

Ministry of Foreign Affairs – (Danish Embassy Kampala)

Meeting in the Council for Development Policy 26 October 2017

Agenda item 4

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| 1. Overall purpose | For discussion and recommendation to the Minister |
| 2. Title: | Uganda Country Programme |
| 3. Presentation for Programme Committee: | 19 December 2016 |

Denmark-Uganda Country Programme 2018-2022

Key results:

- 20 % increase in beneficiary household income in Northern Uganda
- 100 % increase in own-source agri-finance lending by partner financial institutions
- 15 % increase in value of Uganda's export
- More people satisfied with the way democracy works
- 15 % increase in conviction rate of high profile corruption cases
- 12 % more women participate actively in household decisions in Northern Uganda (health, economy).

Justification for support:

- Improved economic inclusion with a focus on marginalised groups, including women, youth and refugees
- Improved political inclusion where all citizens have the right to participate and the state is responsive and accountable
- A stable Uganda playing an increasing stabilizing role in the region.

How will we ensure results and monitor progress

- A focused and lean programme based on lessons learned and engaging with real drivers of change
- Regular programmatic and financial monitoring of all engagement partners
- Maximize synergies between the two thematic programmes and other Danida instruments
- Robust anti-corruption measures applied within each engagement and across the entire programme
- In-build flexibility to enable the programme to respond to a changing context and emerging needs

Risk and challenges

- Escalation of conflicts in the region, in particular in South Sudan and DRC
- Deterioration of the political situation leading to social and political unrest
- Macroeconomic instability.

File No.	2016-12798						
Country	Uganda						
Responsible Unit	Kampala						
Sector							
	<i>Mill.</i>	2017	2018	2019	2020	2021	2022
Commitment		195	225	525	0	0	0
Projected ann. Disb.		0	70	180	237	236.5	221.5
Duration	Five years						
Finance Act code.	Uganda 06.36.01.12.						
Desk officer	Majbrit Holm Jakobsen						
Financial officer	Charlotte Rosen						

SDGs relevant for Programme:



Budget

1 - UPSIDE	605
Engagement 1: NURI	285
Engagement 2: aBi	230
Engagement 3: TMEA-U	60
Engagement 4: Unallocated funds UPSIDE	30
2 - UPGRADE	325
Engagement 1: DGF	145
Engagement 2: UNFPA	85
Engagement 3: IG	35
Engagement 4: FINMAP	35
Engagement 5: ARLPI	5
Unallocated funds UPGRADE	20
Programme Support	10
LGA	5
Total	945

Strat. objective(s)

Contribute to poverty reduction through inclusive and sustainable economic development.

Promote democracy, good governance and human rights.

Support Uganda's stabilising role in the region.

Thematic Objectives

UPSIDE (Uganda Programme for Sustainable and Inclusive Development of the Economy) with the objective to contribute to sustainable and inclusive economic growth

UPGRADE (Uganda Programme for Governance, Rights, Accountability and Democracy) with the objective to contribute to a more accountable, inclusive and stable society

List of Engagement/Partners

- NURI (Northern Uganda Resilience Initiative)
- aBi (Agricultural Business Initiative)
- TMEA (TradeMark East Africa)
- DGF (Democratic Governance Facility)
- UNFPA (United Nations Population Fund)
- IG (Inspectorate of Government)
- FINMAP (Financial Management and Accountability Programme)
- ARLPI (Acholi Religious Leaders Peace Initiative)

DENMARK-UGANDA PARTNERSHIP

COUNTRY PROGRAMME DOCUMENT

2018-2022

Final version
6 October 2017

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Abbreviations

aBi	Agricultural Business Initiative
AMISOM	African Union Mission in Somalia
ARLPI	Acholi Religious Leaders' Peace Initiative
AU	African Union
BSU	Building Stronger Universities
CCE	Climate Change Envelope
CF	Coordination Function (for NURI)
CSA	Climate Smart Agriculture
CRRF	Comprehensive Refugee Response Framework
CSO	Civil Society Organization
DED	Development Engagement Document
DGF	Democratic Governance Facility
DKK	Danish Krone (Currency)
DLG	District Local Government
DP	Development Partner
DRC	Democratic Republic of Congo
EAC	East African Community
EU	European Union
FINMAP	Financial Management and Accountability Programme
FMU	Facility Management Unit (for DGF)
FSD	Financial Services Development
GBV	Gender Based Violence
GDP	Gross Domestic Product
GNI	Gross National Income
GoU	Government of Uganda
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
HRBA	Human Rights Based Approach
HUGGO	Human Rights and Good Governance Office
IFF	Illicit Financial Flows
IFU	Investeringsfonden for udviklingslande/Investment Fund for Developing Countries
IG	Inspectorate of Government
IMF	International Monetary Fund
IP	Implementing Partner
JLOS	Justice, Law and Order Sector
KfW	Kreditanstalt für Wiederaufbau (German development bank)
LRA	Lord's Resistance Army
M4P	Making Markets Work for the Poor
MTEF	Medium Term Expenditure Framework
M&E	Monitoring and Evaluation
MDG	Millennium Development Goals
NDP	National Development Plan
NGO	Non-Governmental Organisation
NRM	National Resistance Movement
NTB	Non-Tariff Barriers
NURI	Northern Uganda Resilience Initiative
ODA	Official Development Assistance
PFM	Public Financial Management
RDE	Royal Danish Embassy
SDG	Sustainable Development Goals
SME	Small and Medium Sized Enterprises
SRHR	Sexual and Reproductive Health Rights
SRI	Social Responsible Investments
TA	Technical Assistance
TMEA-U	Trade Mark East Africa - Uganda

UK	United Kingdom
UNFPA	United Nations' Population Fund
UNHCR	United Nations High Commissioner for Refugees
UPGRADE	Uganda Programme for Governance, Rights, Accountability and Democracy
UPSIDE	Uganda Programme for Sustainable and Inclusive Development of the Economy
USD	United States Dollars
VCD	Value Chain Development
WRM	Water Resource Management

1. Introduction

With Uganda being a poor but stable country situated in an increasingly unstable region, and being the largest refugee-hosting country in Africa, Denmark has a clear interest in a continued Danish-Ugandan partnership. The overall aim of the Country Programme is:

To contribute to the continued development of a stable and democratic Uganda, which through inclusive and sustainable growth improves the prospects for the future of its population and heads for middle-income status, while playing a stabilizing role in the region.

During the period 2018-2022 three strategic objectives, which reflect shared Danish-Ugandan interests and goals, will be pursued:

1. *Contribute to poverty reduction through inclusive and sustainable economic development*
2. *Promote democracy, good governance and human rights*
3. *Support Uganda's stabilising role in the region.*

This document describes how Denmark's bilateral development cooperation with Uganda for the period 2018-2022 will operationalise objectives 1 and 2 and partly objective 3. Importantly, all three objectives will also be pursued through multilateral assistance, political dialogue and other instruments. The Country Programme is aligned to the Danish priorities in the Danish strategy for development cooperation and humanitarian action, called *The World 2030*; Uganda's own development plans as well as the Sustainable Development Goals (SDGs).

2. Strategic considerations and justification

2.1. Key findings and conclusions from the preparatory phase

Being among the 20 poorest countries in the world, Uganda's *economic development* presents a mixed picture. Between 2000 and 2010, the country experienced impressive economic growth rates, averaging seven percent per year. This made Uganda one of the fastest growing economies in the world, albeit coming from a very low level. However, recent years have seen a slowdown, with rates averaging 4.5 percent between 2011 and 2016. This is further diluted by the high population growth. With a gross national income (GNI) per capita of USD 660 in 2016, Uganda is well below the Least Developed Countries' (LDC) average of USD 950.

In spite of this, the Government of Uganda's (GoU) second *National Development Plan* (NDP II) ambitiously aims at reaching lower middle income status by 2020, meaning a GNI per capita of just above USD 1,000. Achieving this will require annual growth rates of 10 percent per capita. The key priority areas in NDP II are related to infrastructure development, commercialization of the agricultural sector and promotion of tourism. It gives less priority to social service delivery (education, health, water and sanitation) and good governance, though it stresses that an enabling environment is key to a competitive economy.

While *macroeconomic performance* in Uganda is generally sound, GoU is primarily financing infrastructure development with external and increasingly non-concessional loans. This has led to a drastic increase in public debt to almost 40 percent of gross national product (GDP).

While this is relatively low compared to international standards, servicing the debt consumes a significant share of the national budget, and has resulted in lowered credit ratings.

Rapid *population growth* is a key factor that offsets Uganda's economic growth and obstructs its transition to middle income status. Although the total fertility rate has declined from 6.2 in 2011 to 5.4 in 2016, the population growth rate of three percent remains among the highest in the world. Lack of information on and access to sexual and reproductive health and rights (SRHR) contributes to the high fertility rate amongst Ugandans.

In terms of overall *poverty reduction and vulnerability*, the proportion of the Ugandan population living below the international extreme poverty line of USD 1.90 per day was halved from 1993 to 2013 according to the World Bank (from 68.1 to 33.2 percent). Much of this can be attributed to the agricultural sector, which engages 70 percent of the working population, and contributes 24 percent to economic growth and 40 percent to export earnings. However, according to the World Bank the positive results have largely been due to external factors such as favourable weather conditions and high commodity prices, rather than sustainable improvements in technology, productivity and value addition. This is evident in the most recent national statistics, which show an increase in the poverty rate of seven percentage points. The continued lack of real transformation of the agricultural sector renders achievements unsustainable and leaves the population very vulnerable to external shocks, such as *climate change*. Due to its overreliance on rain fed agriculture, Uganda is highly vulnerable to climate change and has low readiness for adaptation. The impact of prolonged periods of drought and decreasing and more erratic rainfall is exacerbated in Northern Uganda by the large refugee influx and the high levels of poverty.

According to UN and the World Bank, lack of *gender equality* has a detrimental effect on economic development in Uganda. Limited gender equality increases the risk of unequal and unsustainable economic progress and reduces the quality of life. Strong perceptions of what constitutes appropriate gender roles limits Uganda's progress in reducing gender inequalities and accounts for lower female earnings, partly due to unequal access to land and capital.

Inequality has been increasing in Uganda over the past decade. Poverty and vulnerability are especially pronounced in Northern and Eastern Uganda, which are home to the majority of people living in poverty. Furthermore, the richest 10 percent of the population enjoy more than 35 percent of national income, while the poorest 10 percent only claim a 2.5 percent share. This is one more factor impeding economic growth.

Around 700,000 *young people* enter Uganda's labour market every year, and 70 percent of the population is younger than 24. Uganda has so far not been able to capitalize on this, as private sector development in the key sectors of agriculture, industry, and services lags behind what is required to meet the growing demand for jobs. Combined with rapid urbanisation, this results in widespread unemployment, but also represents an enormous untapped potential.

The lack of *private sector* development is reflected by Uganda hovering around 115 out of 190 countries in recent years on the World Bank's Ease of Doing Business index. Some

improvements have been seen in relation to cross-border trade. However, Uganda continues to face significant challenges concerning trade, not least because of low value addition to agricultural exports, high transport costs due to inadequate infrastructure, poor standards and quality control systems, and a high trade deficit. Also, unclear and poorly enforced land and property rights combined with systemic corruption severely hampers the investment climate.

In terms of political developments, the National Resistance Movement (NRM) and President Museveni have been in power since 1986. Overall, the regime has provided much needed stability in the wake of numerous violent conflicts since the independence in 1962 and more than 20 years of bloody civil war in Northern Uganda. Stability and economic growth is often cited as the main reasons behind continued regime popularity and sustainability.

Democratic space is however challenged, and Uganda has not yet experienced a peaceful transition of power. The latest general elections in 2016 was according to international observers marked by restrictions on the space for the political opposition and media. Freedom of expression was also challenged during elections, and as a result, Uganda dropped 10 places in the latest World Press Freedom report attributed to intimidation of journalists and close down of social media.

Uganda also presents a mixed picture when it comes to *human rights*. At its recent Universal Periodic Review (November 2016), Uganda was commended for developing a National Action Plan on Human Rights; for establishing an Equal Opportunities Commission; and for enacting the Prevention and Prohibition of Torture Act in 2012. However, as also documented by the Uganda Human Rights Commission fundamental rights such as the freedom of expression, assembly, and association continue to be violated, not least by the security apparatus, with the Ugandan Police being the main human rights violator. Especially women continue to experience disproportionately high levels of discrimination and human rights violations. Discrimination also remains a challenge for minority groups, including sexual minorities.

In general, Ugandan *civil society organizations*, in particular those engaged in service delivery, have a relatively free space to operate in, while organizations working on more sensitive issues, such as accountability, natural resource management and minority rights, continue to experience some challenges.

Corruption in Uganda continues to be both systemic and endemic, and while state and non-state institutions have made some effort to curb this trend, numerous high-level corruption scandals continue to surface. According to Uganda's NDP II "corruption impacts the poorest sections of society disproportionately, and generally benefits those already in positions of power and authority".

Although Uganda has experienced relative peace in most parts of the country since 1986, and in the entire country since the end of the civil war in Northern Uganda in 2006, there are still signs of *fragility*. The Fragile States Index for 2016 places Uganda in the 'alert' category. A major risk relates to the inequality between regions combined with other potential conflict drivers such as high unemployment, poor governance, politicisation of religious and ethnic identity, lack of truth and reconciliation processes, including weak conflict resolution structures, as well as a massive influx of refugees.

Regionally, Uganda plays a predominantly stabilizing role in the volatile area between the Horn of Africa and the Great Lakes Region, currently being the largest *troop contributor* to the African Union Mission in Somalia. Furthermore, Uganda has for decades hosted large groups of *refugees* from various conflicts in the neighbouring countries and is now Africa's largest refugee-hosting country with more than 1.3 million refugees, including one million from South Sudan. Most live in Northern Uganda. Uganda has a very progressive refugee policy, which aims at self-reliance on the basis of open settlements and access to agricultural land, and is a pilot country for application of the UN *Comprehensive Refugee Response Framework* (CRRF). The recent influx has severely strained the system though, not least in terms of access to land and social services.

2.2. Justification and rationale for Danish support

The analysis of the above-mentioned challenges and opportunities in Uganda together with the priorities in *The World 2030* and Uganda's development agenda form the basis for the strategic considerations of the Country Programme.

The overarching justification for the Danish support is the necessity to promote a truly inclusive and sustainable economic and political development in Uganda. Internally, this is a prerequisite for safeguarding Uganda as a stable and peaceful country on its way to middle-income status. Externally, it is a prerequisite for maintaining Uganda's role as an anchor of stability in the region, which is of direct interest to Denmark. Three underlying key considerations relate to: a) economic inclusion, b) political inclusion, and c) regional stability.

The combination of inequality, low resilience, rapid population growth and increasing youth unemployment may become a source of social unrest, which potentially could lead to Uganda sliding backwards and becoming a poor and *unstable* country. Therefore, it is of paramount importance to insist on sustainable *social and economic inclusion*. As the vast majority of the population are subsistence farmers, emphasis should be on income generation, increased productivity, value addition, and creation of employment in the agricultural sector, in particular for women and young people and by focusing on small & medium-sized enterprise (SME) development. This should be done through socially and environmentally responsible and long-term structural improvements in production, processing and marketing approaches and technologies. A prerequisite for success is a strong emphasis on the development of a competitive and resilient private sector to lead the inclusive growth. Special attention will be given to Northern Uganda due its high poverty levels and the large number of refugees hosted there. Thus, *Denmark will through the Country Programme support sustainable and inclusive economic growth, ultimately reducing poverty and increasing resilience.*

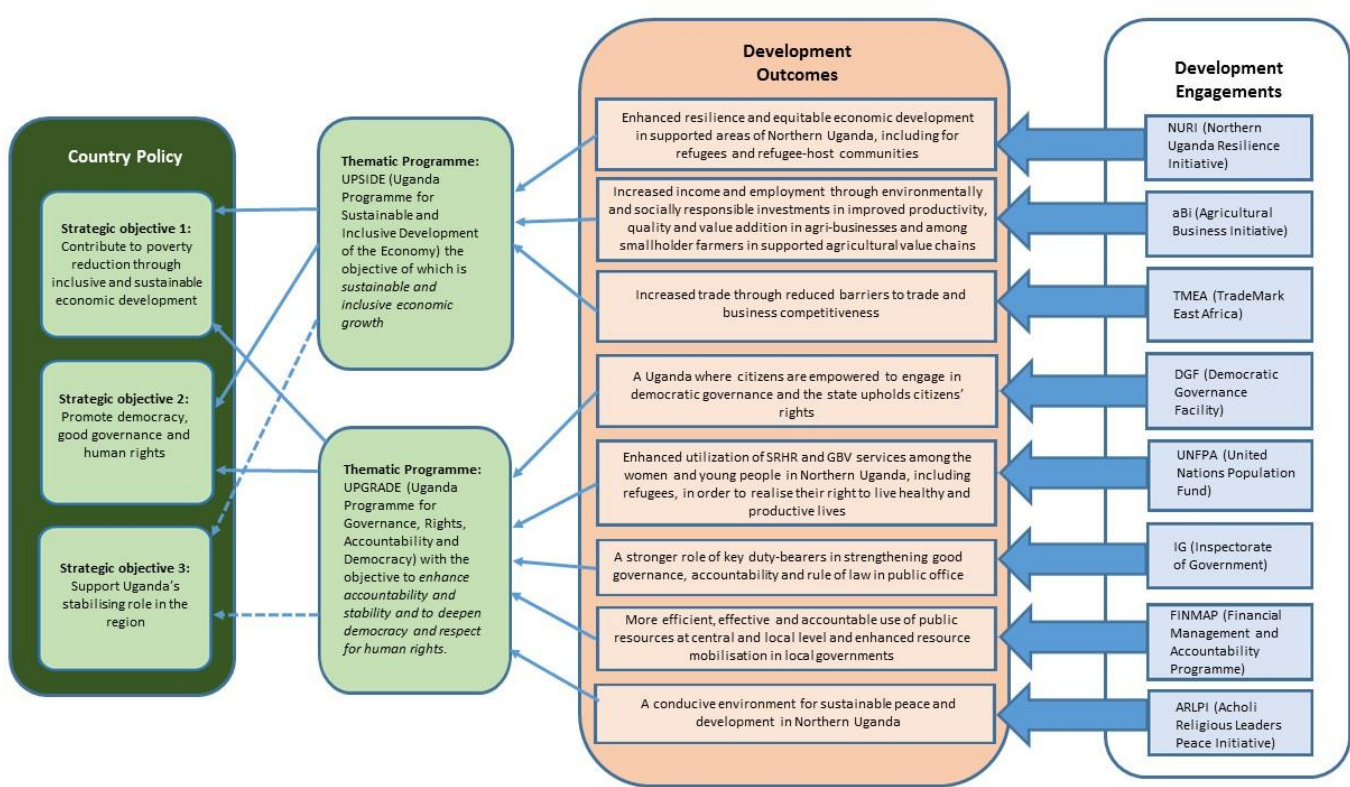
The contestation of the political space combined with simmering and unsolved local conflicts, impunity and a fast growing youth population, majority of whom are unemployed, are all potential sources of political unrest. Promotion of *political inclusion* is therefore essential. This will require identifying key democratic and accountability state institutions as well as agents of change in civil society and bring them together in constructive and responsive partnerships to enhance the rule of law, transparency, democratic space and respect for human rights. Strong right-holder and duty-bearer partnerships have the potential to make the state more accountable to its citizens and improve service delivery. At the same time, peace and reconciliation in post-conflict and refugees-hosting communities, in particular for women and

young people, is essential for strengthening resilience and preventing renewed conflicts, and thereby facilitate economic development in the long term. Thus, *Denmark will through the Country Programme contribute to a more rights-based, accountable, inclusive and stable society with respect for human rights.*

As a lead African nation in the fight against terrorism and by means of its progressive refugee policy, Uganda today plays a predominantly constructive role in promoting *regional stability*. The refugee policy constitutes a significant contribution to peace and security in East Africa and will continue to be supported by Denmark. As most refugees are settled in Northern Uganda, this region requires particular attention. Given the expectation that the displacement will be protracted, a more long-term development approach to the refugee response needs to be promoted in order to ensure a cost-effective response contributing to safeguarding the vital asylum space in Uganda. Thus, *Denmark will through the Country Programme support equitable economic development and peaceful co-existence in Northern Uganda, including for refugees and refugee-hosting communities as well as further regional economic integration.*

Support for the water and environment sector will be phased out, when the current programme ends based on *The World 2030's* prioritisation of SDGs, and in light of the overall reduced budget level of the Country Programme compared to previous years.

The Country Programme will contribute to the overall vision and the three strategic objectives through two thematic programmes: Uganda Programme for Sustainable and Inclusive Development of the Economy (UPSIDE) and the Uganda Programme for Governance, Rights, Accountability and Democracy (UPGRADE) with a total of eight development engagements, as illustrated in the below model:



2.3. Key programmatic principles

In addition to the above considerations, the country programme has been formulated based on the following principles:

Creating the right balance between support to private sector, civil society, and selected key democratic and accountability public institutions. This principle reflects the need to identify and engage key actors and real drivers of change to promote the objective of developing a more participatory and broad-based Ugandan society. Also, interaction and synergies between the various key partners will be crucial for the success of the Country Programme.

A long-term approach to development. This principle recognises that Uganda's development is not a linear process and that there are no easy solutions. Uganda will probably encounter set-backs, regression, and instances of instability on its way towards middle income status. Denmark's long-term commitment to its partnership with Uganda will take into consideration the need for flexibility to adapt to emerging challenges, while also insisting on the need to gradually build up capacity of key partners, contributing to a broad-based and sustainable development.

A focused and lean programme. This principle reflects the general reduction of the Danish development budget. It also reflects the need to concentrate on fewer thematic areas of intervention as well as the need to reduce the number of development engagements (from the outset only eight). Only those partners considered real drivers of change will be engaged.

Innovative and catalytic interventions. This principle recognises the need – in the face of scarce resources and in support of SDG 17 – to leverage and increase the impact of the Danish development interventions. In the proposed key thematic programs, Denmark has already been successfully engaging other key Development Partners (DPs) in joint-donor intervention modalities.

Humanitarian-development nexus. This principle takes cognisance of the need to increasingly address protracted humanitarian crises through long-term development interventions. Two of the eight development engagements will directly target refugee and host communities in Northern Uganda as primary beneficiaries.

2.4. Adherence to aid effectiveness, alignment to national objectives and SDGs

Uganda's dependency on official development assistance (ODA) has reduced in recent years from about 50 percent of the budget a decade ago to about 25 percent today, most of which is loans. The actual ODA contribution in the form of grants stands at 5.7 percent. Today, few DPs provide on-budget development assistance with even fewer providing general and sector budget support. This is mainly a result of a number of major corruption scandals in recent years, paired with the global trend of moving away from the principles of the Paris Declaration. Because of this, the dialogue between the GoU and DPs is less frequent and robust compared to five years ago, and it is no longer based on an overall joint results framework. However, in some sectors (water & environment, justice, law & order and public sector reforms) the dialogue with GoU and the coordination among DPs is stronger, including in some cases with joint programming.

Uganda is implementing its *Vision 2040* through five year National Development Plans, the current one being NDP II covering 2015-2020. However, the Medium Term Expenditure Framework (MTEF) is not well aligned to the strategic objectives in the NDP and some development priorities in the NDP II are underfunded or not funded at all. The actual allocations in the annual budgets often differ from what is stated in both the MTEF and the NDP. This has implications for the achievement of Vision 2040 and NDP II objectives.

The NDP II was developed in parallel with the development of the SDGs. At strategic level the NDP II has 'localised' the SDGs with an alignment rate of 69%. The process of aligning sector development plans and local government plans to the NDP II is ongoing. GoU has established monitoring systems and relevant structures to oversee and communicate implementation as part of the National SDG Coordination Framework, which will be operationalised through a National SDG Roadmap. Availability and reliability of data within the current statistical framework remains a challenge.

The Country Programme has been designed based on Uganda's national priorities and has been aligned to the NDP II through consultations with GoU, private sector, civil society and other DPs. The country programme is also aligned to the SDGs, in particular SDG 1 (End poverty); SDG 3 (Health and wellbeing), SDG 5 (Gender equality); SDG 8 (Inclusive and sustainable economic growth, employment and decent work); SDG 10 (Reduce inequality); SDG 16 (Peace, access to justice and accountable institutions); and SDG 17 (Global partnerships).

2.5. Considerations on Danish strengths, interests and opportunities

Lessons learned, and the position of Denmark as a trusted and respected partner of Uganda, has been drawn upon to create the right balance between support to the private sector, civil society, and selected key democratic and accountability public institutions.

The Country Programme will strive to maximize synergies with other Danida instruments as well as to create stronger links between humanitarian and development-oriented assistance. The Danish engagement will aim at alignment of the various instruments so that they mutually reinforce each other to create the best possible results. One such example is the integration of funds from the Danish Climate Change Envelope (CCE) into the support for increased resilience and equitable economic development in Northern Uganda for both refugees and host communities.

Possibilities exist for the *Danish private sector* in collaboration with local partners to play an important role in generating growth and jobs in Uganda. However, the investment climate in Uganda remains highly challenging, owing primarily to the systemic corruption, unclear and poorly enforced land rights and poor protection of investors. As the consequences of climate change are becoming evident in Uganda, there is an increasing focus on green and sustainable growth – an area where Danish companies are strong. There are particularly opportunities in agriculture and agribusiness, water supply and management, wastewater, sustainable energy, transport and logistics. Danida Business instruments can assist Danish companies in contributing to Uganda's development, not least Danida Business Finance, which for example can be used to leverage decades of Danish support to the water and sanitation sector.

Given Denmark's decade-long engagement with the public sector in Uganda, *Danish authorities* - in particular the Ombudsman and the Directorate of Public Prosecution (Rigsadvokaten) - have already fostered relationships with Ugandan institutions engaged in fighting corruption and poor governance in the public sector. These relationships will be further explored and supported under the Country Program.

Many both large and smaller *Danish civil society organizations* have over the last decades developed strong ties with Ugandan partner organisations. These partnerships represent a unique opportunity to support the role of potential change agents in Ugandan civil society working within areas of strategic importance to Denmark, including gender equality, youth, SRHR, minority rights and active citizenships.

Finally, a number of *Danish universities* have established links with Uganda through the Building Stronger Universities (BSU) programme and numerous research projects within areas of health, agriculture, anthropology etc. Given the participation of Gulu University in BSU, opportunities for synergies are primarily in the Country Programme's interventions in Northern Uganda. The current Danida alumni in Uganda is estimated at more than 500.

2.6. Contextual risks and scenarios

The Country Programme for Uganda is expected to operate in a relative stable context, but with some potential risks, which could disrupt its implementation.

In the RDE's preparatory analytical work, three possible scenarios for the period 2018-2022 have been identified:

- **Optimistic**: Consolidation of political stability and democracy, including peaceful transition of power. Sustainable and inclusive economic development leading to reduced youth unemployment. Uganda becomes a middle-income country.
- **Pessimistic**: Significant domestic political and social instability, including increased pressure on civil society. Lack of economic growth leading to macroeconomic instability and significantly increased unemployment and inequalities. Uganda remains a low-income country. Conflicts in the region escalates with negative spill-over effects to Uganda. No peaceful transition of power.
- **Status quo**: Low economic growth without real transformation of the economy. Uganda remains a low-income country with a high degree of unemployment and inequality. Certain reforms are implemented. No peaceful transition of power.

Despite GoU's ambitions of further political and economic development within the current NDP II, the RDE currently finds the status quo scenario most likely. However, the materialisation of one or more of the following three contextual risks could trigger a move towards a more pessimistic scenario (see Annex E for a more detailed risk analysis):

Escalation of conflicts in the region, in particular in South Sudan and DRC, could negatively affect Uganda's domestic stability and economic development. A further and rapid increase in the already massive influx of refugees could lead to a 'breaking point', which could prompt Uganda to abandon its current refugee policy with potentially profound consequences for regional

stability. This escalation could cause some disruption to the implementation of the Country Programme’s planned activities in Northern Uganda. In terms of risk response, there is very little the Country Programme in itself can do to prevent further escalation of these conflicts, but continued Danish support to Uganda’s progressive refugee policy, including increased humanitarian and long-term development support will be important.

Increased political instability leading to social and political unrest due to internal localized conflicts and/or significant changes in the Ugandan Constitution without broad-based consensus. Social unrest in Uganda has so far been relatively limited and sporadic, but when it happens it often leads to violent clashes between security forces and civilians. Increased instability could cause some disruption to the implementation of the Country Programme, primarily democratic governance interventions under UPGRADE. In terms of risk response, this is largely outside the direct influence of the Country Programme, but UPGRADE is in essence a response to it by forming strong right-holder and duty-bearer partnerships intended to contribute to political inclusion and making the state more accountable to its citizens.

Macroeconomic instability due to external shocks, high population growth, narrowing of the fiscal space, high corruption and low resource mobilisation. Negative economic development would make it difficult for GoU to implement necessary economic reforms and finance its development plans, which are important framework conditions for a successful implementation of the Country Programme. The materialisation of this risk would cause some damage to the Country Programme, but is largely outside the direct influence of the Country Programme. UPSIDE will partly contribute to the response by raising agricultural productivity and income generation, assumed a precondition for economic stability and progress in the long term. Through the FINMAP engagement, Denmark will pursue the dialogue with GoU on the necessity of continued public sector reforms.

The contextual, programmatic and institutional risks will be monitored on a continuous basis and the risk matrix, including risk responses and mitigation efforts, updated in light of new developments. An assessment of the risks will be an important element in the RDE’s annual report on the results and progress of the Country Programme.

2.7. Budget at thematic programme level (DKK million)

Programme elements	2018	2019	2020	2021	2022	Total
UPSIDE	3.00	101.50	168.50	168.00	164.00	605.00
UPGRADE	65.00	75.00	65.00	65.00	55.00	325.00
Programme costs	1.00	2.50	2.50	2.50	1.50	10.00
LGA	1.00	1.00	1.00	1.00	1.00	5.00
Total	70.00	180.00	237.00	236.50	221.50	945.00

3. Uganda Programme for Sustainable and Inclusive Development of the Economy (UPSIDE)

3.1. Objective and justification

UPSIDE is a private sector development programme the objective of which is “sustainable and inclusive economic growth”. The objective of UPSIDE will be pursued through three development engagements with three corresponding outcomes. The focus of UPSIDE is agricultural development with the main beneficiaries being smallholder farmers as well as SMEs within agri-business. The general approach applied is value chain development with an improved emphasis on making the markets work better for the poor (M4P).

UPSIDE will support Uganda in pursuing one of the four overall development objectives of the NDP II, namely to “increase sustainable production, productivity, and value addition in key growth opportunities”. At the same time, UPSIDE will help Uganda realise SDG 1 (“no poverty”), 5 (“gender equality”), 8 (“decent work and economic growth”), 10 (“reduced inequalities”) and 16 (“peace, justice and strong institutions”). UPSIDE is directly addressing the first Danish strategic objective while contributing to the third.

Based on lessons learned from previous support, UPSIDE will largely build on existing interventions and approaches, including value chain development, access to finance and trade facilitation. The previous focus on Northern Uganda will be maintained, with a renewed emphasis on including refugees and their host communities as beneficiaries. Guiding principles of M4P, climate-smart agriculture (CSA), women, youth, SRHR¹ and Socially Responsible Investments (SRI – including the UN Global Compact and the UN Guiding Principles on Business and Human Rights) will constitute key aspects of the UPSIDE engagements.

Interventions funded under the CCE will be fully integrated into UPSIDE, and will build on results achieved through decades of Danish support to the water and environment sector. UPSIDE will also be complemented by relevant Danida Business instruments, particularly Danida Business Finance, and possibly other activities under the Danish Investment Fund for Developing Countries (IFU).

3.2. Rationale and assumptions

The premises behind the development engagements under UPSIDE are: 1) the clear interest that Denmark has in forging a strong partnership with Uganda on sustainable and inclusive economic growth, 2) the recognition that at the foundation of this partnership should be a competitive private sector that drives increases in incomes, employment, productivity, value addition, and exports, 3) the fact that agriculturally-based growth is up to four times more effective in reducing poverty among the rural population than non-agricultural growth and 4) the high levels of poverty in Northern Uganda coupled with a large influx of refugees that has increased pressure on food security and natural resources in a context where climate change is already having adverse effect on agricultural productivity.

¹ SRHR will primarily be provided for in the development engagement with UNFPA under UPGRADE, ensuring complementarity and tangible synergies between the two thematic programmes.

UPSIDE recognises the agricultural sector, and specifically private sector actors within it, as being the primary drivers of sustainable and inclusive economic growth. The overall rationale behind UPSIDE is that environmentally and SRI in improved production, processing and trade coupled closely with interventions to improve pro-poor market linkages and targeted capacity and business development of value chain actors, will at outcome level enhance resilience and equitable economic development in Northern Uganda, including for refugees and refugee-hosting communities; increase income and employment in agribusinesses and smallholder farmers in selected agricultural value chains; and increase trade through reduction of barriers to trade and business competitiveness. Combined, and on the basis of synergies between the outcomes, this will reduce poverty and contribute to sustainable and inclusive economic growth, which will improve the prospects for the future of Uganda's population, push the country towards middle-income status and support it in playing a stabilizing role in the region. Underpinning this rationale are a number of assumptions: Firstly, GoU will continue to see private sector development as an engine of economic development, meaning that previous efforts at liberalisation and privatisation will not be abandoned and that GoU will continue to promote public-private partnerships. Secondly, the conditions for investment in agriculture will not deteriorate significantly. While especially corruption and land issues hamper agricultural and agri-business development, it is assumed that the overall business environment will not get considerably worse. Thirdly, the East African Community (EAC) governments will generally remain committed to continued regional economic integration.

3.3. Integration of experience and results from previous cooperation

Denmark has supported agricultural development in Uganda for many years. Initially, the target group was mainly smallholder primary producers through farmer training and organisation, research, education and improved extension services. In 2004, a strong focus on the involvement of the private sector through agricultural value chain development was introduced. This focus has been significantly expanded through the subsequent two phases of the Uganda Growth Programme (U-Growth). Important lessons have been learnt from this as documented in various assessments, reviews and evaluations. The following are of particular relevance to UPSIDE:

- Making markets work better for the poor (M4P): There is a need to apply a more comprehensive M4P approach under UPSIDE. This means an improved emphasis on the linkages between supply and demand throughout the entire value chains, in order to create benefits for the poor and not just the bulk traders and logistics companies. Increased profits must be equitably and inclusively throughout the targeted value chains. An enhanced focus on inclusion will ensure that women, youth and refugees benefit from the interventions.
- Climate Smart Agriculture (CSA): Previous efforts have shown an increasing need to promote climate smart agricultural practices to strengthen resilience, not least in Northern Uganda and in refugee hosting areas, which often receive little rain and have marginal fertility. This should be complemented by an increased recognition of the importance of water resources management for agricultural livelihoods.

- Women and youth: Under UPSIDE, women and youth will continue to be a core target group. In previous agricultural livelihood interventions, women and youth have comprised the majority of beneficiaries. This suggests that the challenge is not so much in ensuring equitable participation of women and youth, but rather in ensuring that this translates into their economic and social empowerment. This can be pursued for example through complementary training in financial literacy and SRHR/family planning.
- Socially Responsible Investments (SRI): Opportunities have been identified for a more comprehensive employment of the SRI principles. This includes compliance with the principles set out in the UN Global Compact and the UN Guiding Principles on Business and Human Rights. Especially through its agri-business (aBi) and regional economic integration (TMEA) investments, UPSIDE will further increase the focus on SRI in its development approach.
- Synergies between programmatic interventions: Synergies between UPSIDE development engagements will be reinforced by bringing smallholder farmers closer to the demand side agri-businesses (agro-processing, trading, and exporting SMEs) in equitable and mutually beneficial partnerships. Beneficiaries will collectively benefit from UPSIDE support to regional and global trade facilitation, addressing the last link of the value chains.

3.4. Development engagement partners

Northern Uganda Resilience Initiative (NURI)

Building on many years of support to economic development in Northern Uganda, NURI will pursue *enhanced resilience and equitable economic development in supported areas of Northern Uganda, including for refugees and host communities*. Previous support to Northern Uganda has been managed by the Coordination Function (CF), which is a decentralized unit of the RDE headed by a Danida adviser and supported by local programme officers, mostly placed in the beneficiary areas. This modality will be continued under the name NURI CF on the basis of good experiences with its lean and flexible setup, which has delivered significant results. The CCE funding will be fully integrated into NURI as one of three outputs, and will support climate change adaptation through improved water resources management (WRM). The necessary staffing level for NURI CF will be carefully assessed in light of the increased budget allocation for NURI.

Concretely, NURI will pursue its outcome through the following interventions:

- Training of smallholder farmers, both Ugandans and refugees, in CSA practises, animal traction, and post-harvest handling in order to increase and sustain their agricultural production. This will lead to improved food security and increased incomes for their households.

- Renovation and construction of community access roads and other relevant infrastructure in order to improve access to markets and training in collective marketing combined with dissemination of market price information. This will result in more efficient markets and higher incomes for agricultural households.
- Improved management of water resources, such as dam construction, wetland rehabilitation and river bank protection, in order to improve the enabling environment for smallholder farming by increasing water availability and reducing the impact of climate change.
- Training in financial literacy and SRHR in order to contribute to increased gender equality, improved household financial management, and lowered dependency ratios.

Including both host communities and refugees as beneficiaries will promote peaceful coexistence between the two groups and help counter the negative impact of the refugee influx on the long-term development prospects of Northern Uganda. This will contribute to safeguarding the vital asylum space in Uganda, to ensuring a more cost-effective response to the refugee crisis, and to strengthening the humanitarian-development nexus.

NURI CF will provide overall management of NURI, while RDE will maintain an oversight and monitoring role. For training in CSA and marketing, the preferred implementing partners will be District Farmers' Associations (DFAs), provided they have the necessary capacity, or alternatively local NGOs with strong experience and field presence. The implementation of rural infrastructure and WRM interventions will be tendered. The basis for all outputs will be the use of existing structures, and with planning and supervision by local authorities and deconcentrated GoU structures. NURI will have a budget of DKK 285 million and implement in accordance with the Danida guidelines for decentralized units. Due to the inclusion of WRM interventions and the significantly increased budget for NURI, this engagement will undergo final quality assurance in 2018.

Agricultural Business Initiative (aBi)

Building on years of experience with agri-business development, aBi will pursue *increased income and employment through environmentally and socially responsible investments in improved productivity, quality and value addition in agri-businesses and among smallholder farmers in supported agricultural value chains*. Concretely, aBi will pursue private sector led agri-business development through a combined value chain focus on increased and improved primary production (supply side) and improvements in processing capacity (demand side). The idea is to establish close win-win partnerships through stronger and more equitable market linkages between primary production and processing/trade/export, ultimately benefitting households in the agricultural sector.

aBi consists of two separate legal entities, namely aBi Finance and aBi Trust. Currently, aBi employs approximately 60 staff in total. The modality for the support will be core support for the two separate entities and will be based on aBi strategies and business plans. aBi sub-grants to implementing partners who themselves are stakeholders in the supported value chains.

aBi Trust has primarily been contributing to the objective of aBi by providing matching grants as support to productivity improvements and value addition for smallholder farmers and agribusiness SMEs. Two main approaches have been applied:

- Value Chain Development (VCD): six value chains (coffee, cereals, oilseeds, pulses, dairy, and horticulture) are currently supported. Support has been provided to development of demonstration plots, training of farmers in good agricultural practices, post-harvest handling, quality aspects and other value addition interventions. Primary producers, processors, traders, and exporters are the main implementing partners/beneficiaries.
- Financial Services Development (FSD): aBi Trust supports financial institutions to expand and strengthen their rural outreach, targeting key value chain actors. The objective of the approach is to increase inclusion and access to finance for these actors.

aBi Finance is a social investment fund, capitalised with money it has received in tranches from Danida. These funds are invested in financial instruments, such as lines of credit for agriculture and agricultural loan guarantees, through partner financial institutions to stimulate agricultural lending. The long term vision for aBi Finance is that it becomes a comprehensive and innovative vehicle for Ugandan agricultural financing, offering financing for agribusiness development through the use of various financial instruments.

From late 2015 until today, aBi Trust has been undertaking a significant restructuring of its grant portfolio and grant management systems to address major accountability issues that emerged as a consequence of deficient administrative and control systems and widespread misappropriation of funds. This process has had a significant impact on the implementation capacity and reputation of aBi Trust. More robust administrative systems and procedures are being implemented and new staff has been recruited for key fiduciary oversight functions. Partly as a result of this, aBi Trust will undergo a review to determine the impact of the programme and the relevance of the organisational setup before the start of UPSIDE. Therefore, support to aBi will undergo final quality assurance in 2018.

TradeMark East Africa (TMEA)

The overall objective of the TMEA Uganda Country Programme (UCP) 2017-2023 is to contribute to sustainable and inclusive prosperity in Uganda. At outcome level, this will be achieved by means of *increased trade through reduced barriers to trade and business competitiveness*. The support for TMEA will be provided as core support to the work plan of the UCP 2017-2023. TMEA itself is a not-for-profit company, seeking to increase regional trade through better market access, an enhanced enabling environment and improved business competitiveness across the EAC. As a joint-donor facility, TMEA harmonises the support it receives into a common basket fund, ensuring a joint approach to financial management, M&E and results reporting. While Danida has previously earmarked its support to TMEA, the support under UPSIDE will not be earmarked toward specific activities.

The interventions of TMEA have (and will continue to be) primarily focused on the downstream part of the value chain, having to do with facilitation of trade across borders. However,

under the UCP 2017-2023, TMEA will strengthen its focus on equitable market linkages with mid- and up-stream value chain actors (processors and primary producers – the main beneficiaries of both NURI and aBi), thereby reinforcing the M4P approach of UPSIDE. The five key elements of the TMEA UCP 2017-2023 are:

1. Further reductions to time and costs of doing business.
2. Supporting export-led growth.
3. Enabling Uganda as a regional logistics hub.
4. Realising the potential of the Western Corridor (i.e. trade with the Democratic Republic of Congo).
5. Greater inclusion and gender mainstreaming.

The rationale for supporting the TMEA UCP 2017-2023 builds on the logic that reduced barriers to trade and improved business competitiveness will increase market efficiency and trade, leading to better agricultural commodity prices and consequently increased income for households in the agricultural sector. In line with the thematic objective of UPSIDE, reinforced efforts will be made by TMEA to enhance the sustainability and inclusiveness of the economic growth, thereby enhancing the developmental pro-poor impact of TMEA.

In spite of the support to TMEA being core support, three selected outputs that are key to the intervention logic and approach of UPSIDE, and which provide for synergies with the other UPSIDE engagements, have been singled out for reporting under this development engagement. These are: 1) Improved trading standards and reduced non-tariff barriers (NTB) to trade, 2) Effective trade systems and procedures, and 3) More inclusive trade with a focus on inclusion and empowerment of women and youth.

3.5. Results framework

Thematic programme		Uganda Programme for Sustainable and Inclusive Development of the Economy (UPSIDE)	
Thematic programme objective		<i>Sustainable and inclusive economic growth</i>	
Impact Indicator		<ol style="list-style-type: none"> 1. Gross National Income (GNI) per capita. 2. Percentage of population below the Ugandan national poverty line. 	
Baseline	Year	2016	1. USD 660 (below the 2016 Least Developed Country (LDC) GNI average of USD 950)
		2016	2. 27.0 % (according to UNHS 2016/2017)
Target	Year	2022	1. Above the LDC GNI average
		2022	2. Below 20 %
Engagement title		Northern Uganda Resilience Initiative (NURI)	
Outcome		<i>Enhanced resilience and equitable economic development in supported areas of Northern Uganda, including for refugees and refugee-hosting communities</i>	

Outcome indicator		<ol style="list-style-type: none"> 1. Increase in average annual agricultural cash income of participating households (segregated by age, gender of household head and refugee status). 2. Reduction in average period participating households are food insecure in a year (segregated by age, gender of household head and refugee status). 3. Total number of people benefitting from supported WRM interventions (segregated by age, gender and refugee status) (core CCE indicator). 	
Baseline	Year	2018	<ol style="list-style-type: none"> 1. TBD (baseline survey in targeted areas) 2. TBD (baseline survey in targeted areas) 3. 0
Target	Year	2022	<ol style="list-style-type: none"> 1. 20 % 2. 20 % 3. TBD
Engagement Title		Agricultural Business Initiative (aBi)	
Outcome		<i>Increased income and employment through environmentally and socially responsible investments in improved productivity, quality, and value addition in agri-businesses and among smallholder farmers in supported agricultural value chains</i>	
Outcome indicator		<ol style="list-style-type: none"> 1. Number of Full Time Equivalent employment positions created in aBi-supported businesses. 2. Percentage of beneficiary agri-businesses and smallholder farmers, men and women, indicating at least 30 % increase in income/gross profits due to aBi support. 3. Increases in the size of lending (from own sources) portfolios oriented toward agriculture by aBi Finance partner financial institutions, leading to increased access to finance for agri-business and smallholder farmers. 	
Baseline	Year	2018	<ol style="list-style-type: none"> 1. TBD 2. TBD 3. TBD
Target	Year	2022	<ol style="list-style-type: none"> 1. TBD 2. TBD 3. TBD
Engagement Title		TradeMark East Africa (TMEA)	
Outcome		<i>Increased trade through reduced barriers to trade and business competitiveness</i>	
Outcome indicator		<ol style="list-style-type: none"> 1. Total trade (USD billion, constant prices) and growth rate (%). 2. Average time to complete export and import formalities and transport goods from origin to destination in the Eastern Africa Trading Network (EATN). 3. Total trade in targeted sub-sectors, Free On Board (FOB) value (USD millions, constant prices) disaggregated by gender of business owner. 	

		4. Proportion of “business competitiveness” programmes successfully mainstreaming gender.	
Baseline		TBD	<ol style="list-style-type: none"> 1. USD 10.9 bn total trade 2. 13.3 days Northern Corridor to Kampala 3. TBD 4. TBD
Target	Year	2022/23	<ol style="list-style-type: none"> 1. USD 86 m net added trade (1.34 % increase above trend) 2. TBD 3. TBD 4. TBD

3.6. Budget at outcome level

The programme will start its main implementation at the beginning of 2019, except for the activities relating to the CCE for WRM, which will start in 2018. Funds for communication, studies and reviews are allocated at overall country programme level. The table below shows the preliminary disbursement budget for the UPSIDE at outcome level:

UPSIDE	2018	2019	2020	2021	2022	Total
NURI		38.00	70.00	70.00	72.00	250.00
CCE	3.00	8.50	8.50	8.00	7.00	35.00
aBi		40.00	65.00	65.00	60.00	230.00
TMEA		15.00	15.00	15.00	15.00	60.00
Unallocated			10.00	10.00	10.00	30.00
Total	3.00	101.50	168.50	168.00	164.00	605.00

3.7. Summary of risk analysis and risk responses

Programmatic Risks

Risk Factor	Likelihood	Impact	Risk response
Engagement partners do not deliver expected results.	Unlikely	Major	In the individual Development Engagement Documents with the partners, a defined annual cycle of work spelling out the reporting requirements, monitoring visits etc. has been agreed upon. All partners will receive at least one joint programmatic and financial monitoring visit every year, which will focus on results, value for money and sound financial management. In addition, the Embassy will strengthen its internal processes for scrutinizing financial and narrative reports,

			budgets and annual audits.
Conflict, violence and unrest as a result of tension between refugees and their hosting communities.	Unlikely	Minor	The development engagements all have a focus on inclusion of marginalised groups, including refugees. Especially NURI will seek to contribute to reducing the pressures that the large influx of refugees induce in Northern Uganda, not least on the natural resources. NURI will promote peaceful coexistence between host communities and refugees through inclusion of both as beneficiaries and through mixed beneficiary groups where feasible.
GoU retracts its commitment to regional integration processes and reforms.	Unlikely	Major	The overall M4P approach of UPSIDE is designed to target market linkages throughout the value chain, including access to regional and global markets. Directly facilitating trade, increased quality and improved standards for Uganda's agricultural commodities will constitute key interventions under all three development engagements. Improved balance of trade together with increased revenues from increased trade will bolster GoU support for deepened regional integration. Also, more directly, TMEA and aBi will continue to facilitate dialogue between public and private stakeholders in relation to trade and regional integration. Private sector/civil society-led advocacy will help ensure that regional integration remains high on the agenda of GoU.

Institutional Risk

Risk Factor	Likelihood	Impact	Risk response
Danida is associated with a major corruption case within one or more of the development engagements.	Unlikely	Major	The Embassy will continue and further strengthen its existing anti-corruption measures and profile. All partners will receive an induction to the Danida anti-corruption policy, including clear guidance on prevention, detection and reporting requirements when implementing with Danida funds. Further, the Embassy will continue to actively communicate to its partners and the public about its zero tolerance towards corruption.

4. Uganda Programme for Governance, Rights, Accountability and Democracy (UPGRADE)

4.1. Objective and justification

UPGRADE is a governance programme with the objective to *enhance accountability and stability and to deepen democracy and respect for human rights*.

Through five development engagements, the programme will support strategically positioned state institutions mandated to promote human rights, good governance, accountability and rule of law as well as Ugandan civil society. Special focus will be on the role of youth and women's social and economic inclusion and participation in development.

UPGRADE will contribute to pursuing two of the four overall development objectives under NDP II, namely to i) enhance human capital development and ii) strengthen mechanisms for quality, effective and efficient service delivery. UPGRADE also contributes to Uganda's *Vision 2040*, which emphasises that good governance and respect for human rights are fundamental principles at the core of the nation's development planning. UPGRADE supports Uganda in achieving SDG 3 (health and wellbeing), SDG 5 (gender equality), SDG 10 (reduced inequalities), SDG 16 (peace, justice and strong institutions) and SDG 17 (global partnerships).

UPGRADE directly addresses the second Danish strategic objective while also contributing to the first and the third objective.

Interventions under UPGRADE will benefit from the Embassy's strategic partnerships with Danish NGOs operating in Uganda, current partnerships between Danish authorities and Ugandan state institutions, as well as active Danish engagement in relevant political fora, including political dialogue with GoU primarily within the established EU framework. UPGRADE builds mostly on already existing engagements with key agents of change working to strengthen democracy, governance and human rights in Uganda.

4.2. Rationale and assumptions

The rationale for the interventions under UPGRADE is premised on the expectations that 1) in the longer term, strengthened democracy supports stable political conditions, which again leads to inclusive economic growth and sustainable development, 2) enhanced accountability will contribute to a more fair distribution of public goods and reduce the risk of local unrest, 3) promotion of women and young people's participation in society as equal actors with the ability and opportunity to engage in development activities to contribute to broad inclusiveness, which ultimately is vital for Uganda to remain a resilient country in a fragile region.

The programme builds on the expectation that an increase in the public demand for inclusion, transparency, democratic space and respect for human rights in combination with stronger public governance institutions, will provide the foundation for a more accountable, inclusive and resilient society.

Underpinning this are the assumptions that 1) the principle of constitutional democracy is adhered to; 2) that the operational space for civil society and public accountability institutions is maintained; 3) that GoU is willing to continue working with the traditional DPs and has an interest in strengthening democracy, transparency and accountability mechanisms; and 4) that GoU and civil society are willing to change oppressive practices and norms negatively affecting women and young people.

4.3. Integration of experience and results from previous cooperation

Denmark has for more than two decades supported strengthening of accountability, access to justice, democracy and respect for human rights. This has encompassed support to both government agencies, such as independent accountability institutions and the Judiciary, as well as to CSOs focusing on issues such as human rights, free media, women's rights, democratisation, fair elections, anti-corruption and accountability. Youth has in the past decade primarily been targeted through SRHR/HIV programmes implemented by UNFPA and CSOs.

Results from previous engagements indicate that Danish assistance to democratic governance and respect for human rights continues to be highly relevant to the national policies and strategies and responds to the entrenched governance challenges and the political context.

The five development engagement partners proposed for UPGRADE are all well-known and longstanding partners with Denmark. Reviews of the partnerships have documented a number of lessons learned, which will guide the partnership engagements under UPGRADE. These include:

- Need for *constructive and responsive partnerships between rights-holders and duty-bearers* towards enhanced transparency and accountability, and promotion of non-discrimination and civic values. Impetus of such partnerships were confirmed in past engagements and will be pursued further under UPGRADE.
- Need for applying a more *flexible framework* for support to democratic governance issues in order to address the many dynamic and interlinked challenges within the governance agenda most successfully. Engagements under UPGRADE will include flexibility to continuously assess and adapt to opportunities and threats facing democratic development in Uganda.
- Need for strengthening the *local presence and outreach* to bring issues of good governance closer to the citizens. This pertains to state and non-state partners alike.
- Need for increased *engagement with young people and women* in order to ensure inclusion, healthy lives, economic well-being and productivity with respect for human rights.

Support to the Justice Law and Order Sector (JLOS) will be phased out, when the programme comes to an end. This is based partly due to the reduced budget for the Country Programme and because other DPs are taking over support to this sector. Support to local governance will also be phased out as the potential democratic benefits of decentralisation have been put under

pressure by the proliferation of new districts and therefore continued engagement is assessed not to yield much impact.

4.4. Development engagement partners

Support to the Democratic Governance Facility (DGF)

The multi-donor facility DGF was created in 2011 based on Danish experiences with the Human Rights and Good Governance Office (HUGGO). DGF has in its first phase (2011-2017), with a total budget of Euro 140 million, provided support to more than 80 governmental and non-governmental partners.

The second phase of the programme (2018-2022) will be funded jointly by Austria, Denmark, Ireland, the Netherlands, Norway, Sweden and the EU. Focus will be on working towards an overall vision of contributing to *'a Uganda where citizens are empowered to engage in democratic governance and the state upholds citizens' rights'*. This will be pursued through approximately 60-70 partnerships focusing at four high level outcomes, namely i) Strengthened democratic processes that respond to citizens' rights, ii) Strengthened rule of law and improved access to justice for all citizens, iii) Increased protection and fulfilment of human rights and gender equality, and iv) Improved citizens' inclusion and engagement in decision-making processes.

The overall rationale for Danish support to the DGF is dual. The support constitutes significant support to Ugandan civil society and its work related to building a vibrant civil society. This is expected to contribute to transitional change, in particular in areas related to democratic governance, freedom of speech, human rights, gender, youth, accountability and anti-corruption. An equally important rationale for supporting DGF II is the focus on the interaction and cooperation between non-state actors and the responsive institutions of the GoU, which is assumed to contribute to improved service delivery whilst also strengthening democratic processes.

A review of the first phase of the DGF concluded that it had achieved considerable results in promoting democratic governance. More concretely, DGF had contributed to constructive civil society engagement with government and parliament; citizens' understanding of their rights, stronger accountability; and provision of legal aid to over four million Ugandans.

Based on this, DGF will in its second phase aim not only to consolidate its efforts in supporting and strengthening civil society, but also reinforce its approach and its engagement with GoU to demonstrate the value of a governance programme, which connects to the national priorities and commitments of GoU. DGF will ensure an ongoing contextual assessment, which continuously will inform the strategic direction and decision-making on partners.

It will take an adaptive programming approach based on principles around identifying and addressing local and national governance related issues. DGF will function as an active facilitator or convenor for partners to come together to build synergies between areas of intervention contributing to the realization of the four high level outcomes mentioned above.

The programme will apply Human Rights Based Approach (HRBA). It will seek to empower rights-holders, including those that are particularly marginalized, to claim their rights and demand accountability – and at the same time seek to strengthen the capacity of duty bearers to fulfil their obligations as well as fostering a constructive dialogue and process between rights-holders and duty bearers. Gender and youth are strategically prioritized in the programme partnerships to ensure participation and inclusion of women and young people.

The DGF is governed by a Board comprising Heads of Missions of the funding DPs. The Board is in charge of setting the strategic direction for DGF. A Steering Committee comprising DP technical representatives will provide oversight of, and give impetus to, the implementation of interventions according to the strategic direction provided by the Board. Active DP engagement with DGF partners will ensure that the political dialogue with Gou is based on evidence.

Denmark will continue its role as legal entity for DGF. However, all the contributing DPs share the political and financial responsibilities jointly. As the legal entity, the Embassy will be overall responsible for the management of a Facility Management Unit with envisaged five international Danida advisors and approximately 30 local staff, who will manage the daily work of the DGF. Financial management is done in accordance with Danida rules and procedures. The total budget envisaged for DGF II is Euro 89 million, of which Denmark will contribute DKK 145 million (approximately 22 percent).

Support to United Nations Population Fund (UNFPA)

UNFPA will be supported to pursue *enhanced utilization of SRHR and GBV services among the women and young people in Northern Uganda, including refugees, in order to realise their right to live healthy and productive lives.*

Focus will be on empowerment of young people and women to demand for their SRHR and gender rights and to foster gender sensitive environments, while local authorities will be supported to provide integrated quality SRHR and GBV services. UNFPA will also address the need for young leaders to be nurtured to develop and implement innovative solutions for the improvement of SRHR and GBV outcomes.

The rationale for engaging with UNFPA is to promote women and young people's participation and influence in society as equal actors with the ability and opportunity to take development into their own hands. The engagement will target Northern Uganda as it lags behind most of the rest of the country on all human development indicators, and host a large number of refugees.

The majority of refugees are women and young people of which a large number have been mentally and physically abused. Amongst refugees and host communities alike, GBV is widespread and access to SRHR remains limited. Young girls are victims of violence and harmful practices like defilement and child marriage leading to a high number of school dropouts. Not only does this have negative psycho-socio effects on the women, young girls and

their children, but it also prevents them from improving their economic well-being and productivity thus contributing less to the development of a resilient society.

The intervention logic of this engagement is that by enhancing women and young people's access and utilisation of quality SRHR and GBV services – and by linking health and economic empowerment – women and young people will live more healthy and productive lives and be able to contribute to their own development and to broader social changes in their communities. It is based on the assumptions that i) Uganda's economic growth is dependent on a healthy and productive workforce, which includes women and youth and ii) financial security, long-term productivity and social empowerment cannot be achieved if the SRHR of women and young people is not protected,

The engagement builds on priorities set in UNFPA's Country programme for Uganda (2016-2020), the UN Development Assistance Framework (2016-2020) and the NDP II. It furthermore supports efforts to pursue SDG 3 and 5 (health and gender equality). UNFPA will make use of existing structures such as farmer and youth groups and thereby give impetus to other development programmes focusing on social and economic change in Northern Uganda. In particular, UNFPA will work closely with and support the planned SRHR interventions under the NURI engagement.

The Danish support of DKK 85 million for UNFPA will be based on the detailed design spelled out in the 'Women, Adolescent and Youth Rights and Empowerment Programme' and underlying annual work plans agreed between UNFPA Uganda and the RDE. An international senior advisor is expected to be deployed under the programme to enhance UNFPA's capacity to strategic planning of activities at all levels, financial management and monitoring and documentation of results. Furthermore, RDE will pursue additional capacity support to UNFPA through the Danish JPO programme based on needs identified.

Support to UNFPA is pending final quality assurance later this year.

Support to the Inspectorate of Government (IG)

The IG is mandated with the responsibility of leading the GoU actors in the fight against corruption alongside the Ombudsman task in handling mal-administration in public offices.

Building on Danish financial support to the IG since the 1990s, UPGRADE will contribute to *a stronger role of key duty-bearers in strengthening good governance, accountability and the rule of law in public office*. The IG is part of the Accountability Sector, one of the enabling sectors identified in NDP II.

A 2015 review of previous support concluded that the IG was performing a critical role as watchdog and ombudsman, but recommended strengthening local outreach. While some DPs provide technical support, Denmark is the only one providing core funding. The Danish Ombudsman and the Director of Public Prosecution (Rigsadvokaten) are expected to complement the partnership by providing technical assistance to the institution through twinning agreements (*myndighedssamarbejde*).

The rationale for Danish support to the IG is to strengthen the institution and its role in the Ugandan society in order to promote a more conducive environment for economic and social development. The engagement will revolve around support to IG's strategic plan for 2015-2020, which provides an in-depth analysis of lessons learnt, challenges, weakness as well as opportunities and strengths, and is fully aligned to the NDP II.

The strategic plan highlights that the IG is determined to engage with a broad range of stakeholders, including civil society and the private sector. This outreach stands prominent in making the case for continued Danish support. Such engagement is essential not only to enhance handling of corruption cases but also as a preventive measure in a society where corruption is endemic and systemic. Further, the IG's focus on strengthening the role of the Ombudsman is seen as a strong commitment to take essential steps to develop more efficient procedures and work processes to curb corruption and abuse of authority.

Denmark will support strategic priorities of the IG such as prevention, detection and elimination of corruption. In particular, focus will be on 1) enhanced *public awareness* about the functions of the IG and strengthened partnerships with strategic partners, including local communities and the private sector, 2) stronger *local presence*, including more efficient procedures and work processes, in order to reinforce and build on the establishment of a number of decentralised offices, which has resulted in an increased number of complaints and cases, and 3) *maximizing the IG's ombudsman role* by peer learning through the partnership with the Danish Ombudsman.

Support to the IG is provided as project support, however aligned to the IG's activities. Annual work plans for the use of Danish funds will be developed based on the IG's strategic plan and the above-mentioned Danish priorities. Denmark will furthermore provide assistance to strengthen M&E and learning within the institution. The total contribution to IG is DKK 35 million equalling approximately seven percent of the total annual budget. The RDE and the IG will ensure close coordination with other DPs to maximise synergies.

Support to the Financial Management and Accountability Programme (FINMAP)

FINMAP is the primary implementation framework for the Ugandan Public Finance Management (PFM) Reform Strategy. The programme was established in 2006 with a mandate to address the whole public financial management cycle, including economic planning and management, budget preparation and execution, accounting and reporting, and oversight and scrutiny – all at both central and local government level.

On the basis of Danish support since 2013, the engagement with FINMAP will promote *more efficient, effective and accountable use of public resources at central and local level and enhanced resource mobilisation in local governments*.

The programme feeds directly into the NDP II objectives of the Accountability Sector. Apart from Denmark, also Norway, UK, EU, Germany and GoU currently fund the third phase (FINMAP III) through a basket arrangement.

FINMAP has been found to contribute significantly to achievements in PFM reforms over the last decade and to poverty reduction and inclusive growth by reinforcing macroeconomic

stability and strengthening accountability and transparency at central and local government levels. A 2015 review of Danish support noted that FINMAP in particular had become an active player in support of improved local service delivery. Amongst the most visible achievements identified as results of FINMAP is the roll out of an integrated finance management system, which together with capacity building for accounting professionals has improved financial management in central and local governments. However, challenges remain with the system such as the lack of a coherent integration of various PFM systems and weak management of public procurement.

The rationale for support to FINMAP is to maintain the impetus for improvement and full implementation of Uganda's legislative and institutional mechanisms for expenditure and revenue management. This will strengthen the efficient, effective and accountable use of public resources, and thereby ideally improve performance and service delivery across all sectors, which in turn is fundamental for inclusive economic and social development.

A Management Support Unit within the MoFPED coordinates FINMAP, while actual implementation of reforms is undertaken by ministries, departments and agencies as well as district local governments. FINMAP employs additional contract staff to facilitate the reforms, of which the vast majority works within partner institutions, where they provide technical assistance and support, capacity building and training and implement new systems.

The next phase (FINMAP IV) is currently under formulation and Denmark and other DPs are closely engaged with Ministry of Finance, Planning, and Economic Development (MoFPED) in the design process. Hence, support to FINMAP will undergo final quality assurance in 2018.

The total contribution to FINMAP under UPGRADE is DKK 35 million.

Support to Acholi Religious Leaders Peace Initiative (ARLPI)

Denmark has provided support for ARLPI since the very early days of the organisation and will under UPGRADE build on this long-standing partnership with the aim of contributing to create *a conducive environment for sustainable peace and development in Northern Uganda*. This is in line with ARLPI's objectives as stated in the Strategic Plan.

ARLPI is a local inter-faith peace-building and conflict transformation organization that was formed in 1997 to provide a proactive response to the armed conflict in Northern Uganda. The mission of ARLPI is to work for sustainable peace, justice, and development through mediation, conflict resolution and advocacy using non-violent means.

The rationale for this engagement is that if local communities are supported by ARLPI to enhance their capacity to settle conflicts and grievances in a peaceful manner, and if ARLPI as an organisation improves its capacity to transform its interventions into evidence-based advocacy at both local and national level, then a more conducive environment for sustainable peace will be created – not only within the communities in Northern Uganda but the wider country.

Despite its limited size, ARLPI enjoys a high level of legitimacy by bringing together the main religious leaders of the major denominations and their respective constituencies. ARLPI

participates effectively in promoting sustainable peace in the Acholi sub-region, a former stronghold of the Lord's Resistance Army (LRA), as well as at national level, where the religious leaders engage in conflict resolution and advocate for enhanced transitional justice efforts.

ARLPI has demonstrated capacity and successes with defusing community level conflicts and has achieved recognition at local, national and international levels, as well as contributed significantly to international awareness of the past conflicts in Northern Uganda. Under UPGRADE, ARLPI will continue the local sensitization through engagements with communities. Relevant parties will be brought together for practical reconciliation and peaceful co-existence and ARLPI will seek to contribute to avoiding a reoccurrence or escalation of conflicts in a vulnerable, post-conflict situation. ARLPI will furthermore work to strengthen its engagement in high-level political dialogue regarding transitional justice and local conflict resolution measures.

Strengthened national advocacy will be explored e.g. through collaboration with Gulu University under the Danish funded BSU, which has a research focus on peace and reconciliation in Northern Uganda.

The Danish support of DKK five million for ARLPI will be provided within the framework of ARLPI's strategic plan and will be based on annual work plans to be agreed between ARLPI and the RDE. Denmark is the only major DP of ARLPI, and Danish support will therefore also focus on strengthening the organisation's capacity to reinforce the results of the organisation's work and to make the organisation more attractive to other DPs, and thereby less dependent on Danish support.

4.5. Results framework

Thematic Programme		Uganda Programme for Governance, Rights, Accountability and Democracy (UPGRADE)	
Thematic Programme Objective		<i>Enhance accountability and stability and to deepen democracy and respect for human rights</i>	
Impact Indicator		<ol style="list-style-type: none"> 1. Political Pluralism and Participation (Freedom House) 2. Social inclusion and equity (Country Policy Institutional Assessment, WB) 3. Freedom of Expression and Belief (Freedom House) 4. Associational and Organizational Rights (Freedom House) 5. Rule of Law (Freedom House) 	
Baseline	Year	2016	<ol style="list-style-type: none"> 1. 5 2. 3.5 3. 9 4. 4 5. 5

Target	Year	2022	Slight improvement expected for all of the five
Engagement Title		Democratic Governance Facility (DGF)	
Outcome		<i>A Uganda where citizens are empowered to engage in democratic governance and the state upholds citizens' rights</i>	
Outcome indicator		<p>1.1 pct. of population satisfied with the way democracy works in Uganda</p> <p>1.2 pct. of population who think (1) men make better political leaders than women, and should be elected rather than women, and (2) women should have the same chance of being elected to political office as men.</p> <p>2.1 Civil Society Sustainability Index Score</p> <p>2.2 Governance Accountability Score</p> <p>3.1 World Justice Project, Fundamental Rights Score</p> <p>3.2 Global Gender Gap Report Score</p> <p>4. Rule of Law Score</p>	
Baseline	Year	2014-16	<p>1.1: 50% (Source: Afrobarometer 2015)</p> <p>1.2: 1) 25% agree 2) 73% agree (Source: Afrobarometer 2015)</p> <p>2.1: 4.2 (Source: Civil Society sustainability index for Uganda, USAID 2014)</p> <p>2.2: 31.1 (Source: Mo Ibrahim Index, 2016)</p> <p>3.1: 0.39 (Source: World Justice Project)</p> <p>3.2: 0.704 (Source: Global Gender Gap Report Data Set, World Economic Forum 2016)</p> <p>4: 53.5 (Source: Mo Ibrahim Index, 2016)</p>
Target	Year	2022	Slight improvement for all.
Engagement Title		United Nations' Population Fund (UNFPA)	
Outcome		<i>Enhanced utilization of SRHR and GBV services among women and young people in Northern Uganda, including refugees, in order to realise their right to live healthy and productive lives</i>	
Outcome indicator		<p>1. Percentage of women age 15-19 who have begun childbearing in the target regions (UDHS)</p> <p>2. Age at first marriage for women and men 15-49 years in target regions (UDHS)</p> <p>3. Mean ideal number of children for women 15-49 years in target regions (UDHS)</p> <p>4. Women's participation in decision making on health care and household economy among 15-49 years (UDHS).</p>	
Baseline	Year	2015/16	<p>1. 26.4% West Nile and 25.6% in North.</p> <p>2. 18.1 years among women and 22.3 among males in</p>

			West Nile; 16.9 among women and 21.4 among males 25-54 years in North. 3. 5.1 in West Nile and 4.6 in North 4. 44.6% in West Nile and 61.9% in North.
Target	Year	2022	1. Below 29.6% ² in West Nile and 14.7% in North. 2. 18.8 among women and 24.4 males in West Nile; 16.5 among women and 20.93 among males in North. 3. 5 in West Nile and 3.7 in North 4. 57.5% in West Nile and 72.2% in North.
Engagement Title		Inspectorate of Government (IG)	
Outcome		<i>A stronger role of key duty-bearers in strengthening good governance, accountability and rule of law in public office</i>	
Outcome indicator		1. Conviction rate of high profile corruption cases 2. Conviction rate of other corruption cases 3. Increase in ombudsman complaints referred and resolved by Ministries, Departments, Agencies and Local Governments 4. Increase in public awareness (4.1) of and trust (4.2) in IG disaggregated by gender.	
Baseline	Year	2015/16	1. 60% 2. 78% 3. 20% 4.1 TBD 4.2 TBD
Target	Year	2022	1. 75% 2. 90% 3. 45% 4.1 TBD 4.2 TBD
Engagement Title		Financial Management and Accountability Programme (FINMAP)	
Outcome		<i>More efficient, effective and accountable use of public resources at central and local level and enhanced resource mobilisation in local governments</i>	
Outcome indicator		1. % of clean audit reports in Central Government (CG) 2. % of clean audit reports in Higher Local Government 3. % of internal audit recommendations in Ministries, Agencies and Local Government implemented 4. Local Government local revenue as % of LG budget	
Baseline	Year	2015/16	1. 77% 2. 85.7%

² Trend estimated comparing UDHS 2006 and UDHS 2011 data which results in a negative trend. In those cases the programme will seek to slow down this trend. In addition the trend will be recalculated once 2016 UDHS full report is published.

		2014/15	3. 63.3% 4. 2.1%
Target	Year	2022	1. TBD 2. TBD 3. TBD 4. TBD
Engagement Title		Acholi Religious Leaders Peace Initiative (ARLPI)	
Outcome		<i>A conducive environment for sustainable peace and development in Northern Uganda</i>	
Outcome indicator		<ol style="list-style-type: none"> Number of ARLPI initiated local conflict-mediation actions leading to solving conflict in a non-violent way Number of times ARLPI have addressed national level stakeholders on the issue of conflict resolution 	
Baseline	Year	2016	1. 100 mediation actions per year 2. 4 times per year
Target	Year	2022	1. 128 mediation actions per year 2. 5 times per year

4.6. Budget at outcome level

Implementation will start in 2018. Funds for communication, studies and reviews are allocated at overall country programme level. The table below shows the preliminary disbursement budget for UPGRADE at outcome level:

UPGRADE	2018	2019	2020	2021	2022	Total
DGF	30.00	30.00	30.00	30.00	25.00	145.00
UNFPA	20.00	20.00	15.00	15.00	15.00	85.00
IG	7.00	7.00	7.00	7.00	7.00	35.00
FINMAP	7.00	7.00	7.00	7.00	7.00	35.00
ARLPI	1.00	1.00	1.00	1.00	1.00	5.00
Unallocated		10.00	5.00	5.00		20.00
Total	65.00	75.00	65.00	65.00	55.00	325.00

4.7. Summary of risk analysis and risk responses

Programmatic Risks

Risk Factor	Likelihood	Impact	Risk response
The space available to civil society for activism and advocacy is substantially reduced.	Likely	Major	Together with other DPs (incl. through DGF and EU forums), Denmark will continue the dialogue with the GoU on the need for a vibrant and critical civil society in order to consolidate democracy.
GoU partner institutions cease their roles as champions of change due to political interference.	Unlikely	Major	DPs have very little influence on GoU appointments to leadership positions, including within the IG and Ministry of Finance. In the event of change in leadership, the Embassy will re-assess the institutional capacity of the partners and if necessary, provide additional organisational support to ensure they remain strong agents of change. If operation of the institutions are gravely curtailed, despite capacity building efforts, RDE will reconsider its support to the institutions.
Increased impunity due to lack of convictions in high-level corruption cases.	Likely	Minor	Together with other DPs, Denmark will continue to raise the issue of independence of the Judiciary and retain pressure for improved accountability and transparency through collaboration with relevant government institutions, civil society and media.
Lack of political support at national and district levels for SRHR services.	Likely	Minor	UNFPA will continue to dialogue with key stakeholders on perceived controversial interventions that have inadequate political backing in order to get buy-in. UNFPA will partner with relevant line ministries in the implementation of the programme to ensure support and national ownership of the programmes within the GoU health services and will through the civil societies complement the services being provided in health centres.

Engagement partners do not deliver expected results.	Unlikely	Major	In the individual Development Engagement Documents with the partners, a defined annual cycle of work spelling out the reporting requirements, monitoring visits etc. has been agreed upon. All partners will receive at least one joint programmatic and financial monitoring visit every year, which will focus on results, value for money and sound financial management. In addition, the Embassy will strengthen its internal processes for scrutinizing financial and narrative reports, budgets and annual audits.
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Institutional Risks

Risk Factor	Likelihood	Impact	Risk response
Danida is associated with a major corruption case within one or more of the development engagements.	Unlikely	Major	The Embassy will continue and further strengthen its existing anti-corruption measures and profile. All partners will receive an induction to the Danida anti-corruption policy, including clear guidance on prevention, detection and reporting requirements when implementing with Danida funds. Further, the Embassy will continue to actively communicate to its partners and the public about its zero tolerance towards corruption.

5. Overview of management set-up

5.1. Overall management, risk management, monitoring and reviews

The RDE will sign a bilateral Government to Government agreement with MoFPED covering the entire Country Programme. Throughout the Country Programme implementation period, the RDE will continue its dialogue with GoU at both political and technical level – the latter through so-called Portfolio Review meetings, which normally are organized on an annual basis by MoFPED. The political dialogue will continue to primarily be conducted together with the EU partners and multilateral agencies with the relevant ministers – especially with the Prime Minister and occasionally with the President. Issues concerning progress of the NDP II and obstacles to this, such as corruption and lack of good governance and human rights, will also be addressed.

In addition to the dialogue with GoU, the RDE will continue its active participation in the relevant fora for coordination among DPs and with the GoU. This will be done both at national and sector level in order to improve harmonization and alignment to the national

development agenda of GoU. Most of the identified development engagement partners already have a joint DP programme management frameworks. Where such mechanisms do not exist, such as for NURI, the RDE will continue to coordinate closely with other DPs and actors in the sector, including humanitarian agencies.

The RDE is responsible for the overall monitoring of the Country Programme. Desk officers are designated responsibility for specific engagements and are responsible for both management and monitoring. Desk officers will review annual work plans, budgets and reports, participate in steering groups/DP coordination meetings and carry out at least semi-annual dialogue meetings to discuss areas of interest and any emerging issues. The RDE will carry out both programmatic and financial monitoring visits to all partners on a regular basis, jointly whenever possible and with a focus on value for money. The chief financial officer of the RDE has overall responsibility for financial monitoring and is the anti-corruption focal point.

It will be the responsibility of each development engagement partner to report at least bi-annually on progress to the RDE on the basis of the jointly agreed results frameworks included in the Development Engagement Documents (DED). This reporting, together with a discussion on risks identified in the DEDs, will form the basis of the RDE's continuous dialogue with the partners.

In addition, an annual partners meeting with the eight development engagement partners, as well as MoFPED representatives, will be organised to discuss progress in the overall Country Programme and within the two thematic programme areas. It will also be an occasion for mutual learning, strengthening of coordination, sharing of experiences and for exploring possible synergies and cooperation between partners.

Information on each partner's progress will together with conclusions from the annual partner meeting be consolidated by the RDE at thematic programme level, discussed and reviewed in the RDE's Local Programme Committee and subsequently reported on through the appropriate OpenAid channels. The mandatory Annual Country Report will be derived from this information and form the basis for the Embassy's annual results dialogue with the Under-Secretary for Global Development and Cooperation.

The RDE will also continue its regular meetings with Danish NGOs represented in Uganda in order to exchange information and experiences and explore possible synergies on political, economic and social issues such as support to civil society in Uganda, the humanitarian-development nexus, youth, gender and climate change.

A mid-term review of the country programme is planned in order to assist in planning the second half of the programme period and adapt the programme to changing circumstances, including possible new activities. If deemed relevant, this will be supplemented by more technical *ad hoc* reviews, as far as possible in collaboration with other DPs.

5.2. Summary of anti-corruption measures applied

The corruption level in Uganda combined with a widespread lack of capacity at partner level, heightens the risk of mismanagement of development funds and/or corruption at development

engagement level. Building on lessons learnt and best practices, each engagement will have its own management arrangement aimed at mitigating this risk.

All development engagement partners will receive an induction to the Danida anti-corruption policy, including clear guidance on prevention, detection and reporting requirements when implementing activities with Danida funds. The RDE will also invite all partners to an anti-corruption workshop as well as offer online training courses in anti-corruption.

The eight development engagement partners have undergone a thorough pre-grant assessment, which has identified potential capacity gaps, risk areas as well as anti-corruption measures applied by the partner. The RDE has a rolling joint financial monitoring plan that builds on a detailed and prioritised risk assessment of the engagements, and joint programmatic and financial monitoring visits will be conducted to each partner at least once every year.

All engagements will undergo an annual financial audit, which will include elements of compliance and performance audit in accordance with International Standards of Auditing. Furthermore, the need for value for money studies, as well as specialised audits such as procurement audits, will be determined each year in connection with the planning of the annual audits.

Additional engagements envisaged under unallocated funds will be established with due consideration to the capacity of partners to effectively contribute to the relevant thematic outcomes, as well as their capacity to manage funds in a sound and accountable manner.

5.3. Communication of results

Communication of the results of the country programme will be an important priority for the RDE and a dedicated budget (part of programme costs) has been set aside for this. An overall communication plan outlining the objective, target groups, communication platforms, timing and resources is outlined in Annex G. The RDE will with stories relating to its activities in Uganda contribute to the overall communication efforts of *The World 2030*, in particular within the thematic areas of youth, the humanitarian-development nexus, gender equality, employment and entrepreneurship, human rights and democracy, anti-corruption and green growth.

The objective is to increase awareness of Denmark's development cooperation with Uganda and make it more understandable by exemplifying its relevance and impact, so as to contribute to the overall Danida communication on results. This also involves contributing to strengthening Denmark's reputation, including the Danida brand, in Uganda by communicating contributions by all parts of Danish society (NGOs, research institutions, the private sector, and public authorities) to development results.

The Embassy will *primarily* be communicating in English to an audience interested in Uganda and Denmark's engagement in Uganda mostly using the Embassy's own social media platforms. Where relevant, the Embassy will contribute to the overall Danida communication strategy using the MFA's social media platforms.

6. Overall Country Programme Budget

Allocations on the Danish Finance Act for the Country Programme are expected to be DKK 225 million in 2018 and DKK 525 million in 2019. An additional DKK 75 million for NURI and DKK 85 million for UNFPA as well as DKK 35 million from the CCE are expected to be allocated on the Danish Finance Act for 2017.

Since the main commitment frame for the Country Programme has been divided over two years, and due to different end dates of existing sector programmes, the commitment under the Country Programme will be phased with the 2018 commitment frame being allocated to UPGRADE and most of the 2019 commitment frame being allocated to UPSIDE.

The Country Programme is flexible and can be adapted to emerging needs and unforeseen strategic priorities, while at the same time being as lean as possible. A total of DKK 50 million has been set aside as *unallocated funds* constituting less than six percent of the overall budget. The unallocated funds are intended to be used for possible new emerging areas within the two thematic programmes, initiatives that can strengthen synergies, or to scale up existing development engagements based on positive initial results.

The budget line for *programme costs* includes funds for communication, reviews, studies, annual Country Programme Meeting and formulation of the next Country Programme. The *programme costs* will in the Finance Act, for technical reasons, be included as part of the UPSIDE programme. However, the *programme costs* relate to the entire country programme.

The limited *LGA* budget is for engagements for emerging politically strategic priorities.

Danida advisors will be funded through the engagement budgets. It is envisaged that advisors will be deployed under NURI, aBi, DGF and possibly UNFPA.

Preliminary disbursement budget for the Uganda Country Programme (DKK million)						
	2018	2019	2020	2021	2022	Total
UPSIDE	3.00	101.50	168.50	168.00	164.00	605.00
NURI		38.00	70.00	70.00	72.00	250.00
CCE	3.00	8.50	8.50	8.00	7.00	35.00
aBi		40.00	65.00	65.00	60.00	230.00
TMEA		15.00	15.00	15.00	15.00	60.00
Unallocated			10.00	10.00	10.00	30.00
UPGRADE	65.00	75.00	65.00	65.00	55.00	325.00
DGF	30.00	30.00	30.00	30.00	25.00	145.00
UNFPA	20.00	20.00	15.00	15.00	15.00	85.00
FINMAP	7.00	7.00	7.00	7.00	7.00	35.00
IG	7.00	7.00	7.00	7.00	7.00	35.00

ARLPI	1.00	1.00	1.00	1.00	1.00	5.00
Unallocated		10.00	5.00	5.00		20.00
Programme costs	<i>1.00</i>	<i>2.50</i>	<i>2.50</i>	<i>2.50</i>	<i>1.50</i>	<i>10.00</i>
LGA	<i>1.00</i>	<i>1.00</i>	<i>1.00</i>	<i>1.00</i>	<i>1.00</i>	<i>5.00</i>
Total budget	70.00	180.00	237.00	236.5.	221.50	945.00

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1 Overall development challenges, opportunities and risks

Uganda's current development context needs to be seen in the light of the interplay between a range of political, economic, social, security, and regional factors that presents the country with a variety of opportunities, challenges and risks.

The fact that the National Resistance Movement (NRM) and President Museveni have been in power uninterruptedly for 31 years means that the country in this long period has been relatively peaceful with good economic growth rates, but also with both economic and political power increasingly concentrated in a relatively small elite. There has been progress in legislation on social and human rights, but less in implementation, but Uganda has been active in promoting peace in an unstable neighbourhood and has a progressive and welcoming refugee policy.

It is against this backdrop that the chapter below briefly presents the present context in Uganda. First is briefly presented some of the main development challenges, while the next sections describe the key economic indicators, progress against the SDGs and a brief analysis of the political economy. Finally, a list of the key documents used for the analysis and possible further studies are presented.

1.1 General development challenges

Although Uganda is among the 20 poorest countries in the world¹, is ranked second last before Burundi among the countries in Eastern Africa and on the most recent Human Development Index (December 2015) is number 163 out of 188², its performance on particular poverty reduction has been very impressive and is often highlighted. UNDP estimates that the reduction of the population living under 1 USD a day was reduced in the MDG period 1990 to 2015 by two thirds, and according to the World Bank, the proportion living in extreme poverty (below USD 1.25 per day) was reduced by almost half from 1993 to 2013 (from 68.1% to 34.6%)³. However, recent national statistics show a 7% increase in poverty from 2013 to 2017.

The backside is that this achievement has mainly been due to increased agricultural incomes for the poorest small-holders, which is only partially sustainable, as it can largely be ascribed to favourable weather conditions during most of the period and high commodity prices rather than improvements in productivity-enhancing factors. This overreliance on external factors renders the poverty reduction precarious and the average Ugandan increasingly vulnerable to shocks (i.e. climate change and/or low prices). Around 40% of Ugandans remain "insecure non-poor", defined by the World Bank as those living on less than twice the extreme poverty income of USD 1.25 per day. An extended shock could potentially see the majority of this group slide quickly back into extreme poverty. The World Bank also notes the often short-lived

¹ e.g. <https://www.gfmag.com/global-data/economic-data/the-poorest-countries-in-the-world?page=12> (accessed 12.02.2017) The Global Finance Magazine ranked Uganda as number 19 in 2015.

² <http://hdr.undp.org/en/2015-report> (accessed 10.02.2017)

³ World Bank *Uganda Systematic Country Diagnostic*, December 2015, and WBG: Uganda's Poverty Assessment Report 2016. September 2016 <http://pubdocs.worldbank.org/en/381951474255092375/pdf/Uganda-Poverty-Assessment-Report-2016.pdf> (accessed 12.02.2017) (WBG: *Country Diagnostic* 2015)

impact of poverty reduction; for every three Ugandans being lifted out of poverty, two fall back in poverty within a short period⁴.

Other positive accomplishments concerning the MDGs are access to HIV treatment, reduction in incidence of malaria and other major diseases. Meanwhile, progress on universal primary education, gender equality, maternal health, and the spread of HIV/AIDS, all of which are key aspects for human development, has been slow, and in some cases, reversed⁵ (for more detail see below section 1.3).

While the reduction of absolute poverty has been impressive, it should be noted that income inequality is growing in Uganda with women, youth and children constituting the highest percentage of those living in extreme poverty and with poverty and vulnerability being especially pronounced in the marginalised region of Northern Uganda, which is home to the majority of people living in extreme poverty (43.7 % compared to 4.7 % in the Central Region⁶). The continued influx of South Sudanese refugees into Northern Uganda is further increasing the pressure on agricultural livelihoods and access to land and natural resources.

National Development Plans: Uganda's *Vision 2040*⁷ defines the long-term vision for Uganda as "A Transformed Ugandan Society from a Peasant to a Modern and Prosperous Country" from a predominantly peasant and low-income country to a competitive upper middle-income country. The vision is intended implemented through five-year National Development Plans (NDPs). Presently Uganda has defined its second NDP (NDP II) for financial years 2015/16-2019/20 with the overarching – and overly ambitious – goal to reach middle-income status by 2020. The key priority areas laid out in NDP II are primarily related to infrastructure development⁸, commercialization of the agricultural sector, and promotion of tourism. Less priority is given to traditional social service delivery (i.e. education, health, water and sanitation) as well as general principles of good governance. The NDP II plan is a break with previous national plans such as the PEAPs – Poverty Eradication Action Plans - as it does not focus on poverty eradication but on development through growth. Development Partners (DPs) and civil society have criticised NDP II, when it was still a draft, for not sufficiently prioritising the productive sectors, which are critical for creating employment, and also for not sufficiently promoting equity.

A key factor obstructing Uganda's transition to middle income status is the rapid population growth. Other important factors are the delay in the expected revenues from oil production (Uganda's oil reserves are the fourth-largest in sub-Saharan Africa but are not expected to bring

⁴ See <http://www.worldbank.org/en/country/uganda/brief/uganda-poverty-assessment-2016-fact-sheet> (accessed 20.02.2017)

⁵ World Bank Group: "Country Partnership Framework for the Republic of Uganda for the Period FY16-21". 2016. (hereafter referred to as WBG: Partnership....)

⁶ World Bank Group. "Uganda Systematic Country Diagnostic. Boosting Inclusive Growth and Accelerating Poverty Reduction" December 4. 2015 p. 2 (WBG: Country Diagnostic 2015)

⁷ <http://npa.ug/wp-content/themes/npatheme/documents/vision2040.pdf> (accessed 20.02.2017)

⁸ The big infrastructure projects; dams, roads, etc. are mainly financed by Chinese banks and it is speculated that they are planned to be paid back with income from oil. (see section 1.2 below)

revenue until the mid 2020s), slowing economic growth, unsatisfactory and ineffective public service delivery, and mismanagement of public resources.

Other important development challenges: Governance, private sector development and refugees:

The NDP II also recognises that there are governance challenges to the implementation of the plan. It notes that governance needs to improve for an effective implementation of the development plan and that stronger voice and accountability (including fighting corruption) is needed to increase the demand for quality public services⁹. However dealing with the governance issues identified is not prioritised in the plan and the objectives and interventions presented do not address these in a way, which will have the necessary effect.

While NDP II also recognises the important role of the private sector in implementing the plan, the latest World Bank Doing Business report¹⁰ saw only modest improvement, partly due to progress in relation to trading across borders, with Uganda being ranked 115 out of 190 countries. Uganda continues to face serious challenges, not least in terms of low value addition to its agricultural exports, high transport costs due to inappropriate infrastructure, poor standards and quality control regimes, and a high trade deficit. In general, private sector development in key sectors such as agriculture, manufacturing and services lags behind what is needed to meet the growing demand for jobs, not least from the fast-growing youth population. In addition, the investment climate in Uganda remains highly challenging, owing primarily to unclear and poorly enforced land rights, poor protection of investors and systemic corruption.

Uganda is presently the African country hosting the most refugees and ranks number six in the world. As of September 2017, the number of refugees exceeded 1,3 million with more than one million originating from South Sudan. Uganda is nevertheless known as one of the most refugee-friendly countries in the world¹¹ and provides land for refugees to farm and allows refugees freedom of movement (subject to limited restrictions) and access to employment. The international community provides financial support through UNHCR and a number of international humanitarian NGOs that assist refugees until they become self-sustainable or return. It is also noteworthy that Uganda has as one of the first countries in the world included refugees in its national plan (NDP II).

Nonetheless, the high number of refugees puts a strain on host communities, especially in the North, where the highest number of refugees is settled, especially the large number of South Sudanese, and where local government authorities and agencies are unable to meet the demand for basic services (see also section 2.3 below).

⁹ See Chapter 14 of the NDP II

¹⁰ <http://www.doingbusiness.org/data/exploreeconomies/uganda> (20.02.2017)

¹¹ UNHCR and WBG: An Assessment of Uganda's Progressive Approach to refugee management . Washington 2016
<https://openknowledge.worldbank.org/handle/10986/24736> (accessed 12.02.2017)

Also the difficult situations in South Sudan and DRC have negatively affected the Uganda export to these countries.

1.2 Development in key economic indicators

Overall Uganda's macro-economic framework is generally sound and future prospects are fair. Short-term potential sources for instability are the risks of inflation, while more long-term instability factors are regional insecurity and a growing debt with lower oil income than planned.

Economic growth: After the NRM came to power in 1986, one of its priorities was to stabilise the economy, and it therefore gradually embarked on a privatisation and structural adjustment reform programme largely in line with the recommendations of the Bretton-Woods institutions. This led to Uganda's remarkable economic growth during the period 1987 to 2010, where growth was 6.9% on average a year (and in the years 2000-10 it rose to 7.4%). Mainly due to the global financial crisis, the growth rate dropped to 3.4 % in 2011-12 and has since averaged at 4.5 %.

The population growth figures of 3.3% a year partly crowd out the GNI per capita growth, which has been estimated at 4% a year from 2000-09, and since around 3%¹². The rapid population growth has meant that 70% of the population - estimated to be 38 million¹³ in total - is presently below 25 years of age (and almost half of the population being below 15 years of age). It is estimated that 500-700,000 youth are entering the labour market every year, making unemployment a serious challenge.

According to the World Bank¹⁴, Uganda's economic growth has averaged 4.5% in recent years 2011/12 to 2015/16¹⁵. The decline over the past five years is related partly to the increasingly volatile external environment and partly to domestic policy responses to shocks and strains related to the ongoing impact of the drought on agriculture, the civil war in South Sudan, and the upheavals in the banking system. Therefore, current policy is focused on the management of these impacts so that they do not exacerbate macroeconomic instability and on measures to stimulate the economy to increase growth. The prospects for continued growth, face a number of risks.¹⁶ Key among these is a failure of the planned heavy public investment programme, including further slow-down in the Chinese economy, as Chinese banks provide the main source of financing for the investments. Others include global economic disturbances and regional instability, especially in DRC and South Sudan. The agricultural sector, which employs the bulk of the labour force, is also unlikely to achieve high rates of growth due to limited use of improved inputs (e.g. seeds and fertilizers), lack of irrigation and low levels of mechanisation, and may be affected by unanticipated weather and climate change related changes.

¹² WBG: *Partnership...* 2016 p.1

¹³ http://www.indexmundi.com/uganda/demographics_profile.html (accessed 12.02.2017)

¹⁴ <http://documents.worldbank.org/curated/en/261811498801726339/pdf/P161699-06-30-2017-1498801724865.pdf> (accessed 2.10.2017)

¹⁵ <http://www.worldbank.org/en/news/feature/2017/02/08/uganda-economic-update-fact-sheet> (accessed 12.02.2017)

¹⁶ <http://www.worldbank.org/en/country/uganda/overview> (accessed 12.02.2017)

Uganda has the highest level of Foreign Direct Investment (FDI) in East Africa, primarily due to investments in oil, but actual oil production is not expected to commence before after 2020.

Debt: Has according to the Bank of Uganda “risen by 12.7 percentage points to 38,6% of GDP in 2016/17 from 25,9 per cent of GDP in 2012/13 and is projected to continue rising towards 45% of GDP by 2020”¹⁷.

Debt of 38.6% of GDP is relatively low compared to international standards (and it decreased dramatically due to a HIPC initiative between 2004 and 2008). However, the on-going and foreseen infrastructure investments will increase the debt levels, although it is expected that they will remain within the manageable margin by not exceeding 50% of the annual GDP.¹⁸ Nonetheless, Bank of Uganda reports that the credit rating bureau Moody’s has recently downgraded Uganda’s long-term bond rating by one notch to B2 from B1 because of the drastic increase in public debt¹⁹.

Uganda has borrowed heavily from China for projects such as two hydropower dams, a new road between Entebbe and Kampala, and a fertilizer plant. There are media reports²⁰ that these loans are secured against future oil revenues. With the oil prices almost halved over recent years, there is speculation that this debt may be unsustainable.

According to a recent study by the Overseas Development Institute,²¹ official development finance beyond ODA accounted for 6.3 % of total development finance to Uganda between 2002 and 2013 amounting to USD 1.4 billion. Since 2013, there has been a marked change in this pattern. In 2014-15 the Parliament approved USD 2 billion of non-ODA loans primarily from China, which amounted to 67 % of total new external financing commitments (including grants) for the year. The reports estimate that non-ODA loans are expected to constitute 70% of new government borrowings to 2025/26 amounting to USD 7.4 billion in value, with the Exim bank expected to account for 80% of these²².

Oil: The current low oil prices – if sustained – are likely to lead to delayed investment in the oil sector. This should give Uganda an opportunity to place more focus on the productive sectors and on export possibilities. It should also provide the GoU with an opportunity in the longer run to carefully analyse how to link the economy to oil income and ensure that governance issues around extractive industries are improved²³.

¹⁷ Bank of Uganda: *State of the Economy*. December 2016. p.26. https://www.bou.or.ug/bou/bou-downloads/publications/StateOfEconomyReports/2016/Dec/State-of-the-Economy-Report_December_2016.pdf (Accessed 12.02.2017)

¹⁸ Interview in February 2015.

¹⁹ *ibid.*

²⁰ Robert Looney: *In Uganda its bust before boom*. Foreign Policy Magazine 2. February 2015. <http://foreignpolicy.com/2015/02/02/in-uganda-its-bust-before-boom-oil-prices-east-africa> (last accessed 12.02.2017)

²¹ Fiona Davis, Cathal Long and Martin Wabwire: *Age of Choice. Uganda in the new development finance landscape*. Overseas Development Institute. April 2016. <https://www.odi.org/sites/odi.org.uk/files/resource-documents/10459.pdf> (accessed 12.02.2017)

²² *ibid.*

²³ WBG: *Partnership...* 2016 p.6

The low oil prices should improve the economy in the short run and prices of key inputs (e.g. fertilisers, agricultural implements and transport) to productive sector should gradually fall, although marginally.

Taxes: Tax revenue is comparably low in Uganda, averaging 12.6% for the last 5 years, and is one of the lowest in the region. Partly necessitated by DPs halt of budget support (initially caused by the corruption scandal in 2012 in the Office of the Prime Minister (OPM)) the government introduced and Parliament passed (after much debate) a 2014-15 budget that removed many tax exemptions, which, with efficiency gains, should increase the tax-to-GDP ratio to 13.1%. The government has expressed its commitment to raise this by 0.5 % a year (until the long-term EAC convergence of 25%).

Inflation: Since the early 1990ies Uganda has had inflation rates lower than 10% For 2016 inflation fluctuated between 7% and 5%, mainly due to external factors such as depreciation of the Uganda Shilling to the USD, and the Bank of Uganda acknowledges that there is a risk of continued or increased inflation²⁴, which will undermine the planned improved income from agricultural production for small-holder farmers.

1.3 Status and progress in relation to the SDGs

MDGs: The final year of the MDG era was 2015 and the MDG report for Uganda²⁵ concludes that Uganda's overall performance against the MDG results was impressive, although progress was not uniform across all the goals.

Most impressive was Uganda's performance on poverty reduction, which in the period from 1990 saw a two thirds reduction of people living for less than one USD a day. This is partly confirmed by the World Bank, which has a slightly different way of calculating extreme poverty (below USD 1,25 per day) and states that the proportion of the Ugandan population living in extreme poverty has been reduced by more than half from 1993 to 2013 (from 68,1% to 34,6 %) ²⁶. But as mentioned in section 1.1 above the sustainability of this is questionable.

Another important achievement has been in controlling the spread of malaria (one of the targets for MDG 6: Combat HIV/AIDS, malaria and other diseases, the leading cause of under-five mortality. The malaria prevalence rate among children fell by more than 50% in just five years between 2009 and 2014, mainly due to the large-scale dissemination of insecticide-treated bed nets. The burden of other diseases such as measles and tuberculosis has also been reduced significantly. These achievements represent significant progress, although the ambitious target of MDG 4 of reducing child mortality by two-thirds was missed narrowly.

²⁴ Bank of Uganda. December 2016. p. 22 ff.

²⁵ Government of Uganda: "Millennium Development Goals Report for Uganda 2015". 2016

²⁶ World Bank *Uganda Systematic Country Diagnostic*, December 2015, and WBG: Uganda's Poverty Assessment Report 2016. September 2016 <http://pubdocs.worldbank.org/en/381951474255092375/pdf/Uganda-Poverty-Assessment-Report-2016.pdf> (accessed 12.02.2017) (WBG: *Country Diagnostic* 2015)

Elsewhere, the results have been more mixed. While Uganda) achieved the provision of universal access to treatment for HIV/AIDS for all those who need it (target concerning MDG 6), its spread has not been halted, despite positive results.

The MDG 2 of achieving universal primary education was not met, nor were the targets of eliminating gender disparity in all levels of education²⁷.

The target of halving the proportion of people without safe drinking water was narrowly missed, but the report notes that investments in rural water supply has brought significant progress as the share of the rural population using an improved drinking water source increased from 52% in 2002/3 to 72% in 2012/13.

Among the lessons learned the 2015 MDG report point to that the experiences should inform the implementation of the SDGs and the new goals should move beyond the symptoms of poverty to consider the broad drivers of equitable and sustainable development “... Including good governance and participation, government capabilities and economic growth”.²⁸

SDGs: Uganda formulated the NDP II while the SDGs were finally discussed in the UN General Assembly²⁹ and Uganda participated actively in these discussions, which influenced the formulation of the NDP II. It is estimated that the NDP II has ‘localised’ the SDGs with an alignment rate of 76% (120 targets addressed)³⁰ and the country is consequently one of the ‘frontrunners’ for integrating the SDGs in national development plans. The GoU has also established a monitoring system and created relevant structures to oversee and communicate implementation³¹. The first report on the SDGs in Uganda is expected early 2018.

Uganda also volunteered to be part of the “2016 Voluntary National Reviews of the High-Level Political Forum on Sustainable Development” and the report issued in this context³² compares the SDGs goals to the NDP II, but also discloses that, of the 230 global indicators in the global indicator framework or SDGs, only 80 indicators have data readily available in the current Ugandan national statistics framework.

The following SDGs prioritised in the Danish Country Strategy are here presented with the NDP II targets/interventions³³:

Goal	NDP II Targets/Interventions
SDG 1: End poverty in all	• Reduce the percentage of people living on less than \$1 per day from

²⁷ Government of Uganda: “Millennium Development Goals Report for Uganda 2015”. 2016 p. iv f and WBG: Partnership.... p.2

²⁸ ibid. vi

²⁹ The Hon. Sam Kahamba Kutesa chaired the 69th session og the UN General Assembly from June 2014 (until Mogens Lykkesoft succeeded him in 2015).

³⁰ UNDP: “Uganda, Our Constitution, Our Vision, Our SDGs” Kampala 2016 p.22

³¹ ibid p. 33 ff.

³² “Review report on Uganda’s Readiness for Implementation of the 2030 Agenda” Republic of Uganda. 1st July 2016. http://www.ug.undp.org/content/uganda/en/home/library/human_development/ReviewReportonUgandasReadinessforImplementationOfhe2030Agenda.html (accessed 10.04.2017)

³³ Ibid p. 11-16.

its forms everywhere	<p>19.7% to 14.2 % by 2020</p> <ul style="list-style-type: none"> • Increase the number of vulnerable people accessing social protection interventions from one million to three million by 2020 • Increase the percentage of women accessing economic empowerment initiatives from 12% to 30% by 2020 • Reduce the rate of discrimination and marginalization by 4% by 2020 • Develop capacity for mitigation, preparedness and response to natural and human induced disasters for quality effective service delivery
SDG 5: Achieve gender equality and empower all women and girls	<ul style="list-style-type: none"> • Reduce the rate of discrimination and marginalization by 4% • Mainstream gender and rights in policies, plans, and programs in sectors and LGs • Promote formulation of gender sensitive regulatory frameworks in all sectors and LGs with a focus on emerging areas of climate change and oil and gas • Promote women economic empowerment • Promote and protect the rights of vulnerable groups-children, PWDs, older persons against abuse, exploitation, violence and neglect
SDG 8: Promote sustained, inclusive, and sustainable economic growth, full and productive employment and decent work for all	<ul style="list-style-type: none"> • Average targeted growth is about 6.3% less than the proposed 7% • Develop and implement a policy on mandatory association membership for informal sector players • Develop locally manufactured goods through supporting MSMEs. • By 2020, substantially reduce the proportion of youth not in employment, education, or training by 20% • By 2020 develop and operationalize a global strategy for youth employment and implement the ILO Global Jobs Pact • Improve decent work coverage from 40% to 70% by 2020 • Promote decent employment opportunities and labor productivity • Improve the resilience and productive capacity of vulnerable persons for inclusive growth • Promote rights, gender equality, and women's empowerment in the development process
SDG 10: Reduce inequality within and among countries	<ul style="list-style-type: none"> • Enhance effective participation of the marginalized in social, economic and political activities for sustainable and equitable development. • Eliminate discrimination, marginalisation and ensure that all persons have equal opportunities in accessing goods and services
SDG 16: Promote	<ul style="list-style-type: none"> • Enhance the prevention, detection, and elimination of corruption

<p>peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions for all</p>	<ul style="list-style-type: none"> • Improve democracy and governance for increased stability and development • Promote accountability and the observance of human rights • Increase community participation from 50% to 70% in the development process
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As the first report on the SDGs for Uganda is still outstanding it is too early to say whether the statistical system in Uganda has been able to identify baselines and national indicators, which will enable Uganda to report reliably on all the 17 SDGs.

1.4 Political economy analysis³⁴

Uganda’s political system has been termed a hybrid system³⁵. It is characterised by a strong leader, and has adopted a formal democratic system, which is undermined either through patronage or by violence and repression - and often by both. It is not fully democratic nor fully authoritarian. It has been referred to as a ‘neo-patrimonial system disguised as a constitutional, liberal democracy’³⁶.

Informal networks of political leaders, public servants and business people are the main actors in the political economy and permit exchange of favours, access and patronage to permeate public services, business and politics. These informal networks of corruption explain the many badly executed public contracts at both national and local levels (most noticeably in relation to infrastructure).

The President’s constitutional mandate as well as the personality cult are very strong and have an overbearing influence on the two other arms of government – the legislature and judiciary – and sometimes encroach on their independence. The ability to remain in power is a key driver in President Museveni’s rule, and he manoeuvres this in a growing web of obligations and favours to maintain power. This web is so intricate that he is presently seen as indispensable for the ruling elite, whom it is anticipated will be the main beneficiary of the oil-income that is expected to flow after 2020.

The use of threat of violence, promises of jobs and resources to buy support, and not least financing of election campaigns, undermine the democratic process, the ability of the political opposition, and Parliament to hold the executive to account, and keep the opposition weak. This has led to the perception that the regime cannot be changed through elections,

³⁴ This section is based on a Political Economy Analysis commissioned by the Danish Embassy in 2015, updated with more recent information where necessary. Okille, Ashanut and Pedersen, Finn Skadkaer: *“The more it changes the more it remains the same” Political Economy Analysis to inform future Danish Engagement with Uganda* Tana Copenhagen 27th April 2015 (Pol.Econ 2015).

³⁵ Tripp, Aili Mari: *“Museveni’s Uganda. Paradoxes of power in a Hybrid Regime”* Boulder, Colorado, US. 2010

³⁶ Pol.Econ 2015 and Tripp, Aili Mari: *“Museveni’s Uganda. Paradoxes of power in a Hybrid Regime”* Boulder, Colorado, US. 2010.

contributing to voter apathy and/or the electorate voting for the ruling party in order to obtain favours and avoid marginalisation.

Elections: President Museveni was re-elected in February 2016 in the most contested election in Uganda's history. Voter turnout was historically high, with 67.6% turnout, up from 59.3% in 2011. Museveni received 61% of the votes, and his main contender, Kizza Besigye (of the party 'Forum for Democratic Change'), received 36%. Local and international elections observers reported severe irregularities and incidents of harassment, violence and vote-buying, as well as restrictions to freedom of speech, access to resources and the media³⁷.

Accountability Institutions: Despite Uganda having technically sound accountability institutions, corruption is growing³⁸ and is endemic in most government institutions from central to local level. There may be an opening to fight corruption at the lower levels of service delivery, as the President sees lack of quality local services as a threat to his support. But at the higher levels, any institution or process that threatens the disposal of public resources to the powerful elite is often curtailed, thereby creating selective impunity for corruption.

Justice: In the justice, law and order sector (JLOS), which has been supported by a number of donors including Denmark, there are signs of increased effectiveness, efficiency, and some expansion of access to justice, although the support has not managed to transform the sector to become sufficiently free of corruption and abuses of human rights, and particularly not independent of political influence. While there are specific examples of cases where the Judiciary have stood their ground despite intimidation, it is generally not immune to external influence. Police and prisons, which are key institutions in JLOS, also continue to be among the worst perpetrators of human rights abuses.

Public Financial Management (PMF): The many well-intended reforms in public sector and PMF (see also below chapter 5) have created pockets of excellence, which could be an entry point for change – such as Ministry of Finance Planning and Economic Development (MoFPED) and the Inspectorate of Government (IG). However, these reforms have not been able to influence the fundamental drivers of politics. Public sector and financial management reforms are likely to make corruption more difficult, but cannot on their own stop corruption. Ending corruption requires a demonstration of political will at the highest levels and enforcement of the rule of law, which is currently not sufficiently in place in Uganda.

Local Government: Denmark has supported decentralisation and Local Government for more than 20 years. While these areas were originally considered to be means of de-concentrating and devolving power from the centre and in providing basic services closer to the population, the creation of many new districts³⁹ has been used to benefit political allies, win support in opposition-dominated districts, re-centralise decision-making and made many of these too

³⁷ See <https://eisa.org.za/pdf/uga2016eomr.pdf> (accessed 11.04.17) and http://eeas.europa.eu/archives/eucom/missions/2016/uganda/pdf/uganda-fr-forprint-14-04-2016_en.pdf (accessed 11.04.2017)

³⁸ Corruption Perception Index 2016 http://www.transparency.org/news/feature/corruption_perceptions_index_2016 (accessed 11.04.2017) where Uganda is number 151 out of 176 countries.

³⁹ While there were 56 districts in 2002 this has grown to 11 already in 2010 and there are presently being planned 25 new districts

small and expensive to be of real value. There has been a gradual transformation of Local Government to become a vehicle for support to the President and for strengthening the holding power of local NRM cadres.

Security forces: Politics and security in Uganda are closely connected. President Museveni needs the security apparatus and especially the army as a key ally to maintain power and, as a consequence, promotions, military expenditures and lucrative international ‘postings’ are used to buy loyalty as well as international support.

Media: The media has been able to operate relatively freely and has on a number of occasions been at the forefront of exposing instances of misuse of power including corruption, which sometimes has led to prosecution and dismissals.

Although generally being able to use the space to broadcast and publish what they want, media outlets come under pressure if they transgress some un-defined limits, for instance when they paint a critical picture of the government, army and/or especially the President and his family. The pressure is not only applied through threats of closure and actual shutting down media houses and radio stations (as happened in May 2013), or as five days during the 2016 elections shutting down social media but also by instigating long and expensive legal actions, temporarily jailing critical journalists or threatening not to renew operating licenses. All this has led to a high degree of self-censorship on issues thought to be ‘too critical’ of those in power⁴⁰.

Civil society: Uganda has an active independent civil society, which is able to engage with Government on specific issues. The role of CSOs in Uganda’s overall development and democratic processes is recognised in key documents like the NDP II, the national gender policy and the May 2012 NGO policy. Some CSOs, mainly human rights organisations, have been central to highlighting problems related to democratic processes, human rights promotion and protection, and particularly the excesses of state security agents. Some have also highlighted injustices in the use and distribution of natural resources, particularly land, and the lack of transparency in dealings related to oil. Others have focused on poor service delivery and have been involved in accountability measures and budget processes and hereby demonstrated the value of budget monitoring at both central and local level. Moreover, CSOs, including women’s groups, have played a key role in raising public awareness and informing Ugandan women and men of their respective rights.

CSOs in Uganda have also been a target for control. Whilst the space for CSO operation was ‘relatively’ open in the past, this space is now increasingly being restricted with Government officials strongly criticizing and threatening to close down CSOs that address ‘sensitive’ issues related to politics, national security and natural resources. CSOs are often described as agents of the opposition, warned to carry out only service delivery activities. These comments and

⁴⁰ HRNJ(U): “Media Liberalisation in Uganda: Threatening Journalists rights and freedoms” 2013.

warnings have also been followed up with action and some events have been blocked because of lack of permission (under the Public Order Management Act (POMA)).

To what extent the 2016 Non-Governmental Organisations Act will be used to further limit space for CSOs still remains to be seen. Under this new law any act deemed prejudicial to Uganda's security, interest, or the dignity of its people is an offense, which, upon conviction, is punishable by a fine and/or a maximum of three years in prison⁴¹. Critics say that this vague reference to security and dignity is so loose that it seriously threatens many CSO activities.

Religious and traditional institutions: have the potential to advocate for more accountability and transparency in government, as they often have the moral support of their followers, but they are generally failing to do so as they are co-opted, disorganised or threatened into submission by the ruling party. There are, however, religious leaders, who are able to speak as a 'moral' voice, but are often doing this as individuals in order to avoid that they are seen to be organising 'opposition' and hereby being attacked or 'bought' into submission⁴².

1.5 Key documents used for the analysis

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⁴¹ See e.g. <http://www.loc.gov/law/foreign-news/article/uganda-non-governmental-organizations-bill-becomes-law> (accessed 10.04.2017)

⁴² See Pol. Economy 2015 p. 32 f

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2 Fragility, conflict, migration and resilience

Although Uganda has experienced relative peace internally in most parts of the country since 1986, and although the Lord's Resistance Army (LRA) that wreaked havoc in Northern Uganda for many years has now been forced out of the country, there are still fragility signs.

The Fragile States Index for 2016⁴³ ranks Uganda as number 23 (out of 178 countries) and falling in the sub-group of countries characterised by 'alert'. Neighbouring South Sudan is second, with Somalia topping the list.

Although it has been relatively peaceful in most of Uganda for almost 30 years, there have almost continuously been pockets of violent opposition in different parts of the country⁴⁴. The most devastating and longest was the LRA violence starting in 1989.

More recently (2010 to 2014⁴⁵), another rebel movement - the Allied Democratic Forces (ADF), based in the North Kivu in the DRC but emanating from around the Rwenzori mountains in Uganda and led by a former Christian pastor now converted to Islam - has emerged. The atrocities committed by ADF in DRC in 2013 led to an influx of refugees into Western Uganda, and the ADF occasionally make attacks inside Uganda. They are allegedly receiving support from Sudan and are characterised as a terrorist organisation by the US Government.⁴⁶ The UPDF has on occasions been involved in attempting to eradicate ADF, which may have some tacit support in Western Uganda, especially by disenchanted youths.

A more recent incident, also in the Rwenzori region took place in November 2016. In response to militant attacks on police posts in the region, the Ugandan police and military stormed the Rwenzururu royal palace after President Museveni had issued an ultimatum to the local king to surrender his guards and their weapons. The number of victims is disputed between 86 and 150.⁴⁷ The heavy-handed response will probably only temporarily put a lid on what is regarded as a simmering and long-lasting complex ethnic and political conflict with its roots in perceptions of regional marginalisation.

2.1 Conflict drivers

The underlying potential conflict drivers identified during the preparatory work⁴⁸ are the following:

- Regional instability (e.g. fighting in South Sudan, violence and political instability in DRC)

⁴³ <http://fsi.fundforpeace.org/rankings-2016> (accessed 09.02.2017)

⁴⁴ See a list of these in Tripp 2010 p. 153. A more thorough conflict analysis of Uganda is included in Sida Helpdesk on Human Security: "Conflict Analyses for the Great lakes Regions: DRC, Rwanda and Uganda" Draft Report, 27. August 2013 p. 38-58.

⁴⁵ While ADF has not been known to be active in Uganda, there are reports that it is still active in Eastern DRC see: <http://www.globalsecurity.org/military/world/para/adf.htm> (accessed 10.04.17)

⁴⁶ <http://www.globalsecurity.org/military/world/para/adf.htm> (accessed 10.02.2017)

⁴⁷ <https://www.hrw.org/print/301099> (Accessed 10.04.2017)

⁴⁸ Pol.Econ 2015

- Inequality in development between the regions of Uganda, especially the North
- A youth bulge with a high degree of unemployment and gender inequity
- Corruption and poor governance, including human rights abuses
- Politicisation of religious and ethnic identity and tensions between government and cultural (religious and traditional) institutions
- Lack of truth and reconciliation process and weak conflict-solving structures
- Land and resource competition
- A recent drastic increase in the number of refugees, making Uganda Africa's biggest recipient of refugees

2.2 Three potential conflict fault-lines

Three potential conflict fault-lines are outlined below, but have to be understood in the context of all of the above identified potential conflict drivers:

1. Fractures in 'the Movement' and rising costs of the neo-patrimonial system

The longer president Museveni has been in power, the more expensive it has become to sustain the 'neo-patrimonial' system such as seen at the elections in 2016. While the system is becoming narrower at the centre, with an inner core of family and close advisers (taking charge of the key security forces), the varying 'concentric circles' consisting of security agencies, 'westerners', the NRM party, select civil servants, local government, religious and cultural institutions, among others, are becoming more difficult to pay and control. The narrowness of the inner core but the increasing size and price of the other networks may lead to dissatisfaction, especially at the fringes of the coalition.

The NRM is no longer fully cohesive, as many examples of dissent show, e.g. among younger MPs who are already or may become more disgruntled by their lack of significant influence, which in turn affects their ability to 'benefit' from available rents, e.g. the projected oil revenues. This raises 'the stakes' because they are aware that Museveni will not live forever, and they may therefore try to position themselves to become part of the core group when Museveni eventually retires.

Amongst the general public, it may lead to further apathy with electoral politics on the one hand and increased protests over poor service delivery on the other. Such protests have already emerged and could become stronger and might be fuelled by dissatisfied, unemployed youth. The effects of climate change on especially rural communities may add to the dissatisfaction.

With the 'militarisation' of politics such dissatisfaction can easily be repressed (such as it happened recently in the Rwenzori region), but this may in the longer-term make the conflicts more deep-seated.

The fact that there does not seem to exist a transition plan for the president creates a potential unstable environment for these potential fractures to unfold in, and this fragility could become difficult to contain if the President should suddenly be unable to lead the country.

2. The North

The origins of armed conflict in northern Uganda can be traced to the deeply rooted ethnic mistrust that arose during the period of colonial rule. Since independence, the region's ethnic divisions have not diminished. Inter alia, the concentration of wealth and political power in the South laid the foundations of economic and political exclusion, while the military responses by the government to unrest in the North have further cemented the grievances that define North-South relations today. At the same time, the people in northern Uganda have also been affected negatively by the war in South Sudan and conflicts in the Democratic Republic of Congo.

Whilst the armed conflicts in northern Uganda region have ceased, poverty and other forms of conflict and insecurity still prevail⁴⁹.

The Government has sought to address the unique development needs of post-conflict regions by establishing Ministries responsible for these regions (Teso, Karamoja and Northern Uganda), and supporting specific development programmes like the World Bank supported Northern Uganda Social Action Fund I, II and III (NUSAF), and the Peace Recovery and Development Programme (PRDP I and II). However, in 2012, a corruption scandal was unearthed in the OPM, showing that massive corruption had impeded post-conflict recovering populations from gaining from this investment. As a result, PRDP II was halted due to donor cuts of up to 700 billion Uganda shillings. During the process of designing a NUSAF III and PRDP III, it was recommended that PRDP III should focus more on social inclusion, ensuring local ownership as well as address the concerns about transitional justice⁵⁰.

The process of developing a National Peace Policy and a Transitional Justice Policy, which would provide a framework for reparations, foster acknowledgment and truth seeking, and a process for national healing and reconciliation, have been on-going for almost four years during which a draft policy has been produced. The delay in finalising this process feeds into perceptions of 'Government and Ugandans do not care about the North' as does Government's slow response to the nodding disease cases⁵¹ and the OPM scandal, among others. The need for a process of national reconciliation can thus not be overstated, because

⁴⁹ United Nations Development Programme, "Building sustainable peace in Karamoja: Strengthening capacities for community security, rule of law and economic recovery" January 2010

⁵⁰ Advisory Consortium on Conflict Sensitivity, "Are we there yet" Recommendations for PRDP III. Refugee Law Project 2015. <http://www.refugeelawproject.org/resources/briefing-notes-and-special-reports/12-conflict-and-tj-special-reports/316-are-we-there-yet-accs-prdp-iii-briefing.html>

⁵¹ A strange disease mainly affecting children in the North and not recognised until a local MP threatened to take all the children to Kampala that the Government started paying attention.

these delays also undermine state-building efforts, and have left communities across the North with deep-seated grievances against one another that continue to drive conflicts today⁵².

Another key challenge in northern Uganda is conflicts over land. These conflicts are mainly the result of confusion over different forms of land ownership, increased interest in the value of land, and lack of clear demarcation of land boundaries. The discovery of oil and minerals in parts of northern Uganda, and the inadequate level of consultation and engagement between Government and the local communities on how the resources and the proceeds thereof will be 'shared', are potential causes of conflict⁵³.

The conflicts over land and resources are further exacerbated by weak dispute resolution mechanisms. The official structures to address and adjudicate these conflicts, such as district Land Boards, are not always effective, and the traditional institutions are dogged by allegations of bribery. This challenge is further compounded by the fact that in post-conflict regions, years of conflict have destroyed formal and informal justice institutions and disrupted the socio-cultural fabric of communities.

Northern Uganda borders countries that are in the midst of conflicts. South Sudan is dealing with a war resulting from political and ethnic disagreements, and in the west, conflicts in DRC continue, particularly in the areas close to Uganda's border. So, in addition to addressing post-conflict recovery, the citizens of northern Uganda also have to deal with the influx of hundreds of thousands of refugees and other challenges of conflict in bordering areas.

At the elections in 2011, after peace had come to the North, the majority of the population voted NRM, probably not only in gratitude for the peace that was brought to them, but probably also in the expectation that they would then benefit from development initiatives and most importantly a real fear of violence and war returning to the North. Although there were more votes for opposition candidates in the North in 2016 than in 2011, President Museveni even in the Acholi sub-region still received more than 40% of the votes and although the main opposition candidate, Besigye, gained slightly more than President Museveni, with 42%, up from 17% in 2011, it was still far from the Besigye 79% gained in the Acholi sub-region in 2006.⁵⁴

In summary, there is deep-rooted dissatisfaction among citizens in the greater North (Acholi, Langi, West Nilers, Teso and Karamojong) and a sense of being marginalised, but also an experience that resorting to violence is self-defeating. This will likely result in apathy about electoral democracy, but possibly also in isolated low-level protests against lack of services. This will also mean that the 'rulers' cannot rely on the 'Northerners' if forces opposing the regime should threaten it, but Northerners are unlikely to initiate open opposition or revolt.

3. Oil

⁵² Advisory Consortium on Conflict Sensitivity: *Northern Uganda. Conflict Analysis*. 2013

⁵³ Similar concerns are raised in Human Rights Watch, Feb. 2014 "How can we survive here? The impact of mining on human rights in Karamoja, Uganda."

⁵⁴ <http://roape.net/2016/03/03/uganda-2016-the-struggle-to-win-acholi-minds/> (accessed 10.04.2017)

The oil finds are significant and reportedly some of the biggest in Africa. Three companies have been given licences to exploit this – namely Tullow, Total and the Chinese company CINOOC. These companies have already paid significant amounts into the coffers of Uganda and, although oil prices have fallen, they are likely to continue to do so when they start exploiting the oil finds.

Uganda's policy and legal framework for Oil and Gas is governed by the National Oil and Gas Policy (2008), the Petroleum Exploration Development and Production Act (2013), and the Petroleum, Refining, Conversion, Transmission and Midstream Storage Act (2013). The Public Finance Act of 2012 provides for a Petroleum Revenue Management Authority. However, debate on some of these laws left a number of legislators and civil society actors dissatisfied and, despite Government assurances, there are still concerns about whether the oil resources and revenues will be effectively managed and benefit all Ugandans. In particular, specific concerns have been raised by civil society about the lack of transparency and information sharing around Government dealings with the oil companies, potential environmental impacts, the population migration in anticipation of economic opportunities, and social impacts, especially on women⁵⁵.

Localised conflicts have already emerged in areas where oil has been discovered; for example, over land rights and access to employment and other resources for local communities. There is a risk of conflict emerging if beneficiary groups are not identified and environmental impacts clarified. The fact that most of the finds have been discovered in border areas, especially close to eastern DRC with whom some of the sources probably have to be shared, does not decrease the potential for conflict.

2.3 Migration - refugees

Uganda has for decades hosted refugees and asylum seekers from conflict-affected countries in the region e.g. DRC, Rwanda, South Sudan, Somalia and Burundi. Since 1961 Uganda has in any given year hosted at least 160.000 refugees and asylum seekers and is currently hosting more than one million refugees from South Sudan and more than 1,3 million refugees in total.

A relatively small percentage of refugees in Uganda are in a 'protracted' state (i.e. more than five years), but as the situation in South Sudan seems presently (April 2017) to be aggravated by severe drought and there is little progress in peace negotiations, hope for a return of the South Sudanese in the short-term is limited.

As documented in a recent study prepared by a World Bank team in collaboration with UNHCR and the GoU (Refugee Commissioner's Office),⁵⁶ Uganda's refugee laws - especially the 2006 Refugees Act and 2010 Refugees Regulations - are among the most progressive in the world, for they contain key principles of protection and freedoms for refugees such as the right

⁵⁵ International Alert: "Governance and Livelihoods in Uganda's Oil-Rich Albertine Graben" March 2013

⁵⁶ World Bank Group, May 2016, [An Assessment of Uganda's Approach to Refugee Management](https://openknowledge.worldbank.org/handle/10986/24736) <https://openknowledge.worldbank.org/handle/10986/24736> (accessed 22.03.2017)

to work, (relative) freedom of movement, and access to basic social services such as primary education and health to the extent that these are available to anyone in Uganda.

Refugees in Uganda are either self-settled, mostly in Kampala, or live in organised settlements on government or 'community'-owned land, where each refugee family is allocated a piece of land with the intention of becoming self-sufficient with food.

The challenge of finding employment opportunities for the number of youths who enter the workforce every year in addition to the many refugees could result in anti-refugee sentiments if not handled the right way. The international humanitarian support to refugees is an obvious need, but could also feed the anti-refugee sentiments if only seen to be benefitting refugees. Support to strengthen the resilience of host communities and their ability deal with the influx is an obvious mitigating strategy.

While there for now appears to be a very welcoming approach to refugees in Uganda, including in refugee hosting areas in the North, possibly mainly because many of the refugees share language and culture with host communities, there are concerns for what the impact of population growth on Ugandans' hitherto generally generous welcome to refugees will be on the longer term⁵⁷. It is clear that the current rate of population growth, including the large influx of refugees, is a serious curb on the NDP II ambition for Uganda to become a middle-income country, but the refugee influx is presently not perceived to be a 'conflict fault-line'.

2.4 Key documents used for the analysis:

Advisory Consortium on Conflict Sensitivity: "*Are we there yet. Recommendations for PRDP III*". Refugee Law Project February 2015. <http://www.refugeelawproject.org/resources/briefing-notes-and-special-reports/12-conflict-and-tj-special-reports/316-are-we-there-yet-accs-prdp-iii-briefing.html>

Advisory Consortium on Conflict Sensitivity: *Northern Uganda. Conflict Analysis*. Refugee Law Project. 2013
http://www.refugeelawproject.org/files/briefing_papers/ACCS_Northern_Uganda_Conflict_Analysis_Report.pdf

Downie, Richard: "*Politics and Protest in Uganda*" Feb 20, 2013. CSIS. Center for Strategic and International Studies. Washington.

Global Witness: "*A Good Deal Better? Uganda's secret oil contracts explained.*" September 2014.

Human Rights Watch: "*How can we survive here? The impact of mining on human rights in Karamoja*". Uganda." Feb. 2014

International Alert: "*Governance and Livelihoods in Uganda's Oil-Rich Albertine Graben*" March, 2013

⁵⁷ The potential. See, John Semakula and John Masaba, October 9, 2016, "*High fertility threatens Uganda's move to a middle-income status*", Sunday Vision Independence Day Special.

Okille, Ashanut and Pedersen, Finn Skadkaer: *“The more it changes the more it remains the same. Political Economy Analysis to inform future Danish Engagement with Uganda”*. Tana Copenhagen, April 2015

Saferworld: *“Northern Uganda Conflict Analysis”* Saferworld, 2013

Sida Helpdesk on Human Security: *“Conflict Analyses for the Great lakes Regions: DRC, Rwanda and Uganda”* Draft Report, 27. August 2013

UNDP: *“Uganda Human Development Report 2015. Unlocking the Development Potential of Northern Uganda”* Kampala 2015.

3 Assessment of human rights situation (HRBA) and gender

The following is the mandatory Human Rights and Gender screening note prepared as input to the Country Programme.

Tool for Human Rights Based Approach (HRBA) and Gender Equality Screening

The purpose of the note is to facilitate and strengthen the application of the Human Rights Based Approach and mainstreaming of gender equality programming related to Danish development cooperation.

The information in the note is based on the analyses undertaken as part of the preparation of the Country policy paper an Country programme and draws on major Human Rights and gender equality analyses relevant for the country such as UPR-processes, reports and documents from OHCHR, EU HR Strategy, CEDAW-reporting as well as relevant analysis prepared by other major donors.

Basic info

Title	Country Programme
Country/ region	Uganda
Budget in DKK mio.	750
Starting date and duration	1. January 2018 – 31. December 2022 (5 years)
Brief description of the Programme support:	<p>The Country Programme comprises two thematic programmes:</p> <p>Uganda Programme for Governance, Rights, Accountability and Democracy (UPGRADE): The thematic objective of UPGRADE is to enhance accountability and stability, and to deepen democracy and respect for human rights. It is expected to include four development engagements: 1) Democratic Governance Facility, 2) Inspectorate of Government, 3) Financial Management and Accountability Programme and 4) Acholi Religious Leaders Peace Initiative.</p> <p>Uganda Programme for Sustainable and Inclusive Development of the Economy (UPSIDE): The thematic objective of UPSIDE is to contribute to sustainable and inclusive economic growth. It is expected to include three development engagements: 1) Northern Uganda Resilience Initiative (NURI), 2) Agricultural Business Initiative (aBi), and 3) Trade Development Initiative.</p>

Human Rights Based Approach

Assess whether a Human Rights (HR) Based Approach has been applied in the programme:

Human Rights Assessment and Standards			
Issues:	yes	no	Explain:
Have major HR	<input checked="" type="checkbox"/>		HR analyses including UPR 2016 and relevant shadow reports, the EU

<p>analysis relevant for the country been consulted (UPR, OHCHR, other relevant NGO documents)</p>		<p>Human Rights Strategy for Uganda and the National Action Plan on Human Rights have been consulted. The following specific points are identified as particularly relevant to the two thematic programmes in the country programme.</p> <p>UPGRADE:</p> <ul style="list-style-type: none"> - Citizens' role in combating corruption is undermined by the absence of a critical mass able to make increased civic work count and by the fact that many citizens are also caught up in survival mode. - Human rights agencies have expressed concern about unfulfillment of obligations under international human rights law: Restricted freedom of expression and peaceful assembly during the tense post-electoral situations in Uganda as recent examples with reports of killings, injuries, arrests of opposition leader, alleged temporary arrests of and repeated harassment of human rights defenders.⁵⁸ Civil society and journalists who are critical of the regime have been targeted and also minority groups, including sexual minorities, continue to experience disproportionately levels of discrimination and human rights violations. - Many communities especially in northern Uganda appear to be in a state of latent conflict, with clashes between communities and government officials, violent community disputes over boundaries or resources, or increased sexual and gender-based violence due to changing gender relations during and after the conflict amongst other examples. <p>UPSIDE:</p> <ul style="list-style-type: none"> - An estimated 43 Ugandans out of every 100 live in conditions of perpetual vulnerability with the danger of falling below the poverty line at the slightest shock.⁵⁹ - Human rights analyses point to the persistence of regional disparities in the enjoyment of adequate standards of living and socio-economic, housing, sanitation, maternal health care and education, mainly affecting communities living in the northern Uganda where incidences of poverty remain high. Furthermore, the persistence of patriarchal attitudes and deep-rooted stereotypes, also prevent women from owning lands, and concentrate women in informal low-paid sectors and subsistence agriculture.⁶⁰
<p>Have key international HR standards and/or mechanisms</p>	<p><input checked="" type="checkbox"/></p>	<p>The core international Human Rights principles and instruments influencing the programme formulation are:</p> <p>UPGRADE:</p> <ul style="list-style-type: none"> - International Convention on Civil and Political Rights (ICCP)

⁵⁸www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=17081&LangID=E#sthash.qR3Zhb2.dpuf

⁵⁹ UGMP, Power Belongs to the People, the Citizens Manifesto, 2016-2021, Governing for Equal Opportunity and Shared Prosperity (2015): p. 9

⁶⁰ UNESCO, Committee on Economic, Social and Cultural Rights, Concluding observations on the initial report of Uganda, 8 July 2015/E/C.12/UGA/CO/1, para. 18

<p>influenced choice and formulation of outcome areas?</p>		<p>ratified in 1995.</p> <ul style="list-style-type: none"> - Convention against Torture (CAT) ratified in 1986. - Convention on the Rights of the Child (CRC), ratified in 1990 with relevant optional protocols: OP-CRC-AC ratified in 2002 and OP-CRC-SC ratified in 2001. <p>UPSIDE:</p> <ul style="list-style-type: none"> - the UN Guiding Principles on Business and Human Rights; - ILO fundamental conventions on Freedom of association (087/098) ratified respectively in 2005/1963; Forced Labour (029/105): ratified in 1963; Discrimination (100,111); ratified in 2005; Child Labour (138, 182): ratified respectively in 2003/2001. - International Convention on Economic, Social and Cultural Rights CESCR ratified in 1987. - Convention on the Elimination of all forms of discrimination against women (CEDAW), ratified in 1985.
<p>Where relevant, is application at national level, including major gaps between human rights in principle vs. human rights in practice, evaluated and identified?</p>	<input checked="" type="checkbox"/>	<p>Uganda has seen significant progressive trends in the protection and promotion of human rights in the past three decades and Uganda is a party to major international human rights instruments. However, while human rights laws and mechanisms exist, practical enforcement remains a challenge. Concerns/gaps of particular relevance to the two thematic programmes include:</p> <p>UPGRADE:</p> <ul style="list-style-type: none"> - Recently, the Parliament passed the NGO Act, 2016. The Act jeopardizes some organizational rights as a NGO Board is granted broad powers that include the ability to refuse to register a NGO, to issue and/or revoke permits, and to restrict the employment of foreign nationals. The Act also require all organizations to “not engage in any activity which is ... contrary to the dignity of the people of Uganda.” This poses a potential challenge to e.g. LGBT organisations. - Freedom of Expression was challenged during the 2016 general elections when the government shut down social media. A Uganda Communications (Amendment) Bill, 2016 has subsequently been tabled. If passed, this would give the Minister of Communications wide discretion to control communications. - The Public Order Management Act 2013 is being selectively applied and is being misused to violate freedom to assemble particularly of the opposition. - The Prevention and Prohibition of Torture Act was enacted in 2012, giving effect to an important 2011 UPR review recommendations. However the Regulation for its enforcement is still lacking. - With regard to accountability and corruption, there is need to illustrate the political will to address the issue through prosecution of high profile cases. <p>UPSIDE:</p>

			<ul style="list-style-type: none"> - Underlying the inclusive and sustainable growth, lies the critical issues of employment and land rights. - Regarding employment, gaps in practice concern lack of inclusive economic growth and development, lack of minimum wage legislation and the low accessibility to equitably paid jobs for the working population. 85 percent of working population of Uganda are employed in the informal sector which is characterized with low pay, exploitation, poor working conditions, lack of employment contracts and social protection. - With regard to land rights, there is a need for Uganda to harmonize its legal framework governing land rights and that all land-related laws, notably the Land Act, Land Acquisition Act and the Forest Act, be amended in the light of the land policy of 2013, which provides additional protection to customary landowners and protects their right to land.⁶¹ There is also a need to fill gaps regarding legislation and regulations envisaged in the framework of the Uganda National Land Policy to address the issue of access to resources, including land. - Gender based discriminatory provisions related to property ownership in Ugandan legislation persist, including in the Succession Act, Divorce Act and Marriage Act.⁶²
<p>Are key recommendations from UPR for the thematic programmes and from any treaty bodies, special procedures, INGOs, HNRIs etc. that require follow up at national level considered?</p>	<input checked="" type="checkbox"/>		<p>The following are the recommendations of the UPR 2016 and its related shadow reports⁶³, which have been taken into consideration:</p> <p>UPGRADE:</p> <ul style="list-style-type: none"> - Amendment of Public Order Management Act (2013) and the Non-governmental Organisations Act (2016). - Adopting the best practices prescribed by the UN Special Rapporteur on Rights to Freedom of Peaceful Assembly and Association, and training security personnel on dealing with public assemblies in line with the UN Basic Principles on the Use of Force and Firearms. - Review the Interception of Communications Act (2010) and the Press and Journalists Act (1995) for the purpose of aligning them with human rights law. - Regulation of the Prohibition and Prevention of Torture Act to ensure prosecution of human rights violations by security officers and other individuals - Domesticating the UN Declaration on Human Rights Defenders (1998) to ensure a legal protection mechanism for defenders – holding duty bearers accountable. - Approve the National Legal Aid Policy expeditiously.

⁶¹ibid para. 12

⁶² ibid para. 18 – In Uganda this includes: The Marriage Act Cap. 251 (1904); the Customary Marriage (Registration) Act Cap. 248 (1973); The Hindu Marriage and Divorce Act Cap. 250 (1961); The Marriage and Divorce of Mohammedans Act Cap. 252 (1906); The Divorce Act Cap. 249 (1904); The Succession Act Cap. 162 (1906)

⁶³ Summary prepared by OHCHR 11 November 2016, A/HRC/WG.6/26/UGA/3. Full report: https://www.upr-info.org/database/index.php?limit=0&f_SUR=182&f_SMR=All&order=&orderDir=ASC&orderP=true&f_Issue=All&searchReco=&resultMax=300&response=&action_type=&session=&SuRRgrp=&SuROrg=&SMRRgrp=&SMROrg=&pledges=RecoOnly (Accessed 20.030.17)

			<p>UPSIDE:</p> <ul style="list-style-type: none"> - Honour commitments under the Maputo Declaration and thereby gradually increase the Government national budget for agriculture and rural development to 10 per cent by 2020; invest in climate-smart agriculture through integrated water, forest, land and other natural resources conservation measure. - Ensure land tenure security and ensure women and men are compensated equally from land transactions; - Implement economic empowerment programmes for women and increase women’s participation in the labour market; take immediate appropriate measures to eliminate all forms of discrimination against women in line with CEDAW.
Are rights-holders identified?	<input checked="" type="checkbox"/>		<p>UPGRADE:</p> <ul style="list-style-type: none"> - Through the DGF engagement, a broad range of rights-holders within civil society at large will be targeted such as NGO, CSOs, trade unions, popular movements, associations focusing amongst others on human rights, civil and political rights, social, economic and cultural rights, women’s rights, youth, local communities. <p>UPSIDE:</p> <ul style="list-style-type: none"> - NGOs, Farmers associations, employees and households; Women and Youth. Refugees, formerly IDPs, women and youth.
Are duty-bearers identified?	<input checked="" type="checkbox"/>		<p>UPGRADE:</p> <ul style="list-style-type: none"> - Parliamentarians, Uganda Human Rights Commission, Inspectorate of Government (anti-corruption and Ombudsman institution); Ministry of Finance, Planning and Economic Development. <p>UPSIDE:</p> <ul style="list-style-type: none"> - Local Government, MAiFF - Private sector actors such as corporates and financial institutions including aBi Finance.

Assess whether Human Rights Principles have been applied in the preparation and in the design of the programme?

Issues:	yes	no	Explain:
<p>Non-discrimination: Are any groups among rights-holders excluded from access and influence in the thematic programme areas identified?</p>	<input checked="" type="checkbox"/>		<p>UPGRADE:</p> <ul style="list-style-type: none"> - A broad range of rights holders are targeted by the thematic programme especially through support to DGF. - Sexual minorities are not directly targeted by this country programme. Other instruments are thought to better address their needs in the current hostile environment – including through support to Danish partner organisations working with Ugandan LGBT organisations. - Specific indigenous groups such as the BATWAs, the pastoralists etc. facing discriminations will not necessarily be directly supported by the country programme but via Danida supported NGOs. <p>UPSIDE:</p> <ul style="list-style-type: none"> - The thematic programme target key rights holders in particular

			women, youth as well as poor communities and marginalised rights holders in particular in Northern Uganda. - Other marginalised regions are not directly targeted by the programme but via Danida supported NGOs, including Karamoja.
Are disaggregated data available on most vulnerable groups?	<input checked="" type="checkbox"/>		Disaggregated data are available to an extent. Where possible, the programmes will work for further generation of disaggregated data with relevant partners by including targets and indicators disaggregated by sex, age, refugee status, socio-economic groups and geographic areas.
List any key support elements included to promote non-discrimination			UPGRADE: - Support to CSOs through the DGF, includes a large spectrum of marginalised groups thus targeting specifically non-discrimination. Amongst others, women, youth, marginalised socio-economic communities and marginalised geographical areas such as Northern Uganda are explicitly targeted. UPSIDE: - Northern Uganda, where poverty and marginalization is amongst the most severe will be targeted. This will also include support to refugees and refugee hosting communities as specific target groups. - Employment for women and youth will be directly promoted.
Participation and inclusion: Are barriers for participation, inclusion and empowerment of rights holders identified?	<input checked="" type="checkbox"/>		Key barriers for both thematic programmes include i) shrinking space for civil society, ii) highly centralised level power structure that blurs the accountability lines between the local and central level; iii) high and widespread level of corruption which creates barriers for citizens to access basic social services and for them to fully participate in development processes, iv) social and cultural norms create barrier for women in their active participation particularly in the economic sphere.
List any key support elements included to promote participation and inclusion			UPGRADE: See list of support elements above. UPSIDE: - Support to better market access and improving availability, accessibility and affordability of rural finance. - The interventions under NURI are based on active and meaningful participation of the farmers and other beneficiaries. This also includes local ownership in the development process, where development plans, selection of crops and infrastructure projects are done in a participatory way.
Transparency: Is the extent to which information is accessible to rights holders including marginalised groups	<input checked="" type="checkbox"/>		UPGRADE: Although information in Uganda is accessible, it is mainly in English and not systematically translated into local languages. The following opportunities and limitations can be highlighted: - In 2011, the Government of Uganda signed into law regulations for implementing Uganda's Access to Information Act of 2005. The Regulation established procedures for citizens to request government-held information and for government to respond to citizen requests. However, key limitations include high cost of

<p>assessed? Where relevant, whether information is available in other than official languages of the country in question should be indicated.</p>			<p>accessing information is high; burdensome procedures that citizens must follow to request information; and guidance provided for implementing public agencies is lacking.⁶⁴</p> <ul style="list-style-type: none"> - The capacity of local government administrations is low and right-holders are not fully informed about their right in terms of service delivery, land rights etc. Although budgets are released and published at the district and sub-county level, very few can understand it due to high level of illiteracy.
<p>List any key support elements included to promote transparency.</p>			<p>UPGRADE:</p> <ul style="list-style-type: none"> - Support to DGF includes support to vertical accountability and transparency methodology from community to national level. - Support to FINMAP is to enhance efficient, effective and accountable use of public resources to improve service delivery. - Support to IG is to enhance good governance, accountability and rule of law in public office. <p>UPSIDE:</p> <ul style="list-style-type: none"> - In NURI emphasis is placed on transparency in selection of farmer groups and selection of infrastructure projects. Moreover, training materials are produced and radio spots are run in the local languages. - The support to aBi is transparent in having clear criteria for support. Also, aBi's implementing partners runs radio spots in local languages and information campaign. Moreover, support is provided to improve agricultural information flow and to increased transparency in business operations. - The TMEA support has as one of its main aims to improve the transparency of the trading system, thus defending the rights of the traders and diminishing the scope for corruption.
<p>Are key accountability mechanisms in the relevant area – both horizontal and vertical listed?</p>	<input checked="" type="checkbox"/>		<p>Horizontal and vertical accountability mechanisms are listed where relevant in both thematic programmes.</p> <ul style="list-style-type: none"> - Within UPGRADE, support to the IG enhances the role of the duty bearer in strengthening good governance, accountability and rule of law in public office. Vertical accountability is also targeted within the support to the DGF. - Ministries and District Local Governments are audited every year by the Auditor General's office and their performance is disclosed in biannually performance reports. Releases from Central Government to District Local Governments are published on a quarterly basis. - Within UPSIDE, vertical accountability mechanisms are weaker as no strong civil society exists within agriculture. Where public and private sector actors fail to meet their responsibility to protect and

⁶⁴Gaia Larsen, Carole Excell and Peter G. Veit, Uganda's Access to Information Regulations: Another Bump in the Road to Transparency (June 2011)

			respect this creates accountability gaps.
Are obstacles, e.g. capacity and political-economy incentives that duty-bearers and rights holders face to exercise their obligations and rights listed?	<input checked="" type="checkbox"/>		<ul style="list-style-type: none"> - For rights-holders, the main obstacles that limit the empowerment and the ability to claim their rights are: poverty, disempowerment and lack of awareness of human rights standards and tools to claim them and demand accountability as well as engage into dialogue with duty bearers. - For duty-bearers the main obstacles for living up to the duties and responsibilities in relation to human rights are: Capacity, limited budgets, corruption, lack of awareness of human rights obligations and lack of political will.
List any key support elements included to promote accountability			<p>UPGRADE:</p> <ul style="list-style-type: none"> - Support to Ministry of Finance, Planning and Economic Development is to enhance efficient, effective and accountable use of public resources to improve service delivery with accountability as specific target. - Support to IG is to enhance good governance, accountability and rule of law in public office with accountability. - Support to DGF includes targeting vertical accountability and transparency from community to national level. <p>UPSIDE:</p> <ul style="list-style-type: none"> - For aBi, a draft human rights policy commitment anchored in aBi's existing policy framework - most notably its Code of Ethics, Governance Manual and Gender Policy - has been drafted.

Results/Indicators

- National SDG indicators will be developed at country level to complement global SDG indicators. It is expected that both thematic programmes' indicators will contribute to the most relevant national SDG indicators targeting SDG 1, 5, 8,10 and 16.
- The selected **Results/indicators** below thus reflect the realisation of human rights, the four HRBA PANT (Participation Accountability Non-discrimination Transparency) principles and the capacity of partners as currently listed in the results framework matrix.

List any indicators designed to monitor the realisation of specific human rights			<p>UPGRADE:</p> <ul style="list-style-type: none"> - Civil and political rights: Freedom of Expression and Belief - including space for open and free private discussion. - Civil and political rights: Associational and Organizational Rights - including freedom of assembly, demonstration, and open public discussion & freedom for nongovernmental organizations with an emphasis on those engaged in human rights– and governance-related work. <ol style="list-style-type: none"> 1. Percentage of Ugandans expressing satisfaction with the way democracy works 2. Civil society sustainability index score for Uganda - Peace and security rights: Peace and reconciliation in Northern Uganda promoted. <ol style="list-style-type: none"> 1. Number of sub-counties in Acholi region actively engaged in ARLPI transitional justice activities <p>UPSIDE:</p>
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		<ul style="list-style-type: none"> - Socio-economic rights: Contribute to sustainable and inclusive economic growth <ol style="list-style-type: none"> 1. Gross National Income (GNI) per capita 2. Percent of population living below the international poverty line - Socio-economic rights: Enhanced resilience and equitable economic development in Northern Uganda, including for the refugee hosting areas. <ol style="list-style-type: none"> 1. Annual household income for populations in targeted districts (refugee hosting and non-refugee hosting areas). 2. Proportion of poor Ugandans living in Northern Uganda.
List any indicators designed to monitor the integration of the four principles		<p>UPGRADE:</p> <ul style="list-style-type: none"> - Participation /Non-discrimination: Active participation of citizens in the civic and political processes of democratization; improved respect for Human Rights; and strengthened competences to demand public services to all Ugandans. <ol style="list-style-type: none"> 1. Percentage of Ugandans expressing satisfaction with the way democracy works 2. Civil society sustainability index score for Uganda - Accountability/Transparency: Functioning of government - including government free from pervasive corruption <ol style="list-style-type: none"> 1. % increase in ombudsman complaints referred and resolved by Ministries, Departments, Agencies and Local Governments - Accountability/Transparency: Efficient, effective and accountable use of public resources as a basis for improved service delivery <ol style="list-style-type: none"> 1. Number of high profile cases successfully investigated 2. PEFA rating (Central Government PEFA) 3.% of internal audit recommendations in MALG implemented. <p>UPSIDE:</p> <ul style="list-style-type: none"> - Participation/Non-discrimination: Contribute to enhanced resilience and equitable economic development in Northern Uganda, including for the refugee hosting areas. <ol style="list-style-type: none"> 1. Annual household income for populations in targeted districts (refugee hosting and non-refugee hosting areas). 2. Proportion of poor Ugandans living in Northern Uganda. <p>Participation/Non-discrimination: Increased income and employment, especially for youth and women, through environmentally and socially responsible improvements in productivity, quality and value addition in selected agricultural value chains.</p> <ol style="list-style-type: none"> 1. Beneficiary farmers indicating an increase in income due to aBi support (min. 50% youth and 30% women). 2. Cumulative number of Full Time Equivalent Jobs created in aBi supported businesses (min. 50% youth and 30% women).
List any		UPGRADE:

key indicators chosen to track capacity of key partners (both rights holders and duty bearers)		<ul style="list-style-type: none"> - 1. Civil society sustainability index score for Uganda - Functioning of government - including government free from pervasive corruption <ol style="list-style-type: none"> 1. % increase in ombudsman complaints referred and resolved by Ministries, Departments, Agencies and Local Governments 2. Proportion of IG cases concluded within the agreed time frame 3. PEFA rating (Central Government PEFA) 4. % of internal audit recommendations in MALG implemented <p>UPSIDE:</p> <ul style="list-style-type: none"> - Increased income and employment, especially for youth and women, through environmentally and socially responsible improvements in productivity, quality and value addition in selected agricultural value chains. <ol style="list-style-type: none"> 1. Beneficiary farmers indicating an increase in income due to aBi support (min. 50% youth and 30% women). 2. Cumulative number of Full Time Equivalent Jobs created in aBi supported businesses (min. 50% youth and 30% women).
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Dialogue Partners		
Define key dialogue partners (duty bearers) to be addressed by the country programme		<p>UPGRADE:</p> <ul style="list-style-type: none"> - Government of Uganda, Ministry of Finance, Local Governments, Inspectorate of Government, Uganda Human Rights Commission etc. - Acholi Religious leaders ('moral duty bearers'). <p>UPSIDE:</p> <ul style="list-style-type: none"> - Ministry of Agriculture, Animal Industry and Fisheries, District Local Governments, Office of the Prime Minister/PRDP Technical working group, Ministry of East African Community Affairs.
Define key alliance partners, including other likeminded donors, multilateral partners and CSO's		<p>UPGRADE:</p> <ul style="list-style-type: none"> - The EU Delegation and EU member states, DGF development partners, Members of the Democracy and Human Rights Working Group (development partners), UNDP, US Government, Danish and other international NGOs, OHCHR. <p>UPSIDE:</p> <ul style="list-style-type: none"> - The EU Delegation and EU Member States, USAID, Trade Mark East Africa, UNHCR, Solution Alliance Network, Development Partners' Group on Northern Uganda, Danish NGOs playing an active (humanitarian) role in Northern Uganda.
State major dilemmas/risks associated with the policy dialogue and proposed mitigation measures (incl. reference to Framework for		<p>UPGRADE</p> <ul style="list-style-type: none"> - <i>Large scale corruption and/or appointments to leadership positions of key institutions challenge the functioning of partners.</i> <i>Mitigation measures according to risk matrix:</i> Continued monitoring coupled with bilateral and EU/multi-donor dialogue with GoU on fundamental democratic principles and respect for human rights will continue. Previous good experiences with forming strategic partnerships with key stakeholders will continue to be pursued. - <i>Shrinking CSO space.</i> <i>Mitigation measures according to risk matrix:</i> Support

Risk Assessment)		<p>to CSO networks and coalitions advocating for their space will be increased. Together with other Development Partners, Denmark will continue the dialogue with the Government of Uganda on the need for a vibrant and critical civil society in order to consolidate democracy.</p> <ul style="list-style-type: none"> - <i>Violence /conflicts/social unrests due to socio-economic inequalities and non-democratic changes.</i> <i>Mitigation measures according to risk matrix:</i> Denmark will together with other Development Partner continue to pursue an active dialogue with the Government of Uganda on the need for economic reforms. - <i>Impunity.</i> <i>Mitigation measure according to risk matrix:</i> Together with other development partners, Denmark will continue to raise the issue of independence of the Judiciary as well as the need for sufficient funding. <p>UPSIDE:</p> <ul style="list-style-type: none"> - <i>Corruption and political interference.</i> <i>Mitigating measures in line with risk matrix:</i> The RDE maintains strong oversight and control of the funds disbursed to Development Engagement Partners. No funding is channelled directly through GoU. Governance and financial structures in aBi, TMEA and NURI are seen to be fairly robust. The Embassy will continue to ensure that the well-established governance systems of aBi are adhered to through aBi's Founder's Committee and the Embassy's representative on the aBi Trust Board.
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Gender Screening Tool			
Issues:	yes	no	Explain:
Are key challenges and opportunities for gender equality identified?	<input checked="" type="checkbox"/>		<p>UPGRADE: <i>Key opportunities in legislative and policy framework</i></p> <ul style="list-style-type: none"> - Domestication of international and regional women’s human rights instruments: CEDAW; the African Charter on Human and Peoples’ Rights and the Maputo Protocol; the National Action Plan for the implementation of UN Security Council Resolutions 1325 and 1820 on the rights of women to participate in peace and reconciliation processes and have their rights protected regarding SGBV. - Gender equality and equal rights for men and women embedded in the Constitution (Constitution of Uganda, 1995, chapter 4), affirmative actions. National Gender Policy in place. - Laws which promote to some extent gender equality in legislation include among others: and Laws which were declared discriminatory be repealed and amended. - In addition to the Constitution, the Government of Uganda has promulgated a number of laws and policies that uphold rights including those for special groups. Examples of policies include the following: The Gender Policy , the Internally Displaced Persons Policy, National

Culture Policy, National Equal Opportunities Policy, Uganda etc.

Key challenges:

- Gender divides in Uganda are founded in long running prejudices imbedded in some cultural values and beliefs which have often placed women as second class citizens, without power over her own body, property, access and control over wealth /income and assets such as land, and inheritance of family assets. Despite the annulment of the anti-homosexuality Act in 2014, discrimination against lesbians, gay, bisexual and transgender people and harassment and violence against them remains as well as stereotypes that perpetuate discrimination against women, children, persons with disabilities, sexual minorities, ethnic minority groups, most at-risk populations and people living with HIV.⁶⁵

UPSIDE:

Key Opportunities in legislative framework

- Gender equality and equal rights for men and women embedded in the Constitution (Constitution of Uganda, 1995, chapter 4), affirmative actions
- Laws which protects in part women's land and property rights
- Government has adopted a number of policies that protect and promote economic participation of both men and women for example the Internally Displaced Persons Policy, National Culture Policy, National Equal Opportunities Policy, Uganda Gender Policy.

Key Challenges:

- The lack of implementation of the pro-women's rights ratified conventions including ILOs in gender equality in the workplace.
- Financial inclusion varies, depending on gender, with 31% of women reporting being excluded from access to financial services, compared to 28% for men. Additionally, 24% of men make use of banks, while the figure is only 17% for women.⁶⁶
- While women own about 40% of businesses in Uganda they only receive 9% of available commercial credit, which indicates that they may access credit from other sources

⁶⁵ Summary prepared by OHCHR 11 November 2016, A/HRC/WG.6/26/UGA/3 is the UPR document available as of 20/11/2016.

Full report: https://www.upr-info.org/database/index.php?limit=0&f_SUR=182&f_SMR=All&order=&orderDir=ASC&orderP=true&f_Issue=All&searchReco=&resultMax=300&response=&action_type=&session=&SuRRgrp=&SuROrg=&SMRRgrp=&SMROrg=&pledges=RecoOnly

⁶⁶ Finscope, Uganda, (2000).

		<p>(consumption credit, which are known to have much higher rates and with insecure terms). Women's lack of collateral such as certificates to land is a barrier for accessing of formal and some informal financial institutions.</p> <ul style="list-style-type: none"> - Cultural norms and customary law are barriers to the implementation of the Land Act⁶⁷. - Studies show that a substantial proportion of rural women can access land, although women hold only 7% of the registered land.⁶⁸ Research in some districts indicated that 75% of households interviewed had joint ownership to land, but women's access to land is conditioned of socio-economic and cultural norms, property rights, prevailing land tenure systems, which often favour men and restrained women's capitalisation of assets.⁶⁹ - Studies of control of income and expenditure at household level in different agricultural value chains in Uganda show that men benefit from economic activities in which they do not directly participate, while the opposite is not the case. Another challenge is that many women who engage in agricultural value chains are faced with constraints such as lack of access to finance, shortage of time, limited access to training etc., hence they tend to opt for safer and sustainable activities at the lower levels of the value chain.⁷⁰
Are reference made to CEDAW-reporting, UPR, and other relevant gender assessments?	<input checked="" type="checkbox"/>	Please refer to the HRBA note above and its first 3 key issues/sections.
Identify opportunities/constraints for addressing gender equality issues		<p>UPGRADE: <i>Key opportunities for addressing strategic gender equality issues in the thematic programme</i></p> <ul style="list-style-type: none"> - The Constitution of Uganda recognizes specific rights of women including the right to full and equal dignity with men as well as equal treatment with men, the right to equal opportunities in all spheres—political, economic and social. - Affirmative Action in the Local Government Act (1997) provides for one-third women's representation at all local council levels. <p><i>Constraints</i></p>

⁶⁷ Adoko, J.et all, Understanding and Strengthening Women's Land rights under Customary Tenure in Uganda (2011)

⁶⁸ World Bank , Ellis A.C et al: gender and economic Growth in Uganda, unleashing the power of women, (2006).

⁶⁹ Bomuhangi, A et al.: Who owns the Land. IFPRI Discussion paper 2011, Here quoted from Uganda Land Alliance: Desk Review and Synthesis for aBi (March 2012).

⁷⁰ ODI, Coles and Mitchell: Gender and agricultural value chains – a review of current knowledge and practices (2010).

		<ul style="list-style-type: none"> - While each district council is comprised of at least 30% women, regarding top leadership in districts, (Chairpersons, Speakers and Chief Administrative Officers), the numbers of women dwindle. Women who aspire for political leadership through election are affected by low literacy levels, lack of resources to run successful campaigns, limited political experience and cultural and traditional beliefs that still place women at “home” rather than in political leadership. - Other challenges that continue to limit women’s equal participation in leadership include institutional bias; stereotyping; historical imbalances, gender based violence targeting women and high poverty levels among women. <p>UPSIDE: <i>Key opportunities for addressing strategic gender equality issues in the thematic programme</i></p> <ul style="list-style-type: none"> - Uganda’s statutory laws grant men and women equal rights to land and other property regardless of their marital status. <p><i>Constraints:</i></p> <ul style="list-style-type: none"> - Application of these laws has been mired by a number of factors including culture, lack of knowledge of the laws and limited access to justice. The weak institutional capacity of the legal system, particularly in rural areas, also prevents effective enforcement and administration of the laws.⁷¹ - Access to credit for most women remains difficult due to lack of collateral. - Women are at a major disadvantage in the labour market. Men’s median wages are around double that of women’s regardless of the type of work undertaken.
Describe key strategic interventions to promote gender equality within each thematic programme?		<p>UPGRADE: <i>Strategic interventions focus on:</i></p> <ul style="list-style-type: none"> - Strengthening pro-women’s rights legislative framework and its implementation, covering all categories of women’s rights including civil, political, economic, social and cultural and in particular rights related to the prevention and protection of SGBV through the support to strategic gender related intervention areas in DGF. - Increasing women’s quantitative and qualitative political participation and redistribution of political powers from the local to the national level towards pro-women’s rights legislative reforms through the support to strategic gender related intervention areas in DGF. - Strengthening the quantity and quality of women community monitors for greater localised accountability in

⁷¹UGMP, Power Belongs to the People, the Citizens Manifesto, 2016-2021, Governing for Equal Opportunity and Shared Prosperity (2015):8

		<p>relation to service delivery through women community monitors through the support to strategic gender related intervention areas in DGF.</p> <ul style="list-style-type: none"> - Psycho-social support and economic empowerment of former women and girls abductees in Northern Uganda through the support to the Acholi's religious leaders. <p>UPSIDE <i>Key Strategic interventions focus on :</i></p> <ul style="list-style-type: none"> - Equitable redistribution of agricultural benefits at household level between women and men as well as a reduction of SGBV as a result through the support to aBi. - Increasing women's access to credit in rural areas through the support to aBi. - Increasing women and young women's access to formal employment through the support to aBi. - Protecting the economic and social rights of women's refugees and hosting communities rights through the NURI engagement.
<p>Explain how gender specific purposes will be reached, which strategic approach, what activities are planned</p>		<p>The general strategy to reach gender specific purpose follows the Danida 2014 Gender Equality, Rights and Diversity strategic framework and focus on Gender Justice: placing a strategic accent on redistribution, recognition and representation across the two thematic programmes as follows:</p> <p>UPGRADE:</p> <ul style="list-style-type: none"> - A strategic gender focus on women's quantitative and qualitative political <i>participation</i>, to increase <i>recognition</i> of women's rights in legislative reforms (related to civil, political, social, economic and cultural rights including the prevention and protection of SGBV) as well as <i>redistribution</i> of political powers at national and local levels. (<i>activity</i>: support to strategic gender intervention areas in DGF) - A strategic focus on a strengthened participation of women community monitors in demanding accountability for service delivery from local to national levels. (<i>activity</i>: support to strategic gender intervention areas in DGF) - A strategic focus on women's participation in peace and reconciliation processes. (<i>activity</i>: support to Acholi's religious leaders) <p>UPSIDE:</p> <ul style="list-style-type: none"> - A strategic gender focus on equitable redistribution of natural and financial resources at household level and reduction of SGBV thereof. (<i>activity</i>: support to aBi) - A strategic focus on the increased employment of women and youth (<i>activity</i>: support to aBi) - Protecting the economic and social rights of women's refugees and hosting communities. (<i>activity</i>: support to NURI).

Define expected outputs.		<p>Beyond the relevant results and targets included in the Country Programme Result Based Framework Matrix and discussed in the Results/indicators section above, the expected outputs and targets will contribute to the national SDG 5 targets, as follows:</p> <p>UPGRADE:</p> <ul style="list-style-type: none"> - SDG 5 Target 4 – Contribute to women’s full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life. - SDG 5 Target 6 – Contribute to adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality. <p>UPSIDE:</p> <ul style="list-style-type: none"> - SDG 5 Target 5 – Contribute to undertake reforms to give women equal rights to economic resources.
Identify gender equality indicators aligned with national targets on gender if possible.		<p>Beyond the relevant indicators included in the Country Programme Result Based Framework Matrix and discussed in the Results/indicators section above, when the national SDG indicators will be formulated, indicators in both thematic programmes could be further aligned with SDG 5 targets mentioned above and indicators as follows:</p> <p>UPGRADE:</p> <ul style="list-style-type: none"> - SDG 5 Target 4 – Increased women’s full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life. - SDG 5 Target 6 – Increased number and quality of sound policies and enforceable legislation for the promotion of gender equality. <p>UPSIDE:</p> <ul style="list-style-type: none"> - SDG 5 Target 5 – Increased number and quality of reforms to give women equal rights to economic resources.

4 Inclusive sustainable growth, climate change and environment

The following is the mandatory Climate Change and Green Growth screening note prepared as input for the Country Programme.

Basic Information			
Programme title:	Country Programme 2018-2022 for Uganda		
Country/region:	Uganda		
Estimated allocation:	DKK 750 million (+35 million DKK from Climate Change Envelope)		
Brief description of the Programme support:	<p>The Country Programme comprises two thematic programmes:</p> <p>Uganda Programme for Governance, Rights, Accountability and Democracy (UPGRADE): The thematic objective of UPGRADE is to enhance accountability and stability, and to deepen democracy and respect for human rights. It is expected to include four development engagements: 1) Democratic Governance Facility, 2) Inspectorate of Government, 3) Financial Management and Accountability Programme and 4) Acholi Religious Leaders Peace Initiative.</p> <p>Uganda Programme for Sustainable and Inclusive Development of the Economy (UPSIDE): The thematic objective of UPSIDE is to contribute to sustainable and inclusive economic growth. It is expected to include three development engagements: 1) Northern Uganda Resilience Initiative (NURI), 2) Agricultural Business Initiative (aBi), and 3) Trade Development Initiative.</p>		
Dates (expected):	Appraisal: May-June 2017. Development Council: September 2017.		
Climate change screening			
Assess the status of policies and strategies to respond to climate change in the country and sector. If the issue is inadequately dealt with (indicated by a tick in the “no” box), please add comments and assess the potential impact on the program (see also “next steps” section, below).			
Issue:	Yes	No	Comments and further work to be done:
1. Are the processes and impacts of climate change documented (e.g. in national communications to the UNFCCC)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The Government of Uganda’s (GOU) 2 nd National Communication to UNFCCC (October 2014) provides up-to-date information and data on climate change issues in Uganda, and presents the national circumstances; a national greenhouse gas inventory; the impacts, vulnerability and adaptation measures; measures to mitigate climate change; and constraints, gaps and related financial, technical and capacity building needs. It also includes a framework for monitoring and

		<p>evaluation.</p> <p>A number of climate change tools can be accessed in the National Climate Change Resource Centre, launched in 2015. These include an interactive web-based National Climate Atlas with information and knowledge on Climate Change. The Ministry of Water and Environment (MWE), which is responsible for climate change, launched the above mentioned national greenhouse gas inventory in October 2016. The inventory will include data on greenhouse gas emissions from the different sectors of the economy.</p> <p>The very large influx of refugees from South Sudan from December 2013 and especially during 2016, which is expected to continue, increases significantly the pressure on natural resources in the West Nile and Acholi sub-regions in Northern Uganda, which in turn could exacerbate the impact of climate change due for example to accelerating deforestation and poor sanitary conditions. A detailed assessment of the severity of this recent issue has not yet been carried out.</p>
<p>2. Is there a national climate change policy or strategy, including estimates of the economic costs of adaptation?</p>	<p><input checked="" type="checkbox"/> <input type="checkbox"/></p>	<p>The GOU National Climate Change Policy (NCCP, April 2015) sets out a pathway towards the development of a climate change-resilient, low-carbon and green economy, as a contribution to Uganda’s overall national development plan <i>Vision 2040</i>.</p> <p>Adaptation is the first priority for Uganda, while mitigation efforts are a secondary priority. NCCP presents the adaptation and mitigation priorities for a number of sectors, such as agriculture, wetlands, forestry, water, health, infrastructure and energy. The national coordination function is assigned to a National Climate Change Commission (NCCC). Among immediate actions in the NCCP is the strengthening of the capacity of the Department of Meteorology (now the Uganda National Meteorological Authority, UNMA) for climate change monitoring, to improve disaster management and preparedness. It also points to the need for updating the National Environment Act from 1995 to cater for climate change and for enacting a new Climate Change Law.</p> <p>While the NCCP addresses Uganda’s overall climate challenges, and is thus valuable as a policy document, to have an impact and become operational it needs to be followed by more specific actions at the policy and sectorial level, leading to the required investments in specific sectors, with funding from e.g. national and sectoral investment budgets, private sector investment, multilateral and bilateral donor support and market-based mechanisms. Political prioritisation by the Government and targeted capacity building is needed, e.g. to develop the interventions into bankable investment projects.</p>

		<p>The Intended Nationally Determined Contribution (INDC, October 2015), submitted to UNFCCC COP 21, confirms climate change adaptation as a top government priority. On mitigation, the INDC commits to a 22 pct. reduction in greenhouse gas emissions by 2030.</p> <p>The Economic Assessment of the Impacts of Climate Change in Uganda (MWE, November 2015) estimates that the cost of adaptation at USD 406 million for 2015-2020, USD 644 million for 2021-2025, and USD 596 million for 2026-2030. On the other hand, if no action is taken the estimated annual costs by 2025 are estimated to be least USD 3.1 billion – more than 20 times the estimated adaptation costs.</p>
<p>3. Have nationally appropriate mitigation actions (NAMAs) and or Low Carbon Development Plans been identified (e.g. targets for renewable energy production)?</p>	<input checked="" type="checkbox"/> <input type="checkbox"/>	<p>During 2013, GOU identified through a consultative process eight priority NAMAs in agriculture (higher yielding rice, emissions reductions from livestock), energy (institutional stoves and vehicle energy efficiency), transport (bus rapid transit and vehicle inspection for emissions, and waste (composting of municipal waste and integrated waste water treatment). Support for preparation and implementation of some of the NAMAs has been secured, and GOU is seeking support for the remaining projects.</p> <p>It is worth noting that Uganda’s current energy balance is already dominated by renewable energy, and comprises app. 90% biomass, 8,6% fossil fuels and 1,4% electricity. 81% of the electricity is produced from hydro-power, 14 % from biomass cogeneration and 5% from fossil fuels. Uganda has a huge untapped renewable energy potential, which can continue to play an important role as Uganda’s energy demands increase on its way towards middle-income status.</p>
<p>4. Has a national adaptation programme of action (NAPA) been approved identifying key sectors where adaptation is required?</p>	<input checked="" type="checkbox"/> <input type="checkbox"/>	<p>Uganda’s NAPA (MWE, 2007) identifies a number of intervention areas, which are important to cope with climate change. They are: Indigenous knowledge documentation and awareness creation; farm forestry; water resources; weather and climate information; policy and legislation; land and land use; disaster preparedness; alternative livelihoods; health; infrastructure.</p> <p>For immediate implementation, the NAPA describes nine priority intervention areas within tree growing, land degradation management, community water and sanitation, water for production, drought adaptation, indigenous knowledge and natural resource management of climate change and development.</p> <p>A report on the progress of implementation of Uganda’s NAPAs (issued by Bwaise Facility and Action Aid, December 2015) concludes that although the NAPA envisioned a programmatic/integrated approach, the activities were not well</p>

		<p>coordinated and they were given low priority during sub-national planning. Whereas many adaption activities are implemented, they often do not refer to the NAPA as an overall framework. It also concluded that there is limited capacity by the Government to access international funding for the NAPA projects, e.g. from the Global Environment Facility.</p> <p>According to the INDC (2015), a road map for the development of a new National Adaptation Plan (NAP) was submitted to the UNFCCC Secretariat in the beginning of 2015. A NAP for the agricultural sector was launched in June 2015. The NAP process will compile and communicate priority national adaptation plans by December 2016. It remains to be seen whether and how the NAPA projects will be integrated in the NAP.</p>
<p>5. Are there effective and operational meteorological and disaster preparedness organizations?</p>	<p><input checked="" type="checkbox"/> <input type="checkbox"/></p>	<p>The new Uganda National Meteorological Authority (UNMA) became operational with an approved budget of its own in 2016 as a sign of increased prioritization of provision of meteorological services, as it is spelled out in the NCCP. UNMA issues early warning advisories on specific climate events (e.g. on El Niño, floods) to different sectors, describing the expected impacts and recommending specific measures. Currently UNMA does not have sufficient resources to be effective, but a number of donors are prepared to support it, including through proposals developed for climate funding.</p> <p>The Directorate for Relief, Disaster Preparedness and Refugees under the Office of the Prime Minister (OPM), headed by two junior ministers, is the lead entity responsible for disaster preparedness and management, whereas sectoral ministries, local governments and other public and private sector institutions are responsible for the day-to-day implementation of disaster preparedness and management.</p> <p>The National Disaster Preparedness and Management Commission (NDPMC) is responsible for monitoring, supervising and evaluating activities.</p> <p>Some concerns have been raised about the efficiency and management of the disaster management mechanisms, including diversion of budgets for other purposes, unmet promises to the affected families, and support to ineligible beneficiaries.</p>
<p>Summarize the overall assessment of climate change impacts and responses:</p>		
<p>Climate change affects Uganda’s macroeconomic stability and socioeconomic development negatively, as well as its ability to achieve the SDGs. Uganda’s economy is particularly vulnerable to climate change given the large role of the agricultural sector and this sector’s heavy reliance on the natural resource base. This exacerbates impacts from increasing temperatures, increased frequency and intensity of rainfall, heat waves, droughts, floods and storms. The vulnerability</p>		

and adaptive capacity varies across the country. The most vulnerable sectors are agriculture, water supply, health, transport and housing. Droughts significantly affect water resources, hydropower generation, and agriculture. The declining potential in agriculture, forestry and fisheries contributes to migration to urban areas. The very large influx in 2016 of refugees from South Sudan increases significantly the pressure on natural resources in Northern Uganda, which in turn could exacerbate the impact of climate change.

Investment to address climate change is necessary. For Uganda, addressing climate change and promoting development are increasingly linked, as reflected in the *Vision 2040 goals*, and in relation to Uganda’s contributions to achieving SDG 13 concerning climate change. The policy responses are embedded in the National Climate Change Policy (NCCP) and in the (still to be approved) Uganda Green Growth Development Strategy (UGGDS). In order to move towards implementation, there is a need to mobilize action from a wide range of stakeholders, including private enterprises and local communities. This should include gender sensitive approaches. Uganda’s development partners active in climate change (including UNDP, FAO, AFD, EU, WB, GIZ, USAID, DFID, Belgium as well as Denmark) can support this development by integrating climate change adaptation and mitigation in their programmes, building capacity in GOU, local governments and other stakeholders, and facilitating access to climate finance.

Screening of Country Green Growth Framework

Assess the status of policies and strategies for green growth and the procedures for environmental impact assessment in the country and sector. If an issue is inadequately dealt with (indicated by a tick in the “no” box), please add comments and indicate further work to be undertaken (see also “next steps” section, below).

<i>Issue:</i>	<i>Yes</i>	<i>No</i>	<i>Comments and further work to be done:</i>
1. Do national procedures and legislation for Strategic Environmental Assessment (SEA) and Environmental Impact Assessment (EIA) exist?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The National Environment Act makes EIAs mandatory for proposed activities that are likely to have a significant impact on the environment. The National Environment Management Authority (NEMA) has the overall responsibility of overseeing the implementation of the ‘Guidelines for Environmental Impact Assessment’, issued in 1997 and still valid. References to EIAs are made in a number of sectoral policies, e.g. forest, mining, fisheries, water, energy and petroleum. Sectorial EIA guidelines are developed for e.g. energy (2004) and water (2011). Even though SEAs are not mandatory, some SEAs have been made, e.g. for oil and gas extraction projects, partly due to demands from international financing institutions.
2. Are there operational Green Growth Strategies/actions plans and/or National Environmental Action plans ?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Green growth and green economy are prioritised in Vision 2040, the National Development Plans, the National Climate Change Policy (NCCP) and the Intended National Determined Contribution (INDC) under UNFCCC GOU is currently developing the Uganda Green Growth Development Strategy (UGGDS), which is expected to be adopted by the end of 2016. Uganda is also expected to become a member of the Global Green Growth Institute by the end of 2016. The first drafts of the UGGDS indicate a focus on i) sustainable natural capital management, ii) sustainable infrastructure and industry, iii) climate change (?)

		<p>resilience and inclusiveness. The strategy includes an implementation framework, and the intention is to follow-up with an implementation/investment plan.</p> <p>The current National Environmental Action Plan (NEAP) is from 1994, and has not been updated. A new National Environmental Management Policy has been in the pipeline since 2013. After the elections in 2016, a new high-level committee has been convened to resolve the outstanding issues, but it is expected to still take some time before the policy is finalised and adopted.</p>
<p>3. Are there regularly updated state of the environment reports and green growth monitoring systems with indicators?</p>	<p><input checked="" type="checkbox"/> <input type="checkbox"/></p>	<p>The 11th National State of Environment Report (NSOER) for Uganda 2014 was published by NEMA in November 2016. It includes sections on population, gender and human development, urbanization, infrastructure, tourism, land resources, atmospheric resources (including climate), water resources, energy and mineral resources as well as a future outlook on environmental governance.</p> <p>So far the NSOER has been issued with irregular intervals. It is expected that in the future it will be issued every 5 years.</p> <p>The NEAP for Uganda (1994) identifies the following key environmental aspects to be monitored: deforestation, soil degradation, loss of biodiversity, wetland degradation, pollution and climate change. The NEAP document presents the baseline data and indicators to measure trends in these environmental aspects. The NEMA publication ‘Indicators for Environmental Assessment in Uganda’ (2005/2006), presents environmental monitoring indicators to measure environmental trends and quality, and how they relate to sustainable development.</p> <p>Four out of 21 of the overall goals of Uganda’s National Development Plan II for 2015/2016 – 2019/2020 (NDP II) are related to sustainable use of natural resources and the environment. Uganda’s Vision 2040 (2013) includes 11 targets which are linked to green growth, and a number of sustainability indicators.</p>
<p>4. Is there sufficient institutional and human capacity for green growth and environmental management in the sector concerned?</p>	<p><input type="checkbox"/> <input checked="" type="checkbox"/></p>	<p>Even though ambitious policies and action plans are in place, the ambitions are not matched by a sufficient institutional and human capacity for their implementation. This is partly due to lack of political prioritisation, resources and technical capacity, leading to delays, weak monitoring and follow-up.</p> <p>Development partners could support implementation through initiatives to strengthen good governance and by including green growth/climate change awareness and capacity building across their programmes.</p>
<p>Summarize the overall impression of the Country Green Growth Framework:</p>		

Uganda has abundant natural resources and an important potential for green and sustainable growth. When the Uganda Green Growth Development Strategy (UGGDS) is adopted, the overall policies and strategies are in place to embark on a green growth pathway, which will contribute to achieving the goals of NDP II and Vision 2040, as Uganda moves towards middle income status. In addition, it will be a contribution to accomplishing SDG 8 concerning sustained, inclusive and sustainable economic growth. The next steps can be to prioritize green growth in national and sub-national budgets, and to reflect the UGDDS priorities in sectorial strategies (e.g. agriculture, energy, water, urban development), and to mobilize specific actions and investments, e.g. through public-private partnerships. One of the main challenges is the limited capacity in government to implement and monitor the existing mechanisms for environmental management, and for government and the private sector to understand and mobilize the green growth potential, to develop operational public-private partnerships and to formulate and implement investment projects. Uganda's development partners (currently primarily UNDP and the Global Green Growth Institute are focusing specifically on green growth) could support this development by supporting capacity development, integrating green growth options in their programmes, and facilitating access to finance.

Climate change and Green Growth opportunities and risks of programme

Assess how climate change and environmental opportunities and risks will arise through the programme:

<i>Will the programme ...</i>	Opportunity:	Risk:	None:
1. ... support green growth initiatives including livelihood improvements and resource efficiency	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. ... support the creation of decent and green job ?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. ... contribute to effective management and efficient use of natural resources	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. ... have direct or indirect impact on climate change (e.g. through increasing or reducing emissions of greenhouse gases)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. ... have direct or indirect impact on occupational health and safety ?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. ... lead to changes in land and resource tenure and access rights , including the rights of indigenous peoples ?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. ... include activities within or adjacent to protected or environmentally sensitive areas ?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. ... have direct or indirect impact on the resilience of communities in the face of natural disasters ?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Summarize and explain **climate change and green growth opportunities**:

Uganda has abundant natural capital, which can be utilized and enhanced through sustainable growth, and provide the basis for a climate resilient, sustainable and inclusive economy. These opportunities need to be mobilized across all sectors of the economy. This includes agricultural value chains, which are the focus area of the thematic programme on growth and employment

(UPSIDE). Climate-smart, sustainable economy approaches and technologies can contribute to higher productivity and added value in production and processing (agro-industries), to income generation and job creation, and to increased export earnings. Furthermore, there are opportunities for including youth and refugees, and for promoting gender equality. UPSIDE has the potential to demonstrate solutions, e.g. concerning water resource management, access to finance for rural SMEs and more sustainable agricultural methods, which may be duplicated across the country.

Summarize and explain climate change and green growth risks:

The main risk for Uganda is the risk of inaction, which is expensive, has a negative impact on the economy and livelihoods, and would indicate a missed opportunity to respond timely to the challenges from climate change, unplanned urbanization, limited development opportunities in rural areas, inequality, growing youth unemployment and high influx of refugees. Targeted efforts concerning climate change adaptation and environmentally sustainable agriculture including water resource management are planned under NURI, with both host communities and refugees as beneficiaries. Additional risks may come from conflicts over land rights, weak governance (low transparency and accountability; corruption), impacts of land-use in environmentally sensitive areas, lack of resources, capacity and awareness. While the Danish Country Programme is partly a response to the risk of inaction, risks such as those mentioned above have been taken into account in the formulation process.

Identify requirements for undertaking an Environmental Impact Assessment (EIA).
Categories are: [A] Full EIA required; [B] Partial EIA required; [C] No EIA required⁷².

<i>Intervention Name</i>	<i>Category A, B or C:</i>
Northern Uganda Resilience Initiative (NURI)	C
Agribusiness Initiative (aBi)	C
Trade Development Initiative (TDI)	C
Democratic Governance Facility	C
Inspectorate of Government	C
Financial Management and Accountability Programme	C
Acholi Religious Leaders Peace Initiative	C

Will national regulations and procedures for EIA be applicable to activities of the programme that have potential environmental impacts? – Yes - No

When will the EIA be undertaken?

EIAs will be undertaken if and when relevant, as interventions are planned in more detail and implemented, following Uganda's EIA Guidelines.

Next Steps – process action plan

Need for further work during the preparation, appraisal and implementation of the programme arising from the climate change and green growth screening:

Suggested activity: _____ *Action needed* _____ *Comments and elaboration:* _____

⁷² Category A = Intervention is likely to have adverse environmental impacts that may be sensitive, irreversible, and significant in scale/scope; B = Intervention is likely to have negative impacts, but which are less significant, not as sensitive, numerous, major or diverse; C = The environmental risk of the intervention are of little or no concern.

1. Assessment of green growth and climate change opportunities in sector development plan.	<input checked="" type="checkbox"/>	The country programme, in particular the thematic programme on growth and employment (UPSIDE) and especially NURI but also to an extent aBi includes important elements of addressing climate change effects.
2. Assessment of capacity for green growth and climate change management in the sector/country.	<input checked="" type="checkbox"/>	NURI and partly aBi include capacity building activities for local farmers, SMEs, authorities and other relevant actors on how to address water resource management, climate change and sustainable growth options throughout the agricultural value chain.
3. Prepare ToR for and conduct Country Analytical Work.	<input type="checkbox"/>	
4. Prepare ToR for and conduct SEA(s) of sector policies or plans.	<input type="checkbox"/>	
5. Prepare ToR for and conduct EIA(s) for programme interventions.	<input type="checkbox"/>	
6. Initiate donor harmonisation in the sector on green growth and climate change.	<input checked="" type="checkbox"/>	UPSIDE should be coordinated with other relevant development partners to maximize (through synergies and knowledge sharing) the opportunities for climate change adaptation and sustainable growth throughout the agricultural value chains.
7. Other...?		
Signature of Screening Note		

5 Capacity of public sector, public financial management and corruption

5.1 Public Financial Management and corruption

Uganda has implemented Public Financial Management (PFM) reforms since the 1990s through initiatives such as the Financial Management and Accountability Programme (FINMAP). The overall goal of FINMAP is to strengthen PFM at all levels of government to ensure efficient, effective, and accountable use of public resources as a basis for improved service delivery. FINMAP is funded through a basket arrangement by Denmark (since 2013), Norway, DFID, EU, KfW, and the Government of Uganda (GoU). Overall, the reform agenda has registered impressive milestones, but the technically robust PFM systems continue to be compromised by politically motivated regime interests and lack of political will to fight corruption.

FINMAP is an on-budget programme coordinated by the Ministry of Finance with reform programmes implemented across all government entities. PFM reforms have focused on strengthening the following areas: fiscal and macroeconomic policy; budgeting; rolling out of integrated financial management systems; external oversight; internal oversight; parliamentary oversight; public procurement; and capacity of the central and local governments to manage public resources.

The approval of the **Public Financial Management (PFM) Act 2015** represents a major milestone. It consolidates old existing laws and brings on board new provisions to address longstanding PFM challenges. Among others, its enactment has allowed for budget approval before the start of the fiscal year and timely release of the Auditor General's report. It also intends to reduce supplementary appropriations and provide guidance for oil revenue management.

The latest **Public Expenditure and Financial Accountability (PEFA) assessment** (2012) showed little change from the previous assessment in 2008. It indicated that Uganda's PFM systems performed well in comprehensiveness of budget documentation, budget classification and transparency of taxpayer obligations. The worst performing aspects were budget credibility, transparency of fiscal transfers, payroll and procurement controls, legislative scrutiny, donor practices and reporting of donor projects. On the other hand, the **DFID Fiduciary Risk Assessment (FRA) 2013** reported significant risks across all of the main PFM functions due to numerous weaknesses in compliance with controls, reflecting risks that policy priorities may not reach the budget sufficiently, that resources may not always be used for their intended purposes, as well as inefficiency and accountability weaknesses.

Budget Preparation is scored highly in the PEFA. The Budget Circular is regarded comprehensive and clear; the classification system for the formulation of the budget scores an 'A'; and budget documentation overall was also rated 'A' for meeting all the benchmark standards for transparency and comprehensiveness.

A clear budget calendar is issued to Ministries, Departments and Agencies (MDAs) annually with initial ceilings provided in the first Budget Call Circular. The timetable is generally adhered to in respect of the presentation to Parliament. Government has continued to register optimal performance in the timeliness of submission of budgets by spending agencies. For the last four financial years, 100% of all entities have submitted budgets on time. Although the PEFA assessment noted that the whole calendar did not allow approval before the start of the next fiscal year, with the enactment of the PFM Act, the budget is now approved before that start of the fiscal year .

The National Budget lacks credibility and the 2012 PEFA notes a general decline in this area partly attributed to poor revenue and expenditure forecasting, frequent adjustments and re- allocations, low rates of expenditure for government funded development projects, a high percentage of supplementary appropriations, and a significant amount of expenditure arrears.

Uganda has a **Medium-Term Fiscal Framework (MTFF)** and has achieved satisfactory level of macroeconomic stability, mainly through monetary policy reforms aided by better liquidity management and modelling capacity under the new inflation targeting light framework. The MTEF reflects the economic sector classification and enables evidence-based sector strategies to inform budget preparation. The MTEF allocation is aligned with the MTFF and macro-fiscal policy objectives. However, the MTEF is not well aligned to the strategic objectives in the National Development Plan (NDP) and some development priorities in the NDP are underfunded or not funded at all. The MTEF is revised annually based on changing aggregate forecasts and expenditure outturns, and revisions are not always clearly explained. The MTEF, therefore, remains a poor indicator of future funding levels.

Efforts to strengthen **budget credibility** have been made since the last PEFA and there is evidence of some improvement. For example, initiatives to tackle and prevent further build-up of arrears have been implemented. Expenditure arrears are still significant, but reducing relative to the size of the budget. The scale of supplementary expenditures has reduced, partly reflecting greater scrutiny and resistance to accept requests and partly to slightly lower excess expenditures. New rules under the PFM Act should further tighten controls in this area.

In terms of **budgeting tools**, the GoU is currently using Output-Based Budgeting Tool (OBT). The national and sector budgets and work plans are largely aligned with GoU policies as a result of implementing the OBT. The OBT enables clear allocation within sector ceilings according to institutions, programmes/projects and makes measurable links for establishing value for money by recording information on resource inputs and data associated physical outputs.

Programme Based Budgeting (PBB) has been introduced and will be rolled out gradually, starting in the Financial Year 2016/17. The GoU's commitment to introducing PBB and attempts to focus more on performance should support a stronger focus on results rather than spending. PBB entails a shift in emphasis from outputs to outcome as a means of improving service delivery. It is an upgrade from the OBT system, will be web-based and interfaced with

the Integrated Financial Management System (IFMS) to enable automatic synchronization of budget data.

Budget Execution: The GoU operates a cash budget. All government bank accounts have been moved to the Central Bank to facilitate cash management. The continued implementation of the Treasury Single Accounts (TSA) which resulted in over 3,000 Government bank accounts in commercial banks and the central bank being closed has improved government's cash management. Since the last PEFA significant improvements have been registered in releases. Funds are currently released on time by the Ministry of Finance to MDAs and Local Governments. What remains a challenge to be addressed are the high incidences of in-year reallocations within a vote.

Internal controls have been put in place to strengthen the PFM system but audit reports continue to document widespread abuses, non-compliance and indiscipline across a range of institutions especially at higher levels, which builds a culture of disrespect for the law and personal immunity. On the positive side, the roll out of IFMS has to some extent assisted with tracking expenditure and ensuring that fewer malpractices happen, and when they happen that they are discovered through the system. IFMS still requires strengthening to protect it from manipulations that could lead to loss of public funds.

To further strengthen internal control, the **internal audit function** has been decentralised and strengthened. On an annual basis, the Office of Internal Audit produces a report highlighting the extent to which accounting officers have followed up on the audit recommendations. The follow up on reports is still weak but currently closely monitored under FINMAP and gradually improving. Audit follow up now stands at 58%. The PFM Act 2015 empowers the Permanent Secretary/Secretary to the Treasury (PSST) in the Ministry of Finance not to appoint or designate a person as Accounting Officer who fails to take action on the report of the Internal Auditor and the Auditor General.

The **procurement cycle** from procurement planning, tendering, selection through to contract management is beset with inefficiencies, weaknesses and corruption. Audit reports by Public Procurement and Disposal of Assets Authority (PPDA) and Auditor General regularly indicate that there is weak enforcement of compliance to procedures across government. The 2016 PPDA perception index revealed continued existence of corruption in public procurement, which had risen from 71.8% up from 69.8% in the previous survey. The survey confirms the growing scale of corruption in public procurement with over 86% of service providers and 51% of government officials openly admitting that corruption influences procurement decisions.

Grant allocation formulas for Local Government (LG) level are numerous, complex and difficult for LGs to understand and utilise for planning. The PEFA 2012 scored poorly (D+) on the basis that allocation formulas were not transparent and information was released too late to change LG budgets effectively. The last year has seen efforts by the Ministry of Finance towards improving, demystifying and simplifying of allocation formulas. This will improve

effectiveness; promote equity, transparency and adequacy of fiscal transfers from the central to the local government for poverty reduction and improved service delivery.

Post Year Reporting on Budget Execution: The timeliness and quality of financial reporting has been enhanced by the continued roll out of IFMS, as well as the professionalization of accounting staff. The proportion of MDAs and LG registering unqualified opinions has significantly improved. In 2012 the percentage of unqualified opinions at central government level was 44% but moved to 79% in 2015, while the equivalent figure for LG was 32% and 91% respectively. Challenges still remain for those entities not yet fully operating IFMS and especially at local government level. It is envisaged that IFMS rollout will reach 80% coverage by the end of the current phase of FINMAP in June 2018.

External Audit: Since the enactment of the new audit law in 2008, the Office of the Auditor General (OAG) has more independence and the quality, scope and timeliness of audit reports has significantly improved. However, management action on audit findings and recommendations appears limited as the same audit queries keep reoccurring. In the past, the OAG produced bulky volumes of the annual audit report, with a drawback in terms of time taken by Parliament to discuss the reports. OAG has now developed risk profiling guidelines that enable selection of issues of high significances to be included in the report and accordingly discussed by Parliament.

Parliamentary Oversight: Parliament has reviewed and completed a number of special reports focusing on particular entities. There are, however, delays with respect to the overall annual reports in terms of fully discussing the reports and issuance of Treasury Memoranda by the Executive, with the latest Treasury Memorandum covering the entire central government issued in 2011 with respect to the 2004/05 audit. The inability of Parliament to complete the audit cycle for the entire government creates a loophole in the enforcement of audit recommendations, as some accounting officers use the lack of a treasury memorandum as an excuse for not enforcing certain recommendations.

According to the 2012 **Open Budget Index (OBI)**⁷³ and the 2012 PEFA assessment, there is a fair degree of comprehensiveness and transparency in terms of budget documentation and public access to financial information. In 2014, GoU launched a new budget website and helpline to provide more information to the public and enable greater participation in budget monitoring. The recent years have seen increased participation of Civil Society Organisations (CSOs) in budget work.

Uganda's **tax revenue** collections remain the lowest in the East African region, relative to GDP, currently at 13%. Revenue forecasts received a D rating in the 2012 PEFA. The poor tax to GDP ratio is indicative of wider inefficiency and evasion in the tax system such as the low tax base characterised by a very informal sector. The 2015 Tax Administration Diagnostic Assessment Tool report on Uganda notes that the Uganda Revenue Authority (URA) has made good progress in handling taxpayer obligations, proactive taxpayer support, and providing

⁷³ Uganda scored 65/112. 2 ActionAid Uganda. (2015). Black Monday News Letter, Issue 29

online services. Significant challenges will, however, require URA's continued focus on building a stronger compliance culture, a balanced approach to risk management, as well as a balance of audit, compliance and taxpayer service initiatives.

Local Governments' own revenue is constrained and limited. This is partly due to narrowing of the revenue base, lack of capacity for collection, and an increase in the cost of public administration through the creation of new districts. A significant proportion of budgeted local revenue is not realised due to unrealistic revenue estimates, failure to develop databases for eligible taxpayers, large untaxed informal sector, incomplete revenue records, and insufficient tracking and enforcement. Under FINMAP, the government is rolling out Local Revenue Collection software to assist in boosting local revenues.

Uganda has quite an extensive legal and institutional framework to **combat corruption**. Key anti-corruption legislation includes the Leadership Code Act, the Prevention of Corruption Act, Access to Information Act, the Inspectorate of Government Act, Penal Code Act, the Uganda Government Standing Orders and Code of Conduct, Whistle Blower Protection and Anti Money Laundering Act among others. In addition, a National Anti-Corruption Strategy has been developed and a specialized anti-corruption court established within the Judiciary. Some of the **accountability institutions**, notable the Inspectorate of Government (IG), have seen an increase in public funding in recent years and appears to be quite independent. **Civil society** also plays an active role in the fight against corruption notably by highlighting the link between high-level corruption and the poor state of public services. Their efforts are to some degree hampered by what appear to be a deliberate clamp-down on CSOs working on accountability issues.

Despite all these good efforts, **grand and high-level corruption continues**, and Uganda was ranked as 139th least corrupt out of 167 countries in the latest Corruption Index from Transparency International. It has been estimated that between 2000 and 2014, GoU lost more than Shs. 24 trillion to corruption – enough to finance Uganda's 2015/2016 budget⁷⁴.

Rent seeking is widespread and stretches from the central government to local authorities, permeating the public service, business and politics⁷⁵. There is also outright **diversion of public resources for private purposes** by politicians and public servants as exemplified in some of the most recent corruption scandals in the Office of the Prime Minister (2012); the Public Service Pension Scam (2014); the Ministry of Local Government scam (2014) and the Uganda National Road Authority scam (2015). The biggest sources of rents are government contracts for supply of goods and services,⁷⁶ where a general issue seems to be that companies seeking to supply goods and services to GoU at both centre and local level must pay large sums

⁷⁴ According to the 2016 Afro barometer, up to 69% Ugandan's perceive that there is increased corruption in public offices.

⁷⁵ 'East African prospects. An update on the political economy of Kenya, Rwanda, Tanzania and Uganda' David Booth, Brian Cooksey, Frederick Golooba-Mutebi and Karuti Kanyinga. ODI. May 2014 <https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/8945.pdf> (accessed 22.03.2017)

⁷⁶ Ibid 5

to boost their chance of securing contracts – a cost which is often covered up by inflating prices⁵.

So far, the GoU has **failed to hold the highest members of its government accountable** for large scale graft, despite repeated pledges to eradicate corruption and good technical work by investigators and prosecutors.⁷⁷ Lack of political will and patronage has crippled Uganda's anti- corruption institutions undermining their efforts through political interference, harassment, and threats⁷⁸.

5.2 Conclusion & consequences for the country programme

In relation to the Danish Country Programme the main fiduciary risks identified are weak compliance and sanctions, low enforcement of procurement regulations, delay in review of audit reports, and the need to continuously enhance the integrity and security of PFM systems like IFMS. Overall however, the greatest risk is the **lack of political will** to fight corruption. As the political economy in Uganda to a large extent is being driven by politically motivated regime survival and characterized by a system of patronage, the PFM systems which at a technical level is relatively advanced and robust is being compromised and undermined.

The PFM reform agenda in Uganda has registered impressive milestones as highlighted above even though fiduciary challenges still remain. Therefore, **Denmark will continue supporting the PFM reform agenda** in Uganda through support to FINMAP and would like to see future reforms focusing on local revenue enhancement, improved compliance to rules and regulations, strengthening sanctions, improving public procurement, follow up on audit recommendations, enhancing and rolling out of PFM systems and the capacity of local governments to deliver services.

The Embassy recognises that corruption continues to be widespread within the public sector, but also recognizes the existence of accountability champions, notably the IG and various CSOs. Therefore, **Denmark will continue to support both the supply and demand sides of accountability**. The support to IG will enable the institution to strengthen its anti-corruption investigation and prosecution mandate, while the support to CSOs will strengthen the public awareness and exposure of theft and mismanagement of public funds.

The continued systemic corruption within the public sector in Uganda has influenced the Embassy's decision to **limit funding to GoU institutions** and primarily support the private sector and civil society. Only those GoU institutions assessed to be of high integrity will be directly supported. As public procurement is identified as an area prone to corruption, the Embassy has taken a deliberate choice to use a Programme Implementation Unit modality in interventions involving Local Government procurement in order to maximize oversight and control.

⁷⁷ Ibid

⁷⁸ Human Rights Watch (2013), "Letting the Big Fish Swim: Failure to Prosecute High-Level Corruption in Uganda"

5.3 Key documents used for the analysis

Uganda LG PEFA Consolidated Report (February 2013)

Public Expenditure and Financial Accountability Assessment Report (PEFA Sept 2012)

The 3RD Public Procurement Integrity Survey (March 2016)

MFPEd, Report on Public Debt (Domestic and External Loans), Guarantees and Other Financial Liabilities and Grants for FY 2015/16

PFM Reform Strategy 2014-2018

FINMAP Mid-Term Review Report July 2014

FINMAP III Draft Annual Report FY 15-16

FINMAP III, Programme Implementation Document, July 2014 – June 2018

DfID Fiduciary Risk Assessment (July 2013)

Development Partners analysis of OAG Report for FY 2014-15

Tax Administration Diagnostic Assessment Tool (TADAT), Performance Report on Uganda, October 2015.

6 Matching with Danish strengths and interests, engaging Danish actors, seeking synergy

6.1 Background

With Uganda being a poor but stable country situated in an increasingly unstable region, and being the largest refugee hosting country in Africa, Denmark has a clear interest in a strong Danish-Ugandan partnership. This partnership will be based on and take its lead from the SDG's, the Ugandan development plans, and *World 2030*.

Contributing to stability in Uganda is of key interest to Denmark. The escalating conflicts in some of Uganda's neighbouring countries, in particular in South Sudan, is likely to put domestic stability and economic development under pressure, since Uganda to a large extent relies on exports to its neighbouring countries. Also, the continued massive influx of refugees could lead to a "breaking point", prompting Uganda to abandon its current refugee policy with potentially profound consequences for regional stability and thus refugee movements. It is a key assumption that the Country Programme's focus on the SDGs – as well as relevant Ugandan and Danish development strategies – will contribute to domestic stability and thus bolster Uganda's capacity to maintain its stabilizing role in the region.

In underpinning Uganda as a country on its way to become a transition economy, the Country Programme will draw upon close to 30 years of experience with development assistance in Uganda. Lessons learned and the unique position of Denmark as a trusted and respected partner of Uganda will be drawn upon to create the right balance between support to private sector, civil society, and selected key democratic public institutions. Over the years, Denmark has fostered strong and effective partnerships with both civil society and the private sector – partnerships that has the potential to act as drivers of change in securing sustainable democratic and economic inclusion in Uganda. In the face of scarce resources to realise the SDGs, Denmark will utilise these partnerships to leverage and increase the impact of the Danish development interventions. Also, the Country Programme will strive to maximize synergies with other Danida instruments (Business, Climate etc.) as well as humanitarian assistance.

6.2 Areas with potential for increased commercial engagement, trade relations, investments and involvement of Danish authorities, academia and civil society organisations

Successful promotion of the three strategic objectives in the country policy paper will require mutual commitment and innovative partnerships, both with Ugandan and Danish authorities (including possibly under the initiative for cooperation between authorities), civil society organizations, labour organizations, research institutions, the private sector, multilateral organizations and other development partners.

The Danish engagement will aim at alignment of the various instruments so that they mutually reinforce each other to create the best possible results. This also applies to creating strong links between humanitarian and development-oriented activities.

With regard to the *potential for increased Danish private sector engagement* in Uganda, it is important to note that Uganda continues to face serious challenges that constrain the business environment, not least in terms of low value addition to its agricultural exports, high transport costs due to inappropriate infrastructure, poor standards and quality control regimes, and a high trade deficit. In general, private sector development in key sectors such as agriculture, manufacturing, and services lags behind what is needed to meet the growing demand for jobs, not least by the fast growing youth population. In addition, the investment climate in Uganda remains highly challenging, owing primarily to unclear and poorly enforced land rights, poor protection of investors, and systemic corruption.

Uganda has selected 10 key commodities predominantly in the agriculture sector to focus on for export promotion. The export potential of Uganda has been hampered by six key challenges: 1) Low levels of production and productivity particularly in agriculture sector, 2) Poor storage and post-harvest handling significantly reduces agricultural output, 3) Limited value addition, 4) Inadequate policy, legal and regulatory framework and weak enforcement, 5) Limited export market development and promotion, and 6) Non-conducive macroeconomic environment to address the supply side challenges.

The above challenges also present an opportunity for further engagement in private sector development. Opportunities for Danish commercial engagement exist in value addition across the various priority commodities and products along the entire value chain. The commodities include Coffee and coffee products, Grain products (Maize and Beans), Tea and tea products, Livestock Products, Fish and Fish Products, Cotton, Horticultural crops, ICT Products, Minerals, Oil and Gas, Tourism and Tourism Products.

With regard to the *potential for increased engagement of Danish civil society, academia and authorities* it is worth noting Danish NGOs have over the last decades developed strong ties with Ugandan partner organisations in civil society. These relations are essential for the Ugandan organisations opportunities to focus on issues enhancing stability and inclusion in the country, e.g. socio-economic development, human rights, democratic governance and anti-corruption. Partnerships with Danish organisations present a significant value for the Ugandan organisations, which recognize the professionalism and strength of a number of Danish organisations. Equally, for Denmark, the partnerships represent a unique opportunity to support the role of potential change agents in the Ugandan civil society working within the strategic areas of interest to Denmark. The Danish Embassy in Kampala enjoys a good relationship with both smaller and larger Danish organisations. Inputs received through constructive dialogues with the organisations contribute to informing the Danish Embassy's policy dialogue with the Government of Uganda.

Denmark's engagement in the accountability sector is in particular of interest to Denmark given that the fight against corruption will influence the broader development of the country by

mitigating the risk of corruption related to investments on both the side of the government and development partners. Danish authorities such as the Ombudsman and the DPP (Bagmandspolitiet) have strong competencies which have already been drawn upon by Ugandan institutions engaged in anti-corruption and Ombudsman cases. Such partnerships are important contributions to the fight against corruption in Uganda.

6.3 Assessment of the donor landscape and coordination, including opportunities for Denmark to work and deliver results through multilaterals

Good opportunities for cooperation with multilateral institutions and EU for enhanced synergy, more coherent and more effective division of labour exist in Uganda. Most of the traditional development partners (several EU Member States, Norway, US, Japan as well as multilaterals such as numerous UN organisations, World Bank, IMF, AfDB and the EU) have a strong presence in Uganda.

Coordination is relatively good and takes place at an overall level in the Local Development Partners' Group (LDPG) and at sector level with rotating chairmanship. Besides an active participation in the LDPG, Denmark is coordinating with other DPs in the following sectors/areas: Justice Law & Order, Northern Uganda Group, Agriculture, Water & Sanitation, Accountability as well as Democracy & Human Rights. Politically, Denmark also engages within the EU Framework and through the locally established informal Partners for Democracy and Governance (PDG), which include important multilaterals such as UNDP, UN Office for Human Rights and the World Bank.

Although the programme does not envisage direct financial support to the multilateral organisations, Denmark will continue to work closely and coordinate with the multilateral and traditional development partners at both the local and national level.

As for **UPGRADE**, donor coordination is particularly strong in relation to the multi-donor fund Democratic Governance Facility, where eight development partners jointly support democratic governance initiatives. As legal entity, Denmark plays a key role in this strong multi donor set-up. A recent review concluded that the approach contributed to synergetic work and that the Facility had become 'more than the sum of its parts' due to the multi donor approach. Denmark also engages actively in the broader donor dialogue on Public Financial Management through its support to FINMAP.

Denmark will further explore the possibility of creating greater coherence with the multilateral organisations' engagement in Uganda to complement the Danish engagement with the organisations at a global level. This coherence will in particular be explored to back Uganda's important role as a host country for refugees.

Strategic use of international normative instruments such as the United Nations' Universal Periodic Review will also be used.

Denmark will in partnership with the EU, UNDP, UNOHCHR and other likeminded donors also continue to engage in political dialogue bilaterally and as part of the EU-dialogue with Ugandan authorities on areas of Danish interest, including promotion of democracy, good governance and human rights. The close Nordic cooperation in Uganda on common values of equality, access to information and freedom of the press will continue to be nurtured.

As for **UPSIDE**, there are in particular opportunities for Denmark to deliver results through partners within the nexus between humanitarian and development aid. UNHCR in Uganda plays a central role in the policy dialogue with GOU on the refugee response. Denmark can strengthen this dialogue by prompting UNHCR to further involve both the rest of the UN Country Team and not least other development partners, and by joining UNHCR in its efforts to push for a broadening of the refugee response also on the side of GOU. UNHCR's role in the application of the Comprehensive Refugee Response Framework – as a contribution to the development of a global compact on refugees – and in the development of the strategic framework for *Refugee and Host Population Empowerment (ReHoPE)* forms a useful basis for leveraging Danish interests and delivering results. The World Bank and the EU are other relevant partners, through which Denmark can deliver results, as they each focus on increasingly developmental approaches to the refugee response in Uganda. Danish interests can be leveraged through these partnerships by supporting – and when relevant joining – the World Bank and the EU in their policy dialogue with GOU and promoting enhanced coordination of efforts. Finally, Danish non-governmental organisations such as Danish Refugee Council and Danish Church Aid play a vital part in the implementation of the GOU refugee policy, and have valuable networks and knowledge through which they can deliver results that promote Danish interests. Particularly in Northern Uganda, achievement of results through partners will be pursued through harmonization with interventions that are complementary to the NURI engagement under the Danish Country Programme. This concerns particularly UNHCR and its implementing partners, World Bank (NUSAF III and DRDIP), and EU (DINU and projects funded under the Valetta Trust Fund). Coordination will be sought both centrally and at the level of District Local Governments with the aim of avoiding overlaps and realising better results for all actors through synergies.

Annex B: Partners – brief descriptions

Uganda Programme for Sustainable and Inclusive Development of the Economy (UPSIDE):

1. The Northern Uganda Resilience Initiative (NURI)

NURI is a successor to Danida's Recovery and Development in Northern Uganda Component (RDNUC) of the U-Growth II Programme. The main change in NURI will be 1) an expanded budget, and therefore an expansion to expectedly ten districts (RDNUC currently operates in 6 districts), 2) the inclusion of South Sudanese refugees and their host communities as beneficiaries, and 3) a new complementary component on water resources management (WRM), financed through the Danish Climate Change Envelope.

NURI will be implemented by the NURI Coordination Function (NURI CF), which will be based in Kampala and headed by a Danida advisor. NURI CF will be the successor to RDNUC CF, and legally an integrated part of the Danish Embassy. Local staff based in Kampala and in the Acholi and West Nile sub-regions will assist the advisor.

The first NURI component, concerning climate smart agriculture for enhanced agricultural production, food security, and marketing, will be managed by the CF and be implemented by District Farmers' Associations (DFAs), or NGOs with similar outreach to rural smallholder farmers. The relevant sector specialists from the respective District Local Governments will provide backstopping and oversight functions. An EU tender is planned for the second component, concerning rural infrastructure such as community access roads, storage buildings, market places and water sources. The partner for the third component, WRM, will be the Directorate for Water Resources Management (DWRM) under the Ministry of Water and Environment and its decentralized office in Lira as concerns planning, coordination, stakeholder engagement and supervision. DWRM and its decentralized offices have been supported for many years through Danish support to the water and environment sector. Implementation of WRM will be tendered, possibly together with the second component.

2. Agricultural Business Initiative (aBi)

aBi consists of two separate legal entities, namely aBi Finance and aBi Trust. aBi is managed by a Group Chief Executive Officer (GCEO) and has three Chief Operating Officers (COOs) in place to manage aBi Finance, aBi Trust and aBi Corporate Services, the latter being responsible for shared central support services (finance, M&E, HR, Communication etc.). Currently, aBi employs approximately 60 staff in total.

aBi Finance is a company limited by guarantee, registered under the Companies Act of Uganda (2006). aBi Finance is capitalised with funds it has received in tranches from Danida. These are invested in financial instruments such as lines of credit for agriculture and agricultural loan guarantees through partner financial institutions to stimulate agricultural lending. aBi Finance's capital fund is currently valued at around USD 34 million. aBi Finance is mandated to maintain

the real value of its capital fund while at the same time providing funding to aBi Trust to enable it to partially meet aBi Trust and aBi Finance operating expenses in a sustainable manner. aBi Finance is governed by a Board of Directors of currently four members with the Chairperson and one Director being representatives of the RDE. Above the Board of Directors sits the RDE as the top layer of aBi Finance's governance structure. The Directors bear ultimate responsibility for aBi Finance and approve its business plans, work plans, budgets, policies and procedures.

aBi Trust is registered in accordance with the Uganda Trustees Incorporation Act. aBi Trust is governed by a Board of Trustees of currently nine members with one Trustee representing the RDE. Above the Board of Trustees sits the Founders Committee as the top layer of aBi Trust governance. The Founders Committee is comprised of two Founders, one representing the RDE and one representing the Ugandan Ministry of Finance, Planning and Economic Development (MoFPED). aBi Trust has three Standing Committees of the Board: the Finance and Programme Oversight Committee, the Governance and Human Resources Committee, and the Audit and Risk Committee. The Trustees bear ultimate responsibility for aBi Trust and approve its business plans, work plans, budgets, policies and procedures. The Founders Committee provides strategic direction and "no objection" within set areas as described in the Trust Deed.

aBi Corporate Services is organisationally a part of aBi Trust with aBi Finance paying for usage of the services (at a ratio of 33 percent).

Website: www.abi.co.ug

3. TradeMark East Africa - Uganda

TradeMark East Africa (TMEA) is a not-for-profit organisation established in 2009 to support the growth of regional and international trade in the East Africa Community. TMEA's regional headquarters are located in Nairobi with branches in each of the East African countries, including Uganda. TMEA is an on-going programme financed by several Development Partners (DPs), including the UK, USAID, Belgium, Finland, and the Netherlands. TMEA's overall low case budget for Strategy 2 is about USD 300 million of which USD 31million is for TMEA UCP.

TMEA governance is structured around an approved TMEA Constitution that sets out the membership at different levels, roles, *modus operandi* and responsibilities of the different TMEA organs: The Council, the Board, and the National Oversight Committees (NOC). The *Council* sets the overall framework for what TMEA is intended to achieve, and the parameters within which TMEA must operate, and it provides high-level strategic support to the Board. Its members are DPs and implementing partners, and it convenes in Nairobi, Kenya. The Danish Embassy in Nairobi represents Denmark in the Council. The *Board* provides strategic guidance to TMEA's management and has private sector stakeholders as members. The key role of the Board is to **oversee operational delivery and management** of TMEA's objectives. It convenes in Nairobi. At the national level, a NOC exists in all TMEA countries. Its members

are DPs and implementing partners. RDE participates in the Ugandan NOC, which meets every quarter to review performance. NOC reviews the national annual work plans and budgets, project appraisal reports and business plans related to the programmes at the country level, and recommends to the Board for approval.

TMEA in Uganda engages national partners in regional reform efforts and has developed a Uganda Country Programme (UCP) for the period 2017-2023. TMEA has about 150 staff of which seven staff are employed in Kampala taking care of finance, administration and project management. A similar set-up and number of staff is applied in all of TMEA's Country Offices.

Website: <https://www.trademarka.com/>

Uganda Programme for Governance, Rights, Accountability and Democracy (UPGRADE):

1. Democratic Governance Facility – DGF:

The DGF is a joint facility working to improve accountable, responsive and human rights-based governance through effective citizen participation coupled with stronger institutions.

Seven of Uganda's DPs, namely Austria, Denmark, Ireland, the Netherlands, Norway, Sweden and the EU, will contribute resources for the second phase of DGF (2018-2022). The DGF will in its second phase have an estimated budget of Euro 89 Million and is expected to cooperate with approximately 60-70 implementing partners (governmental and non-governmental) covering national, regional and district level. This makes DGF one of the most significant contributors to Ugandan civil society and its work related to building a vibrant civil society, whilst also focussing on the interaction and cooperation between non-state actors and the responsive institutions of the government.

DGF is governed by a Board composed of Heads of Missions of the participating DPs. The Board is supplemented by a Steering Committee made up by technical staff from the DPs. A Facility Management Unit (FMU) composed of five Danida advisors and approximately 30 local staff is responsible for the daily operationalization of the DGF and its engagement with implementing partners.

The legal basis of the entire DGF is the Government-to-Government Agreement between the Government of Uganda and the Government of Denmark. The DGF FMU is thus a decentralized unit under the RDE, though all DPs share the political and financial responsibilities jointly. As legal entity, the RDE is overall responsible for DGF financial management, including audits of the FMU and all its implementing partners.

Website: www.dgf.ug

2. United Nations Population Fund – UNFPA)

Globally, UNFPA is responsible for monitoring the implementation of the action plan of the International Conference on Population and Development. UNFPA is an influential advocate

for sexual and reproductive health and rights (SRHR). The organisation has a special focus on protecting and empowering women and youth, and is one of the largest UN recipients of Danish core funding.

As the world's largest international source of funding for population and reproductive health programmes and with broad membership, UNFPA is able to operate with high legitimacy. In Uganda, this places UNFPA in a strong position to engage on issues related to SRHR and realisation of women and youth's rights to live healthy and productive lives despite difficult working environment at times.

Specifically, UNFPA Uganda is assessed to have a solid collaboration with a number of strong civil society organisations that are well rooted in the communities, whilst also having a constructive engagement with national authorities at both local and national level.

UNFPA Uganda has its headquarter in Kampala as well as some regional offices also covering the Acholi and West Nile regions.

From previous Danish partnership, the Embassy assesses that UNFPA has solid professional competences in the thematic field and has experience with implementations of programmes that are comparable in size and complexity.

Website: <http://uganda.unfpa.org/>

3. Inspectorate of Government – IG

The IG is a constitutional body mandated “to eliminate corruption, promote and foster the rule of law and principles of natural justice in public offices and enforce the Leadership Code of Conduct”.

The IG is headed by the Inspector General of Government assisted by two Deputies. The structure of the IG consists of six Directorates: Special Investigations, Legal Affairs, Education and Prevention of corruption, Leadership Code, Regional Offices, Ombudsman Affairs as well as three departments: Finance and Administration, Public Relations, Monitoring and Evaluation. The headquarter is located in Kampala, but the IG is working on its outreach through 16 regional offices throughout the country. IG has approximately 400 employees.

The IG is a member of the Accountability Sector, one of the enabling sectors identified in the National Development Plan II.

Website: www.igg.go.ug

4. Financial Management Programme – FINMAP

FINMAP is a programme operating under the ambit of the Ministry of Finance, Planning and Economic Development (MoFPED). The FINMAP programme is housed within MoFPED but is implemented across all of government entities, including Local Governments.

The FINMAP programme functions as the prime implementation framework for the Ugandan Public Financial Management Reform Strategy aiming at improving efficiency, accountability and transparency in the management of public resources. The programme feeds directly into the National Development Plan (NDP II) objectives of the Accountability Sector, which include enhancing the principle of value for money in management of public funds as fostering compliance with accountability policies, service delivery standards and regulations for better governance.

The Programme is coordinated by a secretariat, whilst actual implementation of reforms is undertaken by public servants in relevant ministries, departments and agencies of government. Of the 221 programme staff employed, the large majority is working within the partner institutions, where they provide technical assistance and support, capacity building, training and implementing of new systems.

FINMAP is in its present phase managed by the Public Expenditure Management Committee, which is responsible for policy guidance and monitoring of progress. The Committee provides a mechanism for GoU to plan and monitor and evaluate all PFM reform initiatives in a comprehensive way. The Permanent Secretary/Secretary to the Treasury of MoFPED chairs the Committee, of which key GoU stakeholders as well as DPs are members. In addition, DPs have a separate Working Group to review progress in the implementation and coordinate support.

FINMAP is currently funded by GoU and five DPs, namely Denmark, EU, Germany (KfW), Norway, Sweden and UK through a basket arrangement. A fourth phase of FINMAP is under formulation. It is envisioned to cover the years 2018/2019 - 2022/23.

Website: www.finance.go.ug/finmap/

5. Acholi Religious Leaders Peace Initiative – ARLPI

ARLPI is an interfaith peace building and conflict transformation organization that was formed in 1997 to provide a proactive response to the conflict in Northern Uganda. Since its inception, ARLPI has focused on dialogue and mediation initiatives between the government of Uganda and Lord Resistance Army (LRA), and conflicting communities within Acholi sub-region and its immediate neighbours. Religious leaders have been advocating for a peaceful resolution to the conflicts in Northern Uganda at international/regional, national and local level while carrying out community based peace-building activities.

ARLPI brings together the religious leaders of the six major denominations and their respective constituencies in the Acholi sub region to participate effectively in transforming conflicts. The denominations are the Anglican, Catholic, Muslim, Orthodox, Seventh Day Adventist, and the Born Again Faith Federation communities.

The mission of ARLPI is ‘to work for sustainable peace, justice, and development by transforming conflicts using non-violent means’. The overall goal is ‘to create a conducive environment for sustainable peace and development in Uganda’.

ARLPI is governed by an overall Governing Council. It has a Secretariat located in Gulu, headed by a Program Coordinator, with branch offices in Kitgum and Pader that are run by a small team of technical personnel and the local ‘District Religious Leaders Peace Team’. ARLPI has 18 employees consisting of programme officers (including branch offices), social workers, administrative staff, drivers and support staff.

ARLPI is currently fully depended on the funding from Danida.

Website: www.arlpi.org

Annex C: Results Framework

Thematic programme		Uganda Programme for Sustainable and Inclusive Development of the Economy (UPSIDE)	
Thematic programme objective		<i>Sustainable and inclusive economic growth</i>	
Impact Indicator		<ol style="list-style-type: none"> 1. Gross National Income (GNI) per capita. 2. Percentage of population below the Ugandan national poverty line. 	
Baseline	Year	2016	1. USD 660 (below the 2016 Least Developed Country (LDC) GNI average of USD 950)
		2016	2. 27.0 % (according to UNHS 2016/2017)
Target	Year	2022	1. Above the LDC GNI average
		2022	2. Below 20 %
Engagement title		Northern Uganda Resilience Initiative (NURI)	
Outcome		<i>Enhanced resilience and equitable economic development in supported areas of Northern Uganda, including for refugees and refugee-hosting communities</i>	
Outcome indicator		<ol style="list-style-type: none"> 1. Increase in average annual agricultural cash income of participating households (segregated by age, gender of household head and refugee status). 2. Reduction in average period participating households are food insecure in a year (segregated by age, gender of household head and refugee status). 3. Total number of people benefitting from supported WRM interventions (segregated by age, gender and refugee status) (core CCE indicator). 	
Baseline	Year	2018	<ol style="list-style-type: none"> 1. TBD (baseline survey in targeted areas) 2. TBD (baseline survey in targeted areas) 3. 0
Target	Year	2022	<ol style="list-style-type: none"> 1. 20 % 2. 20 % 3. TBD
Output 1		<i>Training of small-scale farmers in climate smart agricultural practices and marketing</i>	
Output indicator		<ol style="list-style-type: none"> 1. Percentage of beneficiaries that report having adopted climate smart agricultural practices after being trained (segregated by gender, age group and refugee status). 2. Percentage of beneficiaries that report receiving higher prices for their produce in the past year due to improved marketing skills (segregated by gender, age group, and refugee status). 	
Baseline	Year	2018	<ol style="list-style-type: none"> 1. 0 2. 0
Milestone	Year 1	2019	<ol style="list-style-type: none"> 1. 15 % 2. 15 %
Milestone	Year 2	2020	<ol style="list-style-type: none"> 1. 35 %

			2. 35 %
Milestone	Year 3	2021	1. 55 % 2. 55 %
Target	Year 4	2022	1. 75 % 2. 75 %
Output 2		<i>Renovation and construction of agriculturally-related rural infrastructure</i>	
Output indicator		<ol style="list-style-type: none"> 1. Average cumulative percentage of NURI projects included in district investment plans completed (segregated by refugee settlement area or not). 2. Cumulative number of beneficiaries that report a reduction in time and/or cost in transporting goods to a market place (segregated by gender, refugee settlement area or not). 	
Baseline	Year	2018	1. 0 % 2. 0
Milestone	Year 1	2019	1. 20 % 2. 5,000
Milestone	Year 2	2020	1. 50 % 2. 10,000
Milestone	Year 3	2021	1. 80 % 2. 15,000
Target	Year 4	2022	1. 100 % 2. 20,000
Output 3		<i>Improved climate change resilience in Northern Uganda through WRM, including for refugees and refugee hosting communities</i>	
Output indicator		<ol style="list-style-type: none"> 1. Cumulative increase in water availability as reported by beneficiaries (segregated by age, gender and refugee status) 2. Cumulative reduction of duration of periods of water shortage in target areas (segregated by refugee settlement area or not) 	
Baseline	Year	2018	1. 0 2. 0
Milestone	Year 1	2019	1. 4 % 2. 5 %
Milestone	Year 2	2020	1. 8 % 2. 10 %
Milestone	Year 3	2021	1. 12 % 2. 15 %
Target	Year 4	2022	1. 16 % 2. 20 %
Engagement Title		Agricultural Business Initiative (aBi)	
Outcome		<i>Increased income and employment through environmentally and socially responsible investments in improved productivity, quality, and value addition in agri-businesses and among smallholder farmers in supported agricultural value chains</i>	
Outcome indicator		<ol style="list-style-type: none"> 1. Number of Full Time Equivalent employment positions created in aBi-supported businesses. 2. Percentage of beneficiary agri-businesses and smallholder farmers, 	

			men and women, indicating at least 30% increase in income/gross profits due to aBi support. 3. Increases in the size of lending (from own sources) portfolios oriented toward agriculture by aBi Finance partner financial institutions, leading to increased access to finance for agri-business and smallholder farmers.
Baseline	Year	2018	1. TBD 2. TBD 3. TBD
Target	Year	2022	1. TBD 2. TBD 3. TBD
Output 1	<i>Increases in the number of smallholder farmers benefitting, directly or indirectly, from aBi interventions</i>		
Output indicator	1. Increase in number of smallholder farmers engaged (directly and indirectly) in aBi interventions (segregated by gender and age group). 2. Increase in number of smallholder farmer beneficiaries that report having adopted new climate smart agricultural practices (segregated by gender and age group). 3. Increase in farm production levels among smallholder farmers engaged (directly and indirectly) in aBi interventions, indicating at least a 10% increase in farm production (segregated by gender and age group). 4. Decrease in post-production losses reported by smallholder farmers engaged (directly and indirectly) in aBi interventions, indicating at least a 10% decrease in post-harvest losses (segregated by gender and age group).		
Baseline	Year	2018	1. TBD 2. TBD 3. TBD 4. TBD
Milestone	Year	2019	1. TBD 2. TBD 3. TBD 4. TBD
Milestone	Year	2020	1. TBD 2. TBD 3. TBD 4. TBD
Milestone	Year	2021	1. TBD 2. TBD 3. TBD 4. TBD
Target	Year	2022	1. TBD 2. TBD 3. TBD

			4. TBD
Output 2		<i>Increases in sales, profits and profitability by aBi supported agri-businesses</i>	
Output indicator		<ol style="list-style-type: none"> 1. Increase in the value of sales of aBi supported agri-businesses in selected value chains (segregated by gender and age of business owner). 2. Increase in the value of profits of aBi supported agri-businesses in selected value chains (segregated by gender and age of business owner). 3. Increase in the value gross profitability of aBi supported agribusinesses in selected value chains (segregated by gender and age of business owner). 	
Baseline	Year	2018	<ol style="list-style-type: none"> 1. TBD 2. TBD 3. TBD
Milestone	Year	2019	<ol style="list-style-type: none"> 1. TBD 2. TBD 3. TBD
Milestone	Year	2020	<ol style="list-style-type: none"> 1. TBD 2. TBD 3. TBD
Milestone	Year	2021	<ol style="list-style-type: none"> 1. TBD 2. TBD 3. TBD
Target	Year	2022	<ol style="list-style-type: none"> 1. TBD 2. TBD 3. TBD
Output 3		<i>Increased access to finance for agri-businesses and smallholder farmers through FSD and aBi Finance partner financial institutions</i>	
Output indicator		<ol style="list-style-type: none"> 1. Increase in the number of loans and other financial services provided to agri-businesses and smallholder farmers by aBi Finance partner financial institutions. 2. Increase in the share of the aBi Finance portfolio mix that goes to mid- to long term loans or guarantees. 3. Share of the portfolio mix going towards access to <i>affordable</i> finance for agri-business development (<i>affordable</i> measured as interest rate lower than the Central Bank Rate). 4. Number of new financial instruments introduced by aBi Finance partner financial institutions for agri-businesses and smallholder farmers. 	
Baseline	Year	2018	<ol style="list-style-type: none"> 1. TBD 2. TBD 3. TBD 4. TBD
Milestone	Year	2019	<ol style="list-style-type: none"> 1. TBD 2. TBD 3. TBD 4. TBD

Milestone	Year	2020	1. TBD 2. TBD 3. TBD 4. TBD
Milestone	Year	2021	1. TBD 2. TBD 3. TBD 4. TBD
Target	Year	2022	1. TBD 2. TBD 3. TBD 4. TBD
Output 4	<i>Increases in the number of aBi supported smallholder farmers and agri-businesses who have applied climate smart (mitigative and/ or resilient) practices, technologies and/ or facilities</i>		
Output indicator	<ol style="list-style-type: none"> 1. Number of aBi supported agri-businesses in selected value chains (disaggregated by gender and age of business owner) introducing new management, production, processing and/or distribution technologies designed to be climate smart. 2. Increases in the value of savings produced by aBi supported smallholder farmers and agri-businesses through climate smart practices (e.g., reduced costs, reduced waste, increased production etc.). 		
Baseline	Year	2018	1. TBD 2. TBD
Milestone	Year	2019	1. TBD 2. TBD
Milestone	Year	2020	1. TBD 2. TBD
Milestone	Year	2021	1. TBD 2. TBD
Target	Year	2022	1. TBD 2. TBD
Engagement Title	TradeMark East Africa (TMEA)		
Outcome	<i>Increased trade through reduced barriers to trade and business competitiveness</i>		
Outcome indicator	<ol style="list-style-type: none"> 1. Total trade (USD billion, constant prices) and growth rate (%). 2. Average time to complete export and import formalities and transport goods from origin to destination in the Eastern Africa Trading Network (EATN). 3. Total trade in targeted sub-sectors, Free On Board (FOB) value (USD millions, constant prices) disaggregated by gender of business owner. 4. Proportion of “business competitiveness” programmes successfully mainstreaming gender. 		
Baseline	TBD	<ol style="list-style-type: none"> 1. USD 10.9 bn total trade 2. 13.3 days Northern Corridor to Kampala 	

			3. TBD 4. TBD
Target	Year	2022/23	1. USD 86 m net added trade (1.34 % increase above trend) 2. TBD 3. TBD 4. TBD
Output 1		<i>Improved trading standards and reduced non-tariff barriers (NTBs) to trade</i>	
Output indicator		1. Number of NTBs removed disaggregated by level of priority and category. 2. TBD 3. TBD	
Baseline		TBD	1. 84 % (118 out of 140 reported NTBs) 2. TBD 3. TBD
Milestone	Year	2017/18	1. 86 % 2. TBD 3. TBD
Milestone	Year	2018/19	1. 88 % 2. TBD 3. TBD
Milestone	Year	2019/20	1. 90 % 2. TBD 3. TBD
Milestone	Year	2020/21	1. 92 % 2. TBD 3. TBD
Milestone	Year	2021/22	1. 94 % 2. TBD 3. TBD
Target	Year	2022/23	1. 96 % 2. TBD 3. TBD
Output 2		<i>Effective trade systems and procedures</i>	
Output indicator		1. Cost to import and export (border compliance) USD. 2. Time to import (border compliance). 3. Time and cost to export (documentary compliance) USD.	
Baseline		TBD	1. Import USD 489, export USD 287 2. Import 154 hours 3. 64 hours and USD102
Milestone	Year	2017/18	1. TBD 2. TBD 3. TBD
Milestone	Year	2018/19	1. TBD 2. TBD 3. TBD

Milestone	Year	2019/20	1. TBD 2. TBD 3. TBD
Milestone	Year	2020/21	1. TBD 2. TBD 3. TBD
Milestone	Year	2021/22	1. TBD 2. TBD 3. TBD
Target	Year	2022/23	1. TBD 2. TBD 3. TBD
Output 3		<i>More inclusive trade</i>	
Output indicator		1. Value (USD) of informal trade disaggregated by gender of trader and country. 2. TBD 3. TBD	
Baseline		TBD	1. TBD 2. TBD 3. TBD
Milestone	Year	2017/18	4. TBD 5. TBD 6. TBD
Milestone	Year	2018/19	1. TBD 2. TBD 3. TBD
Milestone	Year	2019/20	1. TBD 2. TBD 3. TBD
Milestone	Year	2020/21	1. TBD 2. TBD 3. TBD
Milestone	Year	2021/22	1. TBD 2. TBD 3. TBD
Target	Year	2022/23	1. TBD 2. TBD 3. TBD

Thematic	Uganda Programme for Governance, Rights, Accountability and
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Programme		Democracy (UPGRADE)	
Thematic Programme Objective		<i>Enhance accountability and stability and to deepen democracy and respect for human rights</i>	
Impact Indicator		<ol style="list-style-type: none"> 1. Political Pluralism and Participation (Freedom House) 2. Social inclusion and equity (Country Policy Institutional Assessment, WB) 3. Freedom of Expression and Belief (Freedom House) 4. Associational and Organizational Rights (Freedom House) 5. Rule of Law (Freedom House) 	
Baseline	Year	2016	<ol style="list-style-type: none"> 1. 5 2. 3.5 3. 9 4. 4 5. 5
Target	Year	2022	Slight improvement expected for all of the five
Engagement Title		Democratic Governance Facility (DGF)	
Outcome		<i>A Uganda where citizens are empowered to engage in democratic governance and the state upholds citizens' rights</i>	
Outcome indicator		<ol style="list-style-type: none"> 1.1 Pct. of population satisfied with the way democracy works in Uganda 1.2 Pct. of population who think (1) men make better political leaders than women, and should be elected rather than women, and (2) women should have the same chance of being elected to political office as men. 2.1 Civil Society Sustainability Index Score 2.2 Governance Accountability Score 3.1 World Justice Project, Fundamental Rights Score 3.2 Global Gender Gap Report Score 4. Rule of Law Score 	
Baseline	Year	2014/16	<ol style="list-style-type: none"> 1.1: 50% (Source: Afrobarometer 2015) 1.2: 1) 25% agree 2) 73% agree (Source: Afrobarometer 2015) 2.1: 4.2 (Source: Civil Society sustainability index for Uganda, USAID 2014) 2.2: 31.1 (Source: Mo Ibrahim Index, 2016) 3.1: 0.39 (Source: World Justice Project) 3.2: 0.704 (Source: Global Gender Gap Report Data Set, World Economic Forum 2016) 4: 53.5 (Source: Mo Ibrahim Index, 2016)
Target	Year	2022	Slight improvement in all indicators.
Outputs		Outputs for each area of intervention will be identified once the	

	implementing partners have been identified and activities and workplans agreed.		
Output indicators		TBD	
Baseline	Year	2017	TBD
Milestones	Year	2018	TBD
Milestones	Year	2019	TBD
Milestones	Year	2020	TBD
Milestones	Year	2021	TBD
Target	Year	2022	TBD
Engagement Title United Nations' Population Fund (UNFPA)			
Outcome		<i>Enhanced utilization of SRHR and GBV services among young people and women in Northern Uganda, including refugees, in order to realise their right to live healthy and productive lives.</i>	
Outcome indicator		<ol style="list-style-type: none"> 1. Percentage of women age 15-19 who have begun childbearing in the target regions (UDHS) 2. Age at first marriage for women and men 15-49 years in target regions (UDHS) 3. Mean ideal number of children for women 15-49 years in target regions (UDHS) 4. Women's participation in decision making on health care and household economy among 15-49 years (UDHS) 	
Baseline	Year	2017	<ol style="list-style-type: none"> 1. 26.4% West Nile and 25.6% in North. 2. 18.1 years among women and 22.3 among males in West Nile; 16.9 among women and 21.4 among males 25-54 years in North. 3. 5.1 in West Nile and 4.6 in North 4. 44.6% in West Nile and 61.9% in North.
Target	Year	2022	<ol style="list-style-type: none"> 1. Below 29.6%¹ in West Nile and 14.7% in North. 2. 18.8 among women and 24.4 males in West Nile; 16.5 among women and 20.93 among males in North. 3. 5 in West Nile and 3.7 in North 4. 57.5% in West Nile and 72.2% in North.
Output 1		<i>Young people and women are empowered to demand for their SRHR and gender rights to foster gender sensitive environments, and to access socio-economic asset building opportunities.</i>	

¹ Trend estimated comparing UDHS 2006 and UDHS 2011 data which results in a negative trend. In those cases the programme will seek to slow down this trend. In addition the trend will be recalculated once 2016 UDHS full report is published.

Output indicators		<p>1.1 Total demand for family planning among married women age 15-49 years (UDHS)</p> <p>1.2 Percentage of all women and men age 15-49 years who agree that a husband is justified in hitting or beating his wife for specific reasons.</p> <p>1.3 Percentage of target vulnerable adolescent girls who control their own cash earnings</p>	
Baseline	Year	2016/17	<p>1.1 57.5% in West Nile and 66.4% in North. (UDHS)</p> <p>1.2 19.1% of women and 29.5% of males in West Nile and 46.6% of women and 61.3% of men in North. (UDHS)</p> <p>1.3 TBD</p>
Target	Year	2018	No Measurement
Target	Year	2019	No Measurement
Target	Year	2020	<p>1.1 58% in West Nile and 80.7% in North. (UDHS)⁵</p> <p>1.2 21.8% of women and 26.7% of men in West Nile and 51% of women and 64.7% of men in North. (UDHS)</p> <p>1.3 TBD</p>
Target	Year	2021	No Measurement
Target	Year	2022	<p>1.1 58.5% in West Nile and 80.7% in North. (UDHS)²</p> <p>1.2 24.4% of women and 24% of men in West Nile and 55.3% of women and 68.8% of males in North. (UDHS)</p> <p>1.3 61.2% of women and 7.6% of men age 15-49 years in West Nile and 31.6% of women and 62.2% of men age 15-49 years in the North (UDHS)</p>
Output 2		<i>Duty bearers provide integrated and quality SRHR and GBV information and services</i>	
Output indicators		<p>2.1 Percentage of live births delivered in a health facility (UDHS)</p> <p>2.2 Percentage use of modern contraception method by married women age 15-49 (UDHS)</p> <p>2.3 Percentage of women age 15-49 who have ever experienced physical or sexual violence and sought help to stop it (UDHS)</p>	
Baseline	Year	2016/17	<p>2.1 58.7% in West Nile and 51.9% in North</p> <p>2.2 13.6% in West Nile and 23.4% in the North</p> <p>2.3 50.6% in West Nile and 57.1% in the North</p>
Target	Year	2018	No measurement
Target	Year	2019	No measurement
Target	Year	2020	<p>2.1 62.9% in West Nile and 55.6% in North</p> <p>2.2 15.3% in West Nile and 31.8% in the North</p> <p>2.3 54.1% in West Nile and 65.3% in the North</p>
Target	Year	2021	No measurement
Target	Year	2022	<p>2.1 67.1% in West Nile and 59.2% in North</p> <p>2.2 17% in West Nile and 40.2% in the North</p> <p>2.3 57.5% in West Nile and 73.4% in the North</p>

² As no comparable data on total contraceptive demand is available between 2006 and 2011, the trend is calculated based on current use of contraception

Output 3		<i>Young leaders empowered to socio-economically develop and implement break-through solutions for SRHR and GBV outcomes</i>	
Output indicator		Number of young people supported to lead on SRHR/GBV social change in the supported districts over five years.	
Baseline	Year	2017	3.1 0
Target	Year	2018	3.1 104
Target	Year	2019	3.1 104
Target	Year	2020	3.1 128
Target	Year	2021	3.1 28
Target	Year	2022	3.1 28
Engagement Title			
Inspectorate of Government (IG)			
Outcome		<i>A stronger role of key duty-bearers in strengthening good governance, accountability and rule of law in public office</i>	
Outcome indicator		<ol style="list-style-type: none"> 1. Conviction rate of high profile corruption cases 2. Conviction rate of other corruption cases 3. Increase in ombudsman complaints referred and resolved by Ministries, Departments, Agencies and Local Governments 4. Increase in public awareness (4.1) of and trust (4.2) in IG disaggregated by gender 	
Baseline	Year	2015/ 2016	<ol style="list-style-type: none"> 1. 60% 2. 78% 3. 20% 4.1 TBD 4.2 TBD
Target	Year	2022	<ol style="list-style-type: none"> 1. 75% 2. 90% 3. 45% 4.1 TBD 4.2 TBD
Output 1		Corruption cases investigated and prosecuted	
Output indicator		<ol style="list-style-type: none"> 1.1 Number of high profile corruption cases investigated 1.2 Number of other corruption cases investigated 1.3 % of corruption cases completed within agreed timeframe 	
Baseline	Year	2016	<ol style="list-style-type: none"> 1.1 04 1.2 600 1.3 40%
Milestone	Year	2018	<ol style="list-style-type: none"> 1.1 05 1.2 650

			1.3 60%
Milestone	Year	2019	1.1 06 1.2 700 1.3 75%
Milestone	Year	2020	1.1 07 1.2 750 1.3 85%
Milestone	Year	2021	1.1 08 1.2 800 1.3 85%
Target	Year	2022	1.1 10 1.2 850 1.3 85%
Output 2	Maladministration and injustice in public office investigated (Ombudsman function)		
Output indicator	2.1 Number of complaints investigated and completed 2.2 Number of systemic investigations completed 2.3 Number of MDA/LG supported to set-up or reactivate internal Inspectorates		
Baseline	Year	2016	2.1 75 2.2 8 2.3 0
Milestone	Year	2018	2.1 150 2.2 10 2.3 15
Milestone	Year	2019	2.1 140 2.2 15 2.3 20
Milestone	Year	2020	2.1 120 ³ 2.2 20 2.3 20
Milestone	Year	2021	2.1 120 2.2 25 2.3 20
Target	Year	2022	2.1 110 2.2 30

³ The number of individual complaints is assumed to decrease, based on more issues solved within the institutions themselves, after the implementation of systematic investigation and the set-up of internal Inspectorates.

			2.3 20
Output 3	Collaboration with Government Institutions, including LGs, other Anti-Corruption institutions and Non-State Actors are improved		
Output indicator	3.1. Number of initiatives implemented through partnerships with government institutions (including LGs) and other Anti-corruption institutions collaborating with the IG 3.2 Number of collaboration initiatives with Non State Actors		
Baseline	Year	2017	3.1 15 3.2 03
Milestone	Year 1	2018	3.1 20 3.2 04
Milestone	Year 2	2019	3.1 25 3.2 05
Milestone	Year 3	2020	3.1 30 3.2 05
Milestone	Year 4	2021	3.1 35 3.2 06
Target	Year 5	2022	3.1 40 3.2 06
Engagement Title	Financial Management and Accountability Programme (FINMAP)		
Outcome	<i>More efficient, effective and accountable use of public resources at central and local level and enhanced resource mobilisation in local governments.</i>		
Outcome indicator	1. % of clean audit reports in Central Government (CG) 2. % of clean audit reports in Higher Local Government 3. % of internal audit recommendations in Ministries, Agencies and Local Government implemented 4. Local Government local revenue as % of LG budget		
Baseline	Year	2015/16 2014/15	1. 77% 2. 85.7% 3. 63.3% 4. 2.1%
Target	Year	2022	1. TBD 2. TBD 3. TBD 4. TBD
Output 1	Fiduciary management systems in central government strengthened		
Output indicator	1.1 IFMS Tier 1 solution rolled out to hybrid sites & donor funded projects (DFPs) 1.2 National Public Procurement Policy developed 1.3 Number of Pension and Payroll processes <u>integrated</u> with the IFMS		

Baseline	Year	2015/16	1.1 114 1.2 0 1.3 0 1.4
Milestone	Year	2017/18	1.1 222 1.2 1 1.3 1
Milestone	Year	2019	TBD
Milestone	Year	2020	TBD
Milestone	Year	2021	TBD
Target	Year	2022	TBD
Output 2		Local Governments financial management capacity has been strengthened.	
Output indicator		2.1. Roll out of IFMS Tier 1 to LGs 2.2 Institutional capacity of revenue units in LGs strengthened 2.3 An automated tax information system rolled out in LGs	
Baseline	Year	2015/16	2.1. 14 2.2 TBD 2.3 43
Milestone	Year	2017/18	2.1. 89 2.2 TBD 2.3 73
Milestone	Year	2019	TBD
Milestone	Year	2020	TBD
Milestone	Year	2021	TBD
Target	Year	2022	TBD
Output 3		Improved internal oversight capacity in Ministries, Agencies and Local Governments (MALGs)	
Output indicator		3.1. # of licences for performance audit software procured and up running for cadres in Internal Audit Units 3.2 # of internal Audit cadre in CG trained and achieving professional qualifications 3.3 # of internal auditors in LGs trained 3.4 # of Audit committee members trained 3.5 # of joint inspections conducted through twinning with the Inspectorate Function	
Baseline	Year	2015/16	3.1. 85 3.2 TBD 3.3 94

			3.4 40 3.5 1
Milestone	Year	2017/18	3.1. 105 3.2 TBD 3.3 Target 2022: 293 3.4 120 3.5 1 annually
Milestone	Year	2019	TBD
Milestone	Year	2020	TBD
Milestone	Year	2021	TBD
Target	Year	2022	TBD
Engagement Title		Acholi Religious Leaders Peace Initiative (ARLPI)	
Outcome		<i>A conducive environment for sustainable peace and development in Northern Uganda.</i>	
Outcome indicator		<ol style="list-style-type: none"> 1. Number of ARLPI initiated local conflict-mediation actions leading to solving conflict in a non-violent way 2. Number of times ARLPI have addressed national level stakeholders on the issue of conflict resolution 	
Baseline	Year	2016	<ol style="list-style-type: none"> 1. 100 mediation actions per year 2. 4 per year
Target	Year	2022	<ol style="list-style-type: none"> 1. 128 mediation actions per year 2. 5 times per year
Output 1		ARLPI has contributed to solving conflicts in a non-violent way	
Output indicator		<ol style="list-style-type: none"> 1.1 Number of investigation/fact finding carried out by ARPLI's secretariat. 1.2 Number of mediations carried out with support from the ARLPI secretariat at the local level. 1.3 Number of mediations carried out by religious leaders at local level. 1.4 Number of reconciliation sessions by ARLPI. 	
Baseline	Year	2016	<ol style="list-style-type: none"> 1.1 288 1.2 72 1.3 1 1.4 36
Target	Year 1	2018	<ol style="list-style-type: none"> 1.1 288 1.2 72 1.3 2 1.4 36
Target	Year 2	2019	<ol style="list-style-type: none"> 1.1 288 1.2 72 1.3 2

			1.4	36
Target	Year 3	2020	1.1	288
			1.2	72
			1.3	2
			1.4	6
Target	Year 4	2021	1.1	288
			1.2	72
			1.3	2
			1.4	36
Target	Year 5	2022	1.1	288
			1.2	72
			1.3	2
			1.4	36

Output 2		Community members (women and men) and peace committees have been assisted to mitigate conflict situations in a non-violence and promote reconciliation.		
Output indicator		2.1 Number of peace committees trained to resolve conflict in non-violent ways. 2.2 Number of community members attended awareness raising sessions, training and reached by sensitization campaigns.		
Baseline	Year	2016	2.1 88 peace committees have been trained 2.2 1200 people have been reached	
Target	Year 1	2018	2.1 88 peace committees have been trained 2.2 1200 people have been reached (at least 40% women)	
Target	Year 2	2019	2.1 88 peace committees have been trained 2.2 1200 people have been reached (at least 40% women)	
Target	Year 3	2020	2.1 88 peace committees have been trained 2.2 1200 people have been reached (at least 40% women)	
Target	Year 4	2021	2.1 88 peace committees have been trained 2.2 1200 people have been reached (at least 40% women)	
Target	Year 5	2022	2.1 88 peace committees have been trained 2.2 1200 people have been reached (at least 40% women)	
Output 3		ARLPI has addressed national level stakeholders on the issue of transitional justice, conflict resolution and peace.		
Output indicator		3.1 Number of evidence based research on pertinent issues conducted and documented. 3.2 Number of press releases, pastoral letters and media messages released to national stakeholders about conflict issues and peace trend 3.3 Number of times ARPLI address national level stakeholders on the issue of conflict resolution		
Baseline	Year	2016	3.1 2 3.2 1 3.3 4	
Target	Year 1	2018	3.1 2	

			3.2 2 3.3 6
Target	Year 2	2019	3.1 3 3.2 1 3.3 6
Target	Year 3	2020	3.1 4 3.2 2 3.3 6
Target	Year 4	2021	3.1 4 3.2 1 3.3 5
Target	Year 5	2022	3.1 4 3.2 2 3.3 5

Annex D: Budget Details

Development engagement	Budget in DKK million
Uganda Programme for Sustainable and Inclusive Development of the Economy (UPSIDE) <i>Objective: Sustainable and inclusive economic growth</i>	605
Northern Uganda Resilience Initiative (NURI) including Water Ressource Management funded through the Climate Change Envelope <i>Engagement objective : Enhanced resilience and equitable economic development in supported areas of Northern Uganda, including for refugees and refugee-hosting communities</i>	285
Climate Smart Agriculture	106
Rural Infrastructure	106
Water Resource Management, Climate Change Envelope (CCE)	35
Coordination incl. Technical assistance, monitoring and evaluation , audit and studies etc.	24
Contingencies	14
Agricultural business Initiative (aBi) <i>Engagement objective : Increased income and employment through environmentally and socially responsible investments in improved productivity, quality and value addition in agri-businesses and among smallholder farmers in supported agricultural value chains</i>	230
aBi Trust	160
aBi Finance	52
Technical assistance, audit, capacity development, studies, etc.	18
Trademark East Africa Uganda Programme (TMEA-U) <i>Engagement objective: Increased trade through reduced barriers to trade and business competitiveness</i>	60
Core support to the TMEA Uganda Country Programme 2017-2023	60
Unallocated funds UPSIDE	30

Uganda Programme for Governance, Rights, Accountability and Democracy (UPGRADE) <i>Objective: Enhance accountability and stability and to deepen democracy and respect for human rights</i>	325
Democratic Governance Facility (DGF) Engagement objective: <i>A Uganda where citizens are empowered to engage in democratic governance and the state upholds citizens' rights</i>	145
Core support to the DGF II Programme	145
United Nations Population Fund (UNFPA) Engagement objective: <i>Enhanced utilization of SRHR and GBV services among the women and young people in Northern Uganda, including refugees, in order to realise their right to live healthy and productive lives</i>	85
Inspectorate of Government (IG) Engagement objective: <i>A stronger role of key duty-bearers in strengthening good governance, accountability and rule of law in public office</i>	35
Output 1: <i>Corruption cases investigated and prosecuted</i>	12,5
Output 2: <i>Maladministration and injustice in public office investigated (Ombudsman function)</i>	10
Output 3: <i>Collaboration with Government Institutions, including LGs, other Anti-Corruption institutions and Non-State Actors are improved</i>	10
M&E, audit and studies	2,5
Financial Management and Accountability Programme (FINMAP) Engagement objective: <i>More efficient, effective and accountable use of public resources at central and local level and enhanced resource mobilisation in local governments</i>	35
Core support to FINMAP IV Programme	35
Acholi Religious Leaders Peace Initiative (ARLPI) Engagement objective: <i>A conducive environment for sustainable peace and development in Northern Uganda</i>	5

Output 1: <i>ARLPI has contributed to solving conflicts in a non-violent way</i>	2
Output 2: <i>Community members (women and men) and peace committees have been assisted to mitigate conflict situations in a non-violence and promote reconciliation</i>	1,5
Output 3: <i>ARLPI has addressed national level stakeholders on the issue of conflict resolution and peace</i>	1
TA, capacity building and audit	0,5
Unallocated funds UPGRADE	20
Country Programme related costs: Communication, review, studies, annual Country Programme meeting and formulation of the new phase of the country programme	10
LGA: The limited LGA budget is for engagements for emerging politically strategic priorities.	5
GRAND TOTAL Country Programme	945

Annex E: Risk Management Matrix

1. Contextual Risks

Risk Factor	Likelihood	Impact	Risk response	Background to assessment
Escalation of conflicts in the region, in particular in South Sudan and DRC, negatively affect Uganda's domestic stability and economic development.	Likely	Minor	This risk is largely outside the direct influence of the Country Programme. Indirectly however, the Country Programme will contribute to Uganda's domestic stability and thereby bolstering the country's capacity to play a stabilizing role in the region. Continued support to Uganda's progressive refugee policy, including increased humanitarian and long-term development support, will also be a key response.	The conflict in South Sudan has already negatively affected the Ugandan economy (diminishing export earnings) and put the marginalised Northern Uganda region under immense pressure with the influx of more than 1 million refugees. Increased political tensions in DRC could also negatively affect the economy and further increase the refugee influx. Increased tension between host communities and refugees can be expected, as well as frustrations among segments in the Ugandan population negatively affected by reduced trade across borders. This would cause some disruption to the Country Programme, primarily in interventions in Northern Uganda due to increased insecurity and possible restrictions on freedom of movement of RDE staff and implementing partners.
Deterioration of the political situation in Uganda leading to social and political unrest.	Likely	Minor	This risk is largely outside the direct influence of the Country Programme. However, UPGRADE is in essence a response to this risk: The programmatic focus on forming strong rights-holder and duty-bearer partnerships is assumed to contribute to de-politicizing the state apparatus, forward political inclusion, and making the state more accountable to its citizens. In addition to the UPGRADE interventions, bilateral and EU political dialogue with GoU on fundamental democratic principles and respect for human rights will continue.	The elections in February 2016 and the process around proposed constitutional changes in 2017 confirm a worrying trend towards a fusion between state and government as well as more restricted space for political opposition and voices of dissent within civil society. In particular, the potential removal of the age limit for the President in the Constitution could trigger countrywide protest and unrest. This would cause some disruption to the Country Programme but given the nature of interventions, most activities are assessed not to be impacted. However, some democratic governance activities under UPGRADE might have to be revised.
Macroeconomic instability.	Likely	Minor	This risk is largely outside the direct influence of the Country Programme.	Uganda's economy remains vulnerable to external factors such as world market price fluctuations, weather conditions, regional

		<p>UPSIDE will however partly contribute to the response by raising agricultural productivity and income generation in a pro-poor, sustainable, and inclusive manner. This is assumed to be a precondition for economic stability and progress in the long term. Moreover, under the FINMAP engagement, RDE and other DPs will pursue the continued dialogue with GoU on the need for public sector reforms.</p>	<p>instability and high population growth. Increasingly, GoU is borrowing for infrastructure development on reduced concessional terms. The fiscal space is narrowing, and debt service growing. Tax revenue mobilisation remains very low. Combined with both systemic and endemic corruption all this could lead to macroeconomic instability.</p> <p>This would cause some damage to the Country Programme, as it would be difficult for GoU to implement necessary economic reforms and finance its development plans.</p>
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2. Programmatic Risks for UPSIDE

Risk Factor	Likelihood	Impact	Risk response	Background to assessment
Engagement partners do not deliver expected results.	Unlikely	Major	In the individual Development Engagement Documents with the partners, a defined annual cycle of work spelling out the reporting requirements, monitoring visits etc. has been agreed upon. All partners will receive at least one joint programmatic and financial monitoring visit every year, which will focus on results, value for money and sound financial management. In addition, the Embassy will strengthen its internal processes for scrutinizing financial and narrative reports, budgets and annual audits.	<p>Project and financial management capacity of engagement partners and in particular their sub-grantees, has previously proven to be a challenge and has in some cases led to misappropriation of funds. Moreover, the lack of shared understanding and clear direction of the partners' governance structures, strategy and approach have also had a major impact on the capacity to deliver the expected results. However, UPSIDE has been designed and formulated with a much-reinforced focus on due diligence of the development engagements including scrutinizing the financial management, governance and organisational capacity. This has strengthened the engagement partners' capacity to ensure sound project and financial management, including for sub-grantees, as well as the Embassy's capacity to closely monitor the engagement partners. In addition, increased efforts have been put into the strategic design of the development engagements, ensuring stronger coherence between strategic approaches, outcomes/targets and M&E.</p> <p>Hence, the likelihood of this risk is assessed to be unlikely, but if the risk should materialize, it would naturally have a major impact on UPSIDE.</p>

<p>Conflict, violence and unrest due to tension between refugees and their hosting communities.</p>	<p>Unlikely</p>	<p>Minor</p>	<p>The UPSIDE development engagements have a focus on inclusion of marginalised groups, including refugees. Especially NURI will seek to contribute to reducing the pressures that the large influx of refugees induce in Northern Uganda, not least on the environment resources. NURI will promote peaceful coexistence between host communities and refugees through inclusion of both groups as beneficiaries and through mixed beneficiary groups where feasible.</p>	<p>Overall, the self-reliance approach of the GoU refugee policy and the existence of ethnic and linguistic ties between host communities and the South Sudanese refugees in Northern Uganda indicate that widespread conflict is unlikely. However, the continued influx of refugees is putting increased social, economic and environmental pressure on local communities. This could lead to waning popular support of the generous refugee policy, leading GoU (and donors) to abandon it. With decreasing resources directed towards the refugees and their hosting communities, conflict over scarce resources could intensify, leading to violence and unrest. This risk is deemed most likely in Northern Uganda, which is already resource strained and where most of the refugees are currently settled. Violent conflict in the refugee hosting areas would have major impact on the implementation of UPSIDE activities directed towards these areas. These activities are, however, relatively few and impact is assessed only to be minor for the implementation of the entire programme.</p>
<p>GoU retracts its commitment to regional integration processes and reforms.</p>	<p>Unlikely</p>	<p>Major</p>	<p>The overall M4P approach of UPSIDE is designed to target market linkages throughout the value chain, including access to regional and global markets. Directly facilitating trade, increased quality and improved standards for Uganda's agricultural commodities will constitute key interventions under all three development engagements. Improved balance of trade together with increased revenues from increased trade will bolster GoU support for deepened regional integration. More directly, TMEA and aBi will continue to facilitate dialogue between public and private stakeholders in relation to trade and regional integration. Private sector/civil society-led advocacy will</p>	<p>GoU has been a long-standing champion of regional integration and regional trade. A rollback of Uganda's integration in EAC and COMESA would have significant consequences for market access and exports. With the majority of Uganda's exports being agricultural commodities, decreased access to regional and global markets is deemed to have a major impact on the implementation of all development engagements under UPSIDE.</p>

			help ensure that regional integration remains high on the agenda of GoU.	
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3. Institutional Risk for UPSIDE

Risk Factor	Likelihood	Impact	Risk response	Background to assessment
Danida is associated with a potential major corruption case within one or more of development engagements.	Unlikely	Major	The Embassy will continue and further strengthen its existing anti-corruption measures and profile. All partners will receive an induction to the Danida anti-corruption policy, including clear guidance on prevention, detection and reporting requirements when implementing with Danida funds. Further, the Embassy will continue to actively communicate to its partners and the public about its zero tolerance towards corruption.	It is likely that minor cases of irregularities within one of the engagement partners and in particular within a sub-grantee will surface. However, given the Embassy's strong focus on anti-corruption, financial monitoring and auditing, it is unlikely that a major corruption case or scandal will arise. However, any major scandal within a development engagement could have a major impact on Danida's reputation in Uganda, and possibly even outside. It would result in reduced credibility among stakeholders concerning Denmark's engagement in development cooperation in Uganda, and would reduce Denmark's political influence.

4. Programmatic Risks for UPGRADE

Risk Factor	Likelihood	Impact	Risk response	Background to assessment
The space for civil society for activism and advocacy is substantially reduced.	Likely	Major	Together with other DPs (incl. through DGF and EU forums), Denmark will continue the dialogue with the GoU on the need for a vibrant and critical civil society in order to consolidate democracy.	CSOs working on sensitive issues such as anti-corruption, natural resource management and SRHR already experience some curtailment and harassment by the regime. If interpreted restrictive, the NGO Act could easily be used to curtail the operations of CSOs seen particular critical towards the regime, which will have a major impact on UPGRADE's engagement with civil society through the DGF.
GoU partner institutions cease their roles as champions of change due to political interference.	Unlikely	Major	DPs have very little influence on GoU appointments to leadership positions, including within the IG and Ministry of Finance. In the event of change in leadership, the Embassy will re-assess the institutional capacity of the partners and if necessary, provide additional organisational support to	The success of both the IG and FINMAP as champions of change is very dependent on the current strong leadership in both institutions. The outspokenness of this leadership against corruption and lack of accountability within GoU could lead to a political decision to either change the leadership completely or curtail the operations of the institutions. Given the direct Danish support to the IG and FINMAP, the potential impact would be major, as the objective of the Danish support (to

			ensure they remain strong agents of change. If operation of the institutions are gravely curtailed, despite capacity building efforts, RDE will reconsider its support to the institutions.	fight corruption and improve accountability) would no longer be shared with the institutions. It would seriously reduce the Ugandan citizens' trust in the institutions.
Increased impunity due to lack of convictions in high-level corruption cases.	Likely	Minor	Together with other DPs, Denmark will continue to raise the issue of independence of the Judiciary and retain pressure for improved accountability and transparency through collaboration with relevant government institutions, civil society and media.	While the capacity of the IG to investigate and prosecute high-level corruption cases has increased, the judicial system has not followed suit leading to an enormous backlog of cases pending court procedures. Moreover, both the independence and the integrity of the Judiciary can be questioned. Thus, it is likely that the Judiciary because of lack of will and/or capacity will fail to handle the increased number of corruption cases brought before court, which ultimately will contribute to the public perception of impunity for high-ranking government officials. As Danish support to CSOs and the IG are targeting accountability work, this could have a major impact on the results of the interventions.
Lack of political support at national and district levels for SRHR services.	Likely	Minor	UNFPA will continue to dialogue with key stakeholders on perceived controversial interventions that have inadequate political backing in order to get buy-in. UNFPA will partner with relevant line ministries in the implementation of the programme to ensure support and national ownership of the programmes within the GoU health services and will through the civil societies complement the services being provided in health centres.	Over the years, GoU has been very restrictive in supporting SRHR information and services particularly among young people. This is in particular related to misconceptions and myths around so-called comprehensive sexuality education. Although the GoU is leading some programmes related to sexual education, there is still limited evidence that it is being implemented. UNFPA in essence a response to this risk, which is assessed to have minor impact on the programme given UNFPA's strong legitimacy locally and nationally.
Engagement partners do not deliver expected results.	Unlikely	Major	In the individual Development Engagement Documents with the UPGRADE partners, a defined annual cycle of work spelling out the reporting requirements, monitoring visits etc. has been agreed upon. All partners will receive at least one joint	Project and financial management capacity of engagement partners and in particular their sub-grantees, has previously proven to be a challenge and has in some cases led to misappropriation of funds. However, UPGRADE has been designed and formulated with a much-reinforced focus on due diligence of the development engagements including scrutinizing the financial management, governance and organisational capacity. This has strengthened the

			<p>programmatic and financial monitoring visit every year, which will focus on results, value for money and sound financial management. In addition, the Embassy will strengthen its internal processes for scrutinizing financial and narrative reports, budgets and annual audits.</p>	<p>engagement partners' capacity to ensure sound project and financial management, including for sub-grantees, as well as the Embassy's capacity to closely monitor the engagement partners. In addition, increased efforts have been put into the strategic design of the development engagements, ensuring stronger coherence between strategic approaches, outcomes/targets and M&E.</p> <p>Hence, the likelihood of this risk is assessed to be unlikely, but if the risk should materialize, it would naturally have a major impact on UPGRADE.</p>
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5. Institutional Risks for UPGRADE

Risk Factor	Likelihood	Impact	Risk response	Background to assessment
<p>Danida is associated with a potential major corruption case within one or more of the UPGRADE development engagements.</p>	Unlikely	Major	<p>The Embassy will continue and further strengthen its existing anti-corruption measures and profile. All partners will receive an induction to the Danida anti-corruption policy, including clear guidance on prevention, detection and reporting requirements when implementing with Danida funds. Further, the Embassy will continue to actively communicate to its partners and the public about its zero tolerance towards corruption.</p>	<p>It is likely that minor cases of irregularities within one of the engagement partners and in particular within a sub-grantee will surface. However, given the Embassy's strong focus on anti-corruption, financial monitoring and auditing it is unlikely that a major corruption case or scandal will arise. However, any major scandal within a development engagement could have a major impact on Danida's reputation in Uganda, and possibly even outside. It would result in reduced credibility among stakeholders concerning Denmark's engagement in development cooperation in Uganda, and would reduce Denmark's political influence.</p>

Annex F: List of supplementary materials – available on request

1. Country Policy Paper
2. Development Engagement Documents for the eight development partners + Development Engagement Document for Climate Change Envelope funding (Water Resources Management)
3. Pre-grant assessments of eight development partners
4. Embassy's response to Appraisal Recommendations
5. Documentation used as sources for the context analysis:
 - IMF *6th Review under the Policy Support Instrument*, June 2016 and World Bank *Uganda Systematic Country Diagnostic*, December 2015.
 - World Bank: The Uganda Poverty Assessment Report 2016
 - Uganda National Household Survey 2016-17
 - Oxfam *Who is Growing – Ending inequality in Uganda*, March 2017
 - ND-Gain index 2015 (accessed on <http://index.gain.org/ranking> 10.02.2017) The index summarizes a country's vulnerability to climate change and other global challenges in combination with its readiness to improve resilience,
 - National Development Plan II, Government of Uganda
 - Fragile State Index, <http://fsi.fundforpeace.org/rankings-2016> (accessed 09.02.2017)
 - UNDP: “Uganda, Our Constitution, Our Vision, Our SDGs” Kampala 2016
 - Uganda 2015 MDG Final Report
 - Country Partnership Framework (World Bank Document)
 - Reference Report Supporting USAID Uganda
 - Political Economy Analysis, April 2015
6. Documentation in relation to UPSIDE:
 - aBi Trust – Value Chain Analysis by Ass. Proff. Johnny Mugisha
 - aBi Business Plan 2014-2018
 - TMEA Uganda Country Programme Strategy 2017-2024
 - Uganda Cross Border Trade Strategy (2017-2021) – Ministry of Trade
 - Danish Embassy, Kampala - Overview of Danish interventions in Northern Uganda 1999-2016
 - Assessment of Challenges and Opportunities in Northern Uganda - Dnet Consult
 - Assessment of Uganda's Progressive Approach to Refugee Management – UNHCR and World Bank
 - Bridges Across Borders: Unleashing Uganda's Regional Trade Potential - World Bank

- Northern Uganda Economic Recovery Analysis - Oxford Economics
- Uganda HDR Report 2015 – Unlocking the Development Potential of Northern Uganda
- MWE - Experiences in implementing CBIWRM in Uganda - Draft report

7. Documentation in relation to UPGRADE:

- UGOGO Mid-term review (RAM)
- DGF II Programme Document
- DGF II Situational Analysis
- DGF Civil Society Diagnostic Study 2016
- DGF Evaluation Report 2016
- DGF Annual Progress Report 2015-2016
- FINMAPII 2011-2016 Signed Joint MoU
- FINMAP MTR 2017
- PEFA 2017 (draft)
- The Accountability Sector Strategic Investment Plan 2014
- PFM Reform Strategy, July 2014 – June 2018
- Uganda UPR – Shadow Report
- Uganda UPR Report
- Afrobarometer. Ugandas perception of Democracy
- IG Strategic Plan
- IG - Progress Report for 2015- 2016
- IG - DANIDA Workplan 2016 -17
- ARLPI Strategic Plan
- ARLPI Development Engagement (2016-2017)
- ARLPI Annual Report 2016
- UNFPA Country Programme Document for Uganda 2016-2022
- Strategic Partnership Agreement between Denmark and UNFPA (2018-2020)
- Freedom House: Freedom in the World 2016
[\(https://freedomhouse.org/report/freedom-world/freedom-world-2016\)](https://freedomhouse.org/report/freedom-world/freedom-world-2016)

Annex G: Communication Plan:

As stated in Denmark's strategy for development cooperation and humanitarian action, *The World 2030*, it is an aim to increase awareness of Denmark's development cooperation and make it more understandable, so that a larger share of the Danish population has an opinion on the value and relevance of it. It is also an aim to communicate Denmark's contribution to development results where we are active. When implementing the Country Programme, the Danish Embassy will on that background communicate what we do, why and how we do it, and what we achieve. A dedicated budget has been set aside for this. As part of the annual planning of the country programme, a more specific annual communication plan will be developed, guided by the following principles:

1. Objective – why

The objective is to increase awareness of Denmark's development cooperation with Uganda and make it more understandable by exemplifying its relevance and impact, so as to contribute to the overall Danida communication on results. This also involves contributing to strengthening Denmark's reputation, including the Danida brand, in Uganda by communicating contributions by all parts of Danish society (NGOs, research institutions, the private sector, and public authorities) to development results in Uganda.

2. Themes and types of communication – what

The Embassy will with stories relating to its activities in Uganda contribute to the overall communication efforts of *The World 2030*, in particular within the thematic areas of youth, the humanitarian-development nexus, sexual and reproductive health and rights, gender equality, employment and entrepreneurship, human rights & democracy, anti-corruption and climate change.

There will be an increased emphasis on communication of results on a regular basis.

The types of communication used will primarily be short texts with photos and with an increased emphasis on video.

3. Target groups – who

The Embassy will *primarily* be communicating in English to an audience interested in Uganda and Denmark's engagement in Uganda. This includes, but is not limited to Ugandan citizens, with a particular focus on youth, academia, civil society, the media, key opinion leaders, decision-makers, and Ugandans with a previous or current association with Danida.

Secondary, the Embassy will, where relevant contribute in Danish to the overall Danida communication strategy, which targets 1) Danish citizens, living in Denmark, Uganda or elsewhere, who are moderately positive/sceptical towards development aid; 2) The partners and stakeholders of the Danish Ministry of Foreign Affairs; and 3) Youth & children.

4. Communication platforms – where

The *primary* communication platform is the Embassy's own *social media platforms*, including:

[Embassy's Facebook page](#): This platform will be the main platform for communicating to the primary target group.

Twitter: The Embassy's own Twitter handle ([@DKinUganda](#)) for tweets related to Uganda and the Embassy's activities, and the Ambassador's Twitter handle ([@DKAmbUganda](#)) for more personal communication.

The [Embassy's website](#) will be used for communication specifically related to Uganda and the Embassy's activities. It will primarily be used as a landing page (social media posts will link to the website) and contain static background information about Danish development cooperation with Uganda, Trade Council services, facts about Uganda and Denmark, and information about the Embassy. The Embassy will aim to format the background information in a way that minimises the need for regular maintenance.

Creation of an Embassy presence on other social media such as Instagram and Youtube will be considered.

Secondary platforms will also be used, including more *traditional media* such as newspapers, magazines, TV, and radio with a focus on the primary target group. Other types of articles could focus on Danes, including Embassy staff, working abroad. This type of communication will be closely coordinated with the Communication Department in the MFA.

When it comes to the Embassy's contribution to the overall Danida communication strategy, [Danida's Facebook page](#) will primarily be used, in close coordination with the Communications Department in the MFA.

5. Timing – when

As for communication on the Embassy's own platforms, the Embassy recognises that communication is a continuous effort requiring active social media platforms. A rolling, quarterly communication plan will be maintained. The aim is to produce at least three stories for Facebook every week, preferably with a specific theme for each week. For website communication, the Embassy will aim at producing at least three news items per month. The Embassy will make a communication effort across platforms in connection with large events, such as Nordic National Day, Anti-corruption Day, Human Rights Day, Women's Day, annual meeting of the partners of the Country Programme, etc.

6. Resources - how:

The Embassy has dedicated an overall budget of DKK 1 million to communication in relation to the country programme. The funds will in line with this strategy be utilised for a wide range of activities, including targeted travel fellowships and hiring of Danish and/or Ugandan communication professionals for ad hoc tasks, or on framework contracts, to write articles and develop videos. The funds will to a limited extent also be spent on promotion of content on primarily social media platforms and secondarily traditional media platforms.

All programme officers at the Embassy will be expected to contribute to communication, for example with written stories from field visits, accompanied by photos and increasingly also video. Competence development for Embassy staff on communication will be a priority.

7. Monitoring

The Embassy will monitor statistics for all social media platforms. This data will feed into revisions/adjustments to the this communications plan.