes? And if not, exploring the possible solutions.</p>	<p>Uganda is a small open economy which derives a significant portion of its growth from trade. Thus, issues of trade and regional integration need to be monitored closely. EPRC work is supporting understanding of the implications of the changing global trade dynamics, the role of the development state in trade facilitation as well as monitoring and evaluation frameworks for the implementation of the East African Community (EAC) and other Regional Economic Commission (RECs) protocols. Furthermore, the research shall shed more light on how Uganda could reposition itself considering the shift towards emerging economies away from traditional markets.</p>

Sub-Themes Under : Economy, Employment and Public Finance Management

Sub-Theme 1.1: Sustainable growth and development

This subtheme focuses on macroeconomic policies that impact on growth and competitiveness, including monetary and fiscal policies and the drivers of Uganda's economic growth. The research questions focus on the strategic economic policy issues and include, but not limited to: What policy mix & strategic interventions can lead to higher & inclusive economic growth? What are the implications of the conduct of monetary and fiscal policies for economic growth? What are the potential drivers of economic growth that can lead to economic competitiveness in the future? Is Uganda's economic growth and development strategy transformative and sustainable?

Sub-Theme 1.2: Employment

The focus in this subtheme is on policies and practices that are employment enhancing and those aspects that impinge on employment creation. There is some preliminary evidence that suggests that while large firms get preferential treatment they have substituted labour for technology thus leading to a reduction in average employment per firm over time. On the contrary, small and micro enterprises which have a higher capacity to hire are also facing constraints of various types. There is therefore a potential conflict between Government policy and employment creation objectives which require deeper analysis to understand. The issue of unemployment is so complex that at times it's not well understood, and research can help to unpack this issue. The research questions in this area include the following: What are the sectoral issues and support in addressing unemployment? What are the specific skills development tools required to build a workforce that is competitive at least within the EAC? Are the current government initiatives adequate to solve unemployment and what role can the private sector play in addressing the issue of unemployment? What is the nature and structure of unemployment? What areas of the economy have a high potential of generating employment? Why are firms in Uganda inclined to employing foreigners? Is it a question of regulation or competitiveness?

Sub-Theme 1.3: Public Finance Management (PFM)

EPRC work in this area concentrates on overall public finance management. Our research focuses on understanding issues related to the key challenges in public finance management. The aim is to provide empirical evidence to support the need for reforms.

We seek to identify whether the current public finance management policies, legal and regulatory frameworks are adequate to promote efficient public finance management. Are there ethical issues that impact on public finance management like has been the case in many Government institutions, and what are the safeguards measures to minimize impact on the economy and welfare of the majority? Other specific areas research activities in PFM include: (i) understanding the issue of Ghost workers, leakages of public resources, accountability mechanisms and gaps, the nature of corruption in public institutions and the motive behind such behaviours, M&E, and issues of policy consistency. We believe that research in this area will help to come up with options on how to curb down ghost employees, and how to undertake M&E that ensure value for money and tracking of public finance wastages. (ii) Public Revenue management including how to improve tax administration is another area of focus. The research questions include: Does government have the political will to collect tax? What are the incentive structures for tax collection and evasion? What is the role of public and private institutions? Are the public polices and institutional structures appropriate to enhance domestic revenue mobilisation? How to improve tax revenue performance and what are the options for increasing Uganda's tax base? and what is the cost of the trade-offs in providing fiscal incentives to support private investment? (iii) Public Expenditure: The research focus is on how can government improve allocative and operational efficiency of public resources? How is the expansive public administration impacting on local economic development and service delivery? What are the critical factors that undermine or enhance efficiency in budget implementation and which impact on service delivery and growth prospects? How can government prioritize public expenditure? (iv) Financial Aid and sustainability: In view of diminishing ODA and constraints in domestic revenue mobilization; what options are available to government to finance its investment programs? And what are the costs of these options e.g. PPP, non concession financing, contractor financing? What would be the appropriate balance between cost of borrowing and growth in utilizing domestic debt financing on the budget? What has been the impact of development assistance on the country's growth and development objectives? What is the likely impact of a donor shift of emphasis from budget support to project support? What are the likely consequences of these shifts on Uganda's development strategies and

economic reforms?

Sub-Themes under Microeconomic Analysis, Social Service Delivery and Social Protection

Sub-Theme 2.1: Microeconomic Household issues and Poverty Analysis

This sub-theme focuses on microeconomic issues that impact on household welfare more directly, including a continued analysis of poverty issues, vulnerability and the important issues of strengthening the linkage between micro and macroeconomic sub-sectors. The analysis in this area could focus on analysing household survey data sets tailored to specific household issues such as impacts of various Government interventions on household welfare in various regions of the country, the effectiveness of interventions in rehabilitation and regions of the country, the effectiveness of interventions in rehabilitation and resettlement of internally displaced persons in the Northern part of the country, the likely short and long term effects of Government allocation of resources to vulnerable groups such as children and the elderly and what are the sectoral/macroeconomic policy issues in enhancing service delivery to the poor.

Sub-Thematic Area 2.2: Social Service Delivery and Social Protection

This focuses on social services delivery in the areas of education, health, water and sanitation because of their direct link to poverty and also in view of the international commitment to the MDGs. Whereas previously the focus was on mobilizing resources for this sector, the critical research issues going forward would be those related to public finance management and how this affects social service delivery and what mechanisms can be adopted to improve the quality and value for money in the sector. It is common knowledge that while Government has increased spending to social services; the quality of these services has instead deteriorated. The research could focus on the impact of poor social service delivery on poverty reduction, economic growth and social harmony. Research could also focus on the sector specific measures that could be adopted to deal with particularly the complex institutional and political economy issues that translate into poor service delivery despite the heavy investment in social service infrastructure such as construction of health centres. Government is currently undertaking reforms in the social protection area which have potential to impact the social welfare of the population in a fundamental way, and expected to contribute to the country's quest for increased

domestic savings. To-date this has involved putting in place a regulatory framework for all retirement benefits schemes, and the proposal to introduce completion in the sector as a way of improving governance. Government is also implementing a largely donor driven citizens Grants programs including cash transfers for the elderly. Research could focus on the impacts and sustainability of such targeted programs, and how best they could fund as well as the resources allocation trade-offs.

Sub-themes under Private Sector Development and Competitiveness

Sub-Theme 3.1: Private Sector Competitiveness, Regional Integration and Access to Finance

Under this subtheme we explore what is generally impeding competitiveness in the private sector and what is the relative role of infrastructure, access to finance and cost including issues of risk ratings. What is the impact of lack of availability of term development financing where most projects of a developmental nature are financed through commercial credit often at very high interest rates? What factors are preventing bank credit from being channeled to productive sectors of the economy such as agriculture, manufacturing etc. and what are the incentive structures that can help attract credit in these areas? Are the credit institutions in Uganda structured in a manner that promotes long term private investment and what role can the state play in redirecting credit to productive sectors? What is the potential of savings and pension reforms in promoting access to finance? What are the critical issues for private sector access to markets, global and regional, how can Uganda deal with issues in customs union (such as non-tariff barriers) and the planned monetary union in order to be competitive within the EAC?

Sub-Theme 3.2: Policy Framework and Initiatives to Promote SMEs

What are the policies and complementary initiatives that would promote SMEs in value addition in key sectors such as agriculture, and what are the relative important of cost drivers in the SME sector. What are the necessary skills development requirements and how best to address the currently very low productivity due to lack of relevant skills among SMEs. What are the roles of the state and the private sector in bridging skills gaps? What are the implications of regulation and deregulation, as well as the broader governance issues, such as corruption, on the private sector? What kind of technology is most suitable for Uganda's private sector and what are the impediments to technology transfer and incubation by SMEs?

Sub-Theme 3.3: Institutional Behaviour and Private Sector Development

Issues of budget allocation to productive sectors that will propel growth

What alternative options are available to expanding the tax base and what are the trade-offs for private sector competitiveness and development. For example what are the costs and benefits of tax holidays and exemptions to large firms which are on average employing a decreasing number of the workforce, to the alternative of investing tax revenues in areas which enhance competitiveness for the private sector as a whole particularly SMEs which have a higher employment potential. What are the required institutional reforms required to promote private sector development including in ensuring quality and standards, boosting volumes for export market guarantees, easing access to markets, and supporting packaging and marketing for value addition?.

Sub-themes under Natural Resources Management

Sub-theme 4.1: Oil Resources Management

To support the on-going process of putting in place the policy, legal and regulatory framework for oil resource use, EPRC research in this sub-theme shall focus on topical issues in management of oil revenues undertaking vigorous research and analysis of the potential impacts on other sectors of the economy, environment and measures to mitigate against degradation, impact on the social-economic welfare, and providing information on good practices elsewhere. Research could also critically examine and assess the existing laws and draft legislations with a view of ensuring equity and prudent utilization. To what extent does the oil policy and revenue management strategy address the likely development challenges? Local participation in the oil sector is a critical and sensitive issue that require careful balancing. Research in this area may focus on avenues to enhance the “Local Content” in the sector including participation of SMEs and Uganda’s workforce. For example, what skills that the country need to develop in order to maximize benefits? In particular, research could help to understand which areas can be developed competitively in the downstream of oil production and which ones could be import substituting. Through its outreach and networking EPRC work could help in filling the information and communication gaps which exist in the oil sector. This is important not only to manage expectations but enhance the citizens’ capacity to demand accountability on a sustainable basis.

Sub theme 4.2: Non-oil Natural Resources and Climate Change

This sub-theme focuses on non-oil natural resources such as forests, climate change issues and other non-oil mineral exploitation. Research could focus on areas related to sustainable natural resource management policies and practices. What are the good practices and lessons which can be emulated from elsewhere and in what contexts are they likely to succeed? What are the incentive structures for the private, public and civil society institutions to take the required actions that would ensure sustainable natural resource management? What is the likely economic

and social impact of the acceleration in the natural resource degradation such as forest cover depletion and what measures can be adapted to reverse this trend? What are the gaps in the legal framework and regulations that need to be addressed to ensure sustainable utilization of natural resources? What lessons can be learnt or replicated from the numerous initiatives on climate change, e.g Rio20, and their potential impacts on low income countries like Uganda?

Sub theme 4.3: Renewable and Non-renewable Energy

Energy sources will continue to be a major factor in economic growth, poverty reduction, and socio-economic transformation. Research in this area will focus on the renewable as well as non-renewable sources, including harnessing hydropower sources and efficiency, solar technologies, and the feasibility of nuclear energy given its safety and international security issues. These various sources have varied effects and consequences for the economy and the populations. These sources of energy will require research in order to inform policy and on the required safeguard measures that would support a balanced outcome.

Sub-theme 4.4: Sustainable Land Use

This thematic area will focus on issues of land use, focusing primarily on the nature of the required land reforms, and improving land productivity and usage. Whereas many studies have been undertaken in this area, EPRC research will be selective, focusing on the critical emerging issues particularly as they relate to the high population growth, land fragmentation and agricultural productivity.

Subthemes under Policy Inconsistency and Implementation Gaps

Sub-theme 5.1:

Sub-theme 5.2:

Subthemes under Trade and Regional Integration

Sub-theme 6.1:

Sub-theme 6.2: