

Uganda Country Strategic Framework 2023-2027

Draft for Programme Committee

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Introduction

Located between the Great Lakes and the Horn of Africa, Uganda lies in the centre of a region characterized by instability from civil conflict in several of the neighbouring countries and insecurity originating from radical Islamic terror-groups and other armed groups.

Compared to its immediate neighbours, Uganda stands out as stable country, playing an overall positive and stabilizing role in the region. In addition to hosting close to 1.6 million refugees from the conflicts in the neighbouring countries, Uganda has historically played a mediating role including in the conflict in South Sudan and is the largest troop-contributing partner to the African Union's Peacekeeping Mission in Somalia.

Politically, Uganda is facing a wide range of domestic challenges. These include impunity, lack of accountability towards the broader Ugandan public, respect for human rights and inclusive democratic governance. However, the country also hosts a vibrant and diverse civil society as well as a vocal and often critical media.

Economically, Uganda's strong track record of economic growth and poverty reduction has slowed down, also prior to COVID, with growth rates below 2% and an actual increase in absolute poverty. Climate change exacerbates existing challenges, particularly since Uganda is one of the ten countries in the world most vulnerable to rising temperatures and changing weather patterns.

The Uganda Strategic Framework builds on more than 30 years of close collaboration between Denmark and Uganda. A cooperation that has focused on creating a stable Uganda after years of internal violent conflict. Denmark's broad and deep relationship with Uganda covers political dialogue, development cooperation, humanitarian assistance as well as commercial cooperation and includes a wide presence of Danish civil society.

Over the years, Denmark has been a solid voice for democratic values and human rights in the country and a leading development partner in the efforts to ensure a strong and independent civil society. Denmark has also been a key partner to Uganda in sectors such as agriculture and water and has provided substantial assistance to Uganda's stabilising role in the region by supporting the country's progressive refugee policy.

The Uganda Strategic Framework (USF) outlines the strategic priorities for Denmark's entire engagement in Uganda for the period 2023 – 2027. As such, it constitutes the basis for the Bilateral Development Programme for the same period.

The overall vision for Denmark's engagement in Uganda for the period 2023-2027 is *a more democratic Uganda, upholding human rights, capable of adapting to the ongoing climate change crises by using the green economic transformation to create jobs, hope and opportunities, while continuing to play a stabilising role in an unstable region including by hosting refugees from neighbouring countries.*

Denmark will promote its vision through three strategic objectives, in line with Danish political priorities and key national development objectives of Uganda. Denmark will do so by offering targeted but comprehensive responses combining political, development and economic cooperation, humanitarian aid as well as by exploring ways to promote private investments, including through Uganda's potential as a trading and investment partner. The three strategic objectives are:

1. *Strengthen democratic processes, good governance, accountability and protection of human rights.*
2. *Support sustainable and durable solutions in Uganda as a country that host refugees from fragile neighbouring countries.*
3. *Promote sustainable, inclusive and green economic transformation in Uganda using innovative local solutions and Denmark's experiences in green transition to adapt to the global climate challenge.*

The objectives are interlinked in several ways. All of them intend to use Danish experience and influence to expand opportunities for people, particularly for youth and women. Likewise, climate change and environment is addressed under all objectives and the promotion of adaptation to climate change is linked to and underpins the objective of supporting sustainable solutions in Uganda's refugee response.

Context and Challenges

Uganda's recent economic slowdown has contributed to a growing dissatisfaction in the population, culminating in a tense pre and post-electoral period in 2020 and 2021.

Whereas Uganda has returned to a relative calm following the troubled post-electoral period, underlying challenges remain unresolved. The country faces a steep population growth, underfunded social sectors, high levels of poverty, sensitivity to climate change, widespread corruption, and increased pressure on natural resources. It ranks number 159 out of 189 in the UN's Human Development Index for 2020. The COVID-19 pandemic disrupted economic growth and exacerbated many of the already existing socio-economic problems, increasing poverty and inequality.

Regionally, Uganda remains an anchor of stability by consistently supporting key peacekeeping missions, including the African Union's Transition Mission in Somalia – ATMIS, (formerly known as AMISOM), as well as providing a safe-haven for people fleeing conflict in neighbouring countries. In addition to an increasing trend of centralisation of power at the highest level, political developments include a further shrinking of space for civil society organisations, human rights defenders and environmental activists as well as challenges and pressure on the human rights situation. The Ugandan economy is generally strong, but future success in reducing poverty and expanding opportunity will depend on Uganda's ability to increase productivity for all, adapt to climate change and restore depleted soils and ecosystems that the population depends on. At continental level, Uganda has traditionally assumed a pan-Africanist stance, whereas internationally, the country seek to both be a partner to the West in ensuring stability in the region and cooperation to fight international terrorism while also maintaining close ties to China and Russia as also demonstrated by Uganda's position on the aggression of Russia against Ukraine.

Democracy, civic space and human rights

Uganda has over the past 30 years witnessed growing stability after a long period with violent conflicts and unrest. However, the democratic gains made in this period have since been challenged. President Museveni and his party have been in power since 1986, but his popularity has been declining as shown by the latest election results. At the latest election in January 2021, Museveni was re-elected for a sixth term in office, albeit with the smallest margin in any Ugandan election.

In principle, Uganda has a largely conducive legal, policy and institutional framework in place for the promotion of democratic principles and human rights, but implementation is lagging behind. Over the past years, government institutions have increasingly been challenged in delivering on their respective mandates, while political powers have gravitated towards a smaller group of people and institutions. At the same time, the opposition remains poorly coordinated, weak and divided although the voice of the main opposition leader resonates in the growing youth population of Uganda. Widespread corruption remains a severe challenge for good governance. Uganda ranks low as 144 out of 180 countries in the 2021 Transparency International Corruption Perception Index.

Uganda is renowned for its large, diverse and active civil society, which to some extent is able to engage with the government on specific issues. However, civic space and human rights as well as human rights defenders and environmental activists have increasingly come under pressure particularly so since the violent run-up to the 2021 elections. Impunity is a major challenge, with very minimal follow up to the violence. In particular, organisations working on democracy and human rights have been affected in addition to reports of attacks on opposition supporters. Uganda has also witnessed a number of reports of enforced disappearances, unlawful detentions, torture and extrajudicial killings, as highlighted by peers in the most recent Universal Periodic Review (2021). In spite of these challenges, Uganda continues to enjoy a critical public debate among civil society, on both social – and in established media although self-censorship and pressure on media is a clear concern.

Youth, while forming the majority of the Ugandan population, remain poorly represented in decision-making. Uganda has ratified the UN CEDAW, still gender equality, girls' and women's rights as well as rights of marginalised groups remain issues of concern as does access to services and information on sexual reproductive health and rights (SRHR). In addition to significant other implications, in particular economic, the COVID lockdowns posed dramatic SRHR challenges for adolescents and an increase in domestic violence. There are some progressive forces within government and public systems that are seeking to address these challenges.

Uganda as host country for the largest refugee population in Africa

Uganda hosts the largest refugee population in Africa, and the third largest in the world with close to 1.6 million refugees. More than 950,000 are from South Sudan, 450,000 from DRC, and almost 50,000 from Burundi, with the rest largely from Somalia and Rwanda. Almost all refugees are hosted across 13 formal refugee settlements in 12 districts in the North West and South West regions of the country. While the situation in Uganda can be characterised as a protracted situation with the majority of refugees having been in the country for some time, Uganda regularly experiences new influx of refugees due to the volatile situation in especially eastern DRC.

Uganda's refugee policy has long been recognised as highly progressive and inclusive. For decades Uganda has maintained an open-door policy to people fleeing conflict and persecution. It applies a non-encampment settlement approach, and offering refugees freedom of movement, the right to work, own property, and access to national services such as health and education. Uganda grants asylum to refugees from South Sudan and DRC on a prima facie basis, thereby moving past the legal and administrative process of refugee status determination of individuals to a focus of resources on sustainable approaches to hosting refugees.

Uganda is a signatory to the UN Refugee Convention, and the leading pilot country for the implementation of the internationally agreed principles and objectives in the UN Global Compact on

Refugees and its Comprehensive Refugee Response Framework, in which it is spearheading the concrete implementation of the humanitarian – development – peace-nexus.

In spite of the positive legal framework and political momentum, refugees and the communities that host them remain challenged. The limited allocation of agricultural land impedes the ability of refugees to engage in subsistence agricultural production. Moreover, the refugee-generated labour surplus motivates secondary migration to urban areas. This underscores the need to invest in sustainable livelihood opportunities in rural areas, with attention to women and youth who form the bulk of the refugee population. Moreover, access to economic resources, livelihoods, and jobs is a challenge for the sustainable integration of refugees. Based on these challenges, social cohesion between refugees and host communities, as well as between refugees, is increasingly a point of concern. This underpins the importance of engagements from development actors such as Denmark along with the private sector to invest refugee hosting areas.

The COVID-19 pandemic exacerbated the situation as access to schools, health services, including sexual and reproductive health services and markets became more challenging. This resulted in increased domestic and gender based violence, teenage pregnancies and teenage marriages in the refugee and host communities.

While Uganda remains committed to its role and responsibility towards people fleeing conflict in neighbouring countries and continues to provide refuge in a commendable manner, fundamental challenges remain related to the principles of responsibility and burden sharing as laid out in the Global Compact on Refugees. The direct and indirect costs of hosting 1.6 million refugees cannot be sustained by Uganda alone. Uganda is therefore dependant on continued and reliable support from the international community in the years to come in order to sustain its capacity to uphold the model as a reliable host country of refugees and to continue showcasing how protracted displacement crisis can be addressed in more sustainable ways.

Economic and human development

The Ugandan economy is to some extent a mirror of the country's political situation. The 30 years leading up to the COVID pandemic saw continued progress on productivity, growth, poverty reduction and improvements in human development indicators at remarkable scale. In addition to a reduction in extreme poverty from 65 to 42 %, other human development indicators have improved dramatically: Live expectancy has increased from 48 to 64 years and school enrolment is very high.

From 2020 onwards, this trend is being challenged. On the surface, the measures implemented to curb COVID-19 hit the economy hard. The informal sectors where most of the poor and vulnerable segments of the population make their living are particularly affected. Underneath this fast-onset economic crisis lurks a deeper question of the continued effectiveness of Uganda's economic model to deliver the results the population expects in terms of broad-based and inclusive opportunity, jobs and increased incomes. Key issues are the political interference in the private sector, corruption, crowding out of private sector credit by public sector borrowing, growing income inequality and a weak educational system to ensure relevant skills with women and children being the most negatively affected.

The result is that the journey Uganda has embarked on from a least developed, low productivity economy to high productivity sectors and activities is far from complete. More than 400,000 youth enter the job-market every year, whereas the creation of new jobs for formal employment is most likely below 60,000. Agriculture employs 65 % of the population, but low levels of investment and productivity restrict the

agricultural sector from reaching its full potential and contributes to continued high levels of multidimensional poverty. These challenges are further exacerbated by one of the highest demographic growth rates in the world.

In terms of foreign direct investment, Uganda's ten-year average of 4 percent of GDP is below the regional figure of was at 5.5 percent. Moreover, current FDI has been concentrated in extractives with almost 55 percent going to this sector. Inhibiting factors include the policy and institutional environment. Regardless of these limitations, significant opportunities exists for example in agriculture or fintech, two sectors experiencing growth.

Climate change, environment and vulnerability

Climate change and the pressure on natural resources pose crucial challenges for development, economic growth and poverty reduction in Uganda. Substantial increases in temperature in the country have been observed throughout the last half-century – a trend that is projected to continue. Moreover, significant climate variability causes unpredictable weather patterns with potentially devastating consequences for the economy, people and the environment. Uganda is extremely vulnerable to these changes and variations in the climate, and is listed as number 166 of 188 of most vulnerable countries. Agriculture is particularly hard hit due to a high degree of exposure, high sensitivity, low adaptive capacity and lack of sufficient policy responses. Approximately 80% of the population depend on natural resources and at least 20% live in absolute poverty, so even small increments in temperature holds the potential to create dramatic effects.

A degraded environment compounds the threat from climate change with more than 40% of the land degraded, according to the World Bank. Forest cover has decreased from 24% in 1990 to a current 12% and the rate of deforestation is one of the world's highest at 4% annually. Consequences include soil erosion, declining soil fertility and significant losses to biodiversity. Degraded soils further decrease agricultural productivity, exacerbating poverty. This issue is particularly serious in the North's refugee hosting areas where deforestation also threatens peaceful co-existence.

Commercial opportunities and trade

A number of factors inhibit commercial opportunities, foreign direct investments and trade including corruption, growing sovereign debt crowding out private sector credit, weak rule of law, poor economic management and the uncertain medium to long term political environment/future.

On the other hand, several favourable trends speaks to future commercial opportunities in the Ugandan context, also for Danish companies. The country has almost recovered from the COVID pandemic, with 6.2% growth in 2021. Moreover, a continued political and economic stability relative to many countries on the continent, creates a conducive framework for business in almost all sectors. Despite recent degradation there is still fertile land which together with two rainy seasons give the country a real comparative advantage when it comes to agriculture. Finally, Uganda's nature boasts some of the world's highest levels of biodiversity in national parks, which attract tourism and are subject to international protection.

In 2021, Danish exports to Uganda rose by 64% compared to previous years' level of 300 million DKK annually. Key sectors include water management, logistics, construction and agro-processing. Denmark outperforms its Scandinavian counterparts in terms of export to Uganda. In 2020, Denmark constituted the 40th largest exporter compared to 44th for Sweden and 72nd for Norway. With regards to imports from Uganda, Denmark is lagging behind, especially compared to Sweden.

There is significant commercial potential for increased trade between Denmark and Uganda. Continued growth and a rising middle class will mean that demand will increase and continue to create opportunities

within e.g. agro-processing, water management and logistics. Danish companies have shown increased interest thereby creating possibilities of a wider engagement. Recent experiences show that Danish solutions within efficient agro-processing and general energy efficiency is a key area of future potential.

Scenarios for the period 2023-2027

Based on the current context in Uganda, two scenarios are likely to materialize during the period 2023-2027, both of which reflect the challenges that Uganda is currently facing, but differ in terms of the state's resilience and capacity to adequately address them:

Scenario 1

Status quo maintained

- The current leadership stays in power or starts a progression to hand over to the next generation while managing a process towards the 2026 elections. Overall, reforms and democratic progress remain very limited and human rights violations persist, while some positive developments in relation to civic space and a more active role of parliament and other relevant institutions continues to appear. The judicial sector remains largely independent as does press freedom and critical public debate, while pressures in these areas persist. Elections will not be characterised by systematic or large scale fraud but there is not a level playing field and continued restrictions on free speech and assembly during elections cycles. The opposition's role, while being allowed, is significantly challenged. It is likely that pockets of violence will erupt, typically in urban areas, and particularly in central and eastern Uganda where the opposition to the current government has most support. The state remains capable of containing internal conflict, Uganda's asylum space towards refugees from neighbouring countries is sustained and Uganda still overall play a stabilising role in the region. The partly liberalised economy will continue to expand through business growth, increased domestic demand and exports. Poverty and inequality will continue to increase.

Scenario 2

Worsening situation

- The role of parliament is further limited and independent state institutions are undermined. Civic and democratic space become further challenged. The generational shift across the actors on the current political settlement erodes the internal accountability mechanisms increasing power struggles within the administration and at local level. At the same time ethnicity and access to power plays an increasingly important role fuelling ethnic grievances. Stability is undermined, and local level conflicts emerge, especially in the poorest part of the country and regions in which leadership support is lowest. The risk of violent change with uncertain outcome becomes imminent with related economic and/or ethnic grievances leading to political actions. The Ugandan government turns away from its commendable and progressive policy towards refugees due to continued high inflows of refugees and declining international support, which negatively impacts the refugee population as well as regional stability and affects Uganda's role as a global leader on the refugee agenda. Lack of accountability and transparency will spill into the economic realm. State institutions are instrumentalized to co-opt the economy. The current partly liberalized economy will slide backwards, competition will be hampered, and economic development will stagnate. Consequences will be lower GDP, increased poverty and fewer of jobs.

Danish political priorities, past achievements and strengths

Danish political priorities in Uganda

Building on the analysis of the context, challenges and potential scenarios, as well as the national Danish and Ugandan strategies and policies, the following political priorities will provide the basis and framework for Denmark's partnership with Uganda for the next five years.

Denmark will continue to be a *voice for democratic values and human rights* in Uganda as a robust foundation for the country's continued position as a regional stabilising factor. Over the years, Denmark has been a solid voice for democracy and rights in the country, including by being a leading Development Partner in the efforts to ensure a strong and independent civil society.

Denmark is committed to support and strengthen Uganda's role in relation to stability and security in a fragile region, including as a *refugee hosting country*, as well as to contribute to development and freedom through sustainable, inclusive growth and promotion of democracy, human rights and gender equality.

Denmark will work to address the urgent *humanitarian* needs linked to the regular eruptions of humanitarian crises in the region, and will *support* both the refugees coming from the neighbouring countries and the communities that are affected by large influxes.

Denmark will promote a sustainable, inclusive and green economic transformation in Uganda, thus *addressing climate change*, and support the country's ambition to become a lower middle-income country.

There is a growing *commercial interest* in Uganda from Danish companies, particularly in the agricultural sector. Denmark will give priority to expanding Danish commercial cooperation with Uganda, drawing on Denmark's experiences in green technologies for example within agro-processing and water.

Achievements and strengths

These political priorities build on strong achievements in Denmark's long-standing partnership with Uganda.

The partnership has over the years focused mainly on political dialogue and development cooperation, has included support to national institutions, the private sector and civil society partners, which has strengthened their resilience and ownership, enabling them to deliver important results. Governance and transparency, human rights, democracy and rule of law, water and sanitation, private sector development, strengthening agricultural production, public health, response to HIV/AIDS, promotion of peace and reconciliation, gender, SRHR, and decentralization are some of the areas where Denmark has made distinctive contributions.

The current Country Programme (2018 – 2022) focusses on Sustainable Growth and Employment, including in areas affected by the presence of large numbers of refugees, and Good Governance, Democracy and Human Rights, including sexual and reproductive rights.

Millions have benefitted from our work on *democracy, human rights and accountability*. Denmark manages Uganda's largest democracy fund, the Democratic Governance Facility, which implements funding from seven Development Partners. More than 200.000 people have received direct legal assistance focusing in particular on women and marginalised groups. More than 15.000 women representatives have been supported to engage in decision-making structures and more than 1.5 million people have participated in learning events. In close partnership with the country's Ombudsman and anti-corruption authority, the

Inspectorate of Government, investigated almost 1,200 corruption cases has been carried out including more than 50 high-profile corruption cases.

Denmark has in partnership with the United Nation's Population Fund (UNFPA) provided *Sexual and Reproductive health services* to more than a million women and girls. Almost 150,000 refugees received SRHR services. Young people (10-24 years) are the largest user group of SRHR services. More than 17,000 persons were reached with gender-based violence services (of these, 11% were refugees).

Denmark's bilateral programme, the Northern Uganda Resilience Initiative, has supported more than 110.000 *refugees and host community* members to increase their resilience and agricultural production. The support which i.a. has provided of extension services on climate smart and good agricultural practices as well as training in financial literacy and marketing skills, has included 68% women, 28% youth and 23% refugees. In the refugee affected areas, in a close partnership with the various levels of local government, the programme has provided rural access roads and access to clean water for more than 250.000 people.

Denmark has established and owns the *development finance institution* Agricultural Business Initiative (aBi). Over the years aBi had become a mature, tested and sustainable entity that links commercial finance and grants and agricultural production. As part of the country programme Denmark has supported aBi in the promotion of profitable investments that has helped resolve farmers' and intermediaries' productivity issues through investment and innovation. Furthermore, the long-term persistent engagement with aBi have contributed to/made structural changes that has gone beyond the interventions into the wider market systems.

In addition, Denmark's footprint in Uganda has covered many other walks of life as outlined in the list below of instruments that have been active in the country, including research cooperation between Danish and Ugandan universities, an increasing engagement of Danish private companies, a wide array of interventions implemented as part of the Strategic Partnership Agreements with i.a. Danish NGOs and multilateral partners including humanitarian assistance and a broader core support (*Ref Annex C*)

Overview of Denmark's most important instruments in Uganda

- Bilateral country programme
- Other development partners including through delegated partnerships
- Through partnerships with the EU
- Multilateral partners incl. UN agencies at both country as well as global level (e.g. Green Climate Fund, Global Environment Facility, UNFPA, UNDP, UNHCR, WFP, WHO and the World Bank)
- Partnerships with selected GoU partners including District Local Governments
- National civil society partners
- Strategic Partnership Agreements
- International NGOs
- Diplomatic dialogue, including through EU and other multilateral fora
- Climate diplomacy
- Research cooperation between Danish and Ugandan Universities through “Building Stronger Universities”
- Humanitarian assistance
- Development Finance Institutions (IFU, aBi)
- Danida Sustainable Infrastructure Finance
- Danida Green Business Partnerships
- Commercial cooperation
- International Financial Organisations
- Danish Filantropic Foundations

Strategic Objectives

The strategic objectives of Denmark's engagement in Uganda, are formed by Denmark's development priorities outlined in “The World We Share” and adapted to the Ugandan reality. After almost four decades with president Museveni at the helm, Uganda could find itself in a unique situation of political change within the coming years. It will be a period where a number of fundamental challenges needs to be addressed if Uganda is to achieve its objective of becoming a lower middle income country by 2040, and after almost 4 decades with president Museveni as head of state, political power may approach period of a transition process. It is against this backdrop, that the implementation of the strategic objectives will have to be understood.

The strategic objectives outlined below present the operationalisation of key Danish political priorities with a point of departure in areas where Denmark and Uganda have policies and interests that converge.

Strategic objective 1: *Strengthen democratic processes, good governance, accountability and protection of human rights.*

Main SDG contribution: No 3 (good health and well-being), No. 5 (gender equality), no. 10 (reduced inequality) no. 16 (peace, justice and strong institutions) and No. 17 Partnerships for Goals

Respect for human rights and the promotion of gender equality and participation of youth are crucial for stability and a sustainable economic and social development. The safeguard of democratic values and respect for human rights is the foundation for Denmark's engagement in Uganda and a cornerstone for

long-term political stability as well as in line with the objectives of the Government of Uganda as laid out in the Constitution, the National Development Plan III and Uganda Vision 2040.

Denmark is one of the leading international partners in Uganda on democratic governance and the promotion and protection of human rights with three decades of experience in the area. In spite of the increasingly challenging context, Denmark is well placed to continue contributing to increased political resilience and promoting democracy, human rights and good governance. Instruments will include political dialogue, bilateral and as part of the EU, development cooperation and partnerships with Ugandan and international civil society and multilateral actors.

Denmark will seek to enhance influence in the areas with the biggest possibilities of creating progress and supporting the stakeholders who are the most effective in bringing about those advances. Both duty-bearers in the form of government institutions and rights holders represented by civil society will be engaged in efforts focusing on strengthening democratic processes that facilitate meaningful participation of the youth, promotion of good governance, including accountability and anticorruption. Focus will also be on promoting protection of human rights and access to justice, with a particular focus on women and girls' rights, sexual reproductive health and rights and protection of marginalised groups, including refugees and host communities.

Denmark will continue to support and strengthen civil society to consolidate local ownership and capacity to voice citizens' concerns and engage with their Government on issues related to governance, accountability and human rights, including issues pertaining to climate change and environmental rights. Danish civil society organisations - strategic partners as well as those receiving grants through pooled funding schemes – will also be important partners to that end. Likewise, engagements with other forms of social movements can be explored, such as trade unions.

Government institutions mandated to promote transparency and accountability in public administration and fight corruption equally play an important role in strengthening good governance. However, capacity to effectively execute their responsibilities is sometimes inadequate. Denmark will support selected public institutions in targeted areas with a view to strengthening their role and capacity as duty-bearers.

Strategic Objective 2: Support sustainable and durable solutions in Uganda as a country that host refugees from fragile neighbouring countries.

Main SDG contribution: No. 1 (no poverty), No. 2 (zero hunger), No. 3 (good health and well-being), No 4 (Quality education), No. 5 (gender equality), no. 10 (reduced inequality)

Denmark will continue to support Uganda's progressive refugee policy with development assistance, while also maintaining support to the humanitarian response in the country. This support coupled with efforts in promoting transition between them, present a translation of the humanitarian - development – peace nexus into concrete actions.

Denmark will, as a more sustainable approach to protracted refugee crises, continue advocacy for Uganda's implementation of the Comprehensive Refugee Response Framework. This will be done through continued policy dialogue within the lead governance structures, the private sector, international organisations, the UN family including key UN organisations that are mandated and positioned to promote solutions in this regard, as well as international financial institutions and non-governmental organisations. The aim will be to sustain political will and alignment and safeguard the asylum space for

refugees in Uganda, while addressing both humanitarian and development needs of refugees and host communities.

Within the Ugandan policy framework and the established international principles, Denmark will strategically promote long-term solutions aimed at building self-reliance and enhancing access to social service sectors with the aim supporting a fairer and more humane asylum system, where more are helped in the vicinity of conflict and onwards displacement is anticipated and mitigated.

Strategic Objective 3: Promote sustainable, inclusive and green economic transformation in Uganda using innovative local solutions and Denmark's experiences in green transition to adapt to the global climate challenge.

SDGs: *SDG 1 (No poverty), SDG 2 (Zero Hunger), SDG 5 Gender Equality, SDG 6 (Clean Water and Sanitation), SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation and Infrastructure) SDG 13 (Climate Action).*

Denmark aims at contributing to the development of a resilient Uganda in balance, through climate diplomacy, development cooperation and commercial cooperation. The goal is to create a green and inclusive economic transformation that adapts and counteracts the negative consequences of climate change, while at the same time promoting equitable and sustainable development, including job-creation and economic empowerment for youth and women. Denmark will use its strong experience in supporting inclusive growth to focus on the much-needed reduction in multi-dimensional poverty through private sector development. Increasing income and productivity with small-holder farmers and agro-businesses is particularly important. With this, Denmark will work to support Uganda's Nationally Determined Contributions in line with the Paris Agreement and the Ugandan Climate Change Act of 2021. The green economic transformation will help create hope and opportunity for Uganda's young people, women and men. In this process, stewardship of nature, ecosystems and the environment are essential, including through nature-based solutions which provide a net-positive benefit for biodiversity.

Denmark's position as a green leader, especially within climate adaptation, provides a solid foundation for impactful partnerships and interventions to achieve a green economic transformation. Denmark will use this position in our dialogue with the Government of Uganda on the framework conditions for inclusive green growth and jobs. Moreover, Denmark will ensure that partners involved also maintain a dialogue with the government of this topic. Relevant issues include youth, productivity, green jobs, skilling and mobilisation of adaptation financing.

Globally, there is an urgent need to support climate adaptation at scale. There is widespread recognition that this requires crowding-in of commercial and semi-commercial funding. In Uganda, Denmark will contribute to the development of sustainable, commercially viable financing models for climate adaptation. This will contribute to the green economic transformation in Uganda as well as to Denmark's international leadership on climate adaptation and green finance mobilisation.

Floods and drought are already a main driver of internal migration in Uganda. In the future, this factor will only become more important. Moreover, climate stresses makes it more difficult to host refugees since conflict over natural resource increases and livelihood options are fewer. Addressing the climate challenge will thus reduce internal and onward migration.

Throughout support to a green economic transformation, attention to social issues is crucial. The poorest and most vulnerable have the least adaptive capacity and the highest sensitivity to climate change, whereby these groups must be given special attention. Refugees is a particular vulnerable group. Moreover, and considering Uganda's demographics, youth is an essential group that must be involved

and targeted in order to foster lasting change. Finally, evidence show that climate change hits women hardest, which is why gender will be an integral part of the inclusive green transformation.

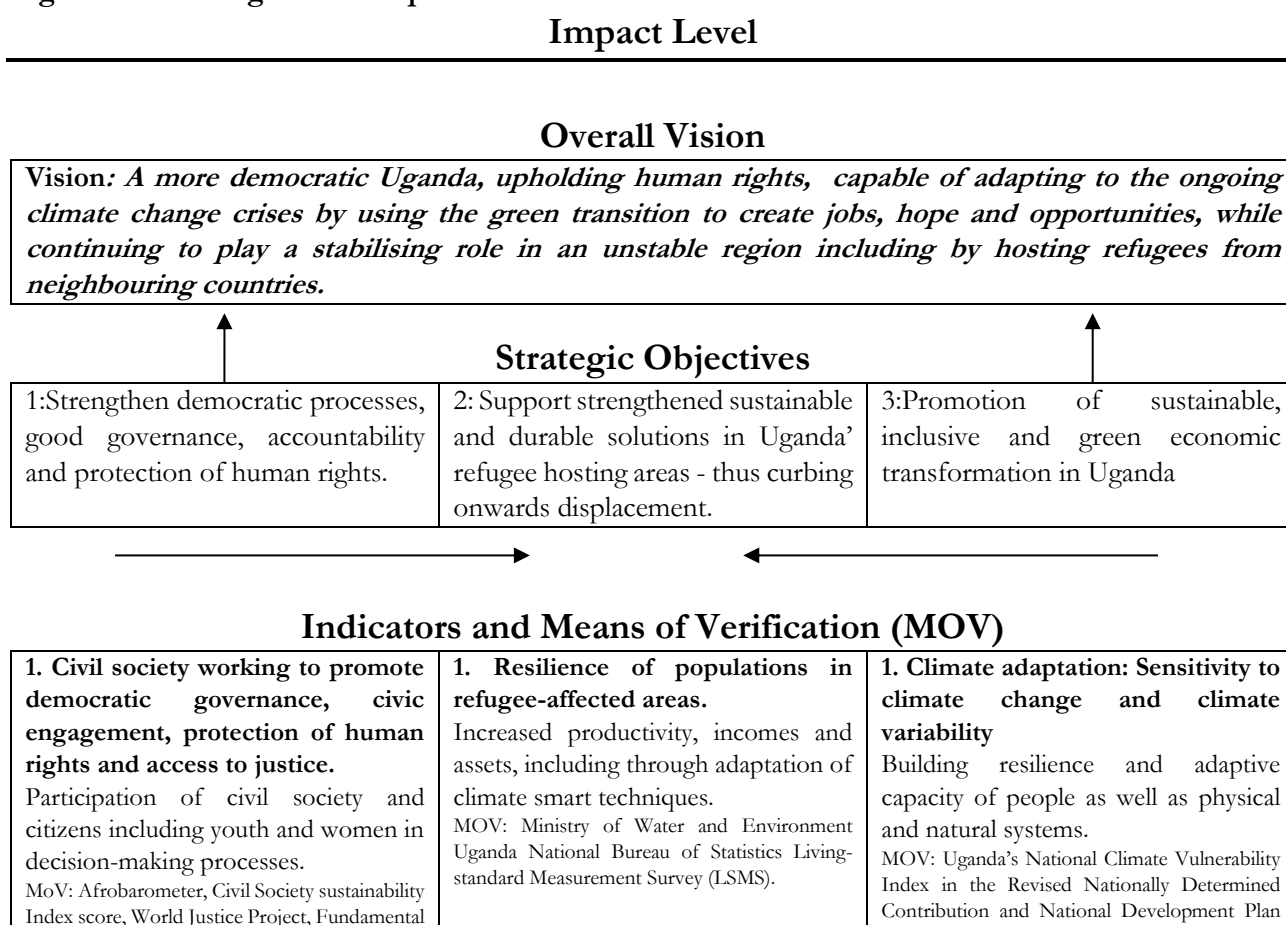
With regard to the strong urbanization that follows economic transformation, as well as the consequence of a fast-growing population, Denmark will use its strengths and capacities to ensure a healthy transition towards safe, resilient, and sustainable cities in Uganda. Special attention will be given to increased or improved access to clean water, where Denmark has already demonstrated strong capacities – specifically within energy efficient provision of water.

Monitoring of Denmark's engagement in Uganda

The Embassy in Kampala will be responsible for the day-to-day monitoring and follow-up on the implementation of the strategy including with a strong focus on the Bilateral Development Programme. Together with relevant departments of the Ministry of Foreign Affairs (MFA) in Copenhagen, the Embassy in Kampala will monitor and evaluate the results of Denmark's overall engagement in Uganda.

Annual dialogue meetings with the management of the MFA will provide strategic direction and assess the relevance of Denmark's broad engagement in Uganda; annual stock-taking reports will be key in this regard. Building on existing structures for dialogue and coordination, and drawing on the monitoring framework outlining the strategic indicators for Denmark's engagement in the country as well as the specific performance on the Bilateral Development Programme, will provide the basis for the bilateral political dialogue with the GoU and other relevant partners and stakeholders such as civil society, multilateral and development partners and businesses.

Fig X Overall Programme Impact



Rights, Global Gender Gap Report Score, Access to justice Civil Justice and criminal justice, Mo Ibrahim Index of African Governance, Rule of Law score.		III (target under objective 5) (2022: 3.5). ND-GAIN Country Index on Climate Change Vulnerability.
<p>2. Capacity in selected government institution.</p> <p>Strengthened democratic processes and institutions including improved government accountability and protection of human rights</p> <p>MoV: Governance Accountability Score, Afrobarometer, World Justice Project, Fundamental Rights, Access to justice Civil Justice and criminal justice, Mo Ibrahim Index of African Governance, Rule of Law score.</p>	<p>2. Refugees and host communities co-exist more peacefully</p> <p>Decrease in conflicts over resources and land.</p> <p>MoV: International Refugee Rights Initiative (IRRI) reports. OPM,</p>	<p>2. Productive and green agro-food systems</p> <p>Increased productivity of small-holders and agribusinesses through incorporation of risks and opportunities within climate change and environment</p> <p>MOV: SDG 2.4.1 - Proportion of agricultural area under productive and sustainable agriculture (FAO).</p>
<p>3. Political dialogue and advocacy.</p> <p>Increased civic space and citizen engagement with government</p> <p>MoV: Uganda National Standard Indicator Framework (SDG), Afrobarometer, Mo Ibrahim Index of African Governance. EIU Democracy Index.</p>	<p>3. Sexual Reproductive Health and Rights (SRHR) and Gender Based Violence (GBV) services and information to young people</p> <p>SRSR is promoted amongst refugees and the host communities, GBV issues are curbed, focus towards women's rights organizations and movements.</p> <p>MoV: Ministry of Health, National GBV Database, UNFPA, WHO, Uganda Demographic Health Survey.</p>	<p>3. Green innovations at scale</p> <p>Private finance mobilised for a green economic transformation</p>
	<p>4. Access to education and vocational skills training in the refugees settlements and hosting communities</p> <p>More refugee and host community children have access to better quality education and are provided with better opportunities in terms of alternative vocations.</p> <p>MoV: Annual Education Sector Report of the MoE, Uganda National Household Survey, Annual examination report from Uganda Examination Board</p>	

Uganda Bilateral Development Programme 2023 - 2027

Priorities and strategic considerations

The concrete programming of the Bilateral Development Programme will be informed by Denmark's strategic *development priorities*, the Sustainable Development Goals, and be aligned with the Government of Uganda's National Development Plan. The Bilateral Development Programme will consist of a limited number of projects that are designed to address the strategic objectives of the overall Uganda Strategic Framework.

Denmark will continue working with bilateral development partners, EU, UN and other multilateral organisations and international financial institutions, SPA partners, civil society as well as private and commercial companies. Similarly, it will be crucial to maintain a regular and transparent contact with relevant Ministries, Departments and Agencies (MDAs).

Development projects in support of strengthening democratic governance, accountability, access to justice and respect for human rights

In support of the first strategic objective, the bilateral development programme will provide harmonised, coordinated and coherent support to civil society and relevant state entities to strengthen democratic governance, promote and protect human rights, enhance access to justice and improve accountability. In these areas, Denmark will continue playing a leading role as international partner and responsible for promoting donor coordination. The following engagement areas contributing to this strategic objective are envisaged.

Civic engagement and empowerment

The longstanding Danish support to Ugandan civil society has been critical in building strong and diverse organisations capable of mobilising and holding government accountable. In the current context, civil society in Uganda plays a crucial role in supporting citizens to voice their concerns and participate actively in decision-making. Through partnerships, Denmark will continue to support civil society to maintain and strengthen that role.

Denmark will contribute to empowering civil society and citizens to participate in political processes, protect civic space and hold government institutions accountable. Particular focus will be on women, young people and marginalised groups who are often at risk of being left behind. This includes strengthening citizen engagement for government accountability, improving access to information and civic education and strengthening youth and women participation, empowerment and representation.

Strengthening democratic processes and institutions

Denmark will continue its support in strengthening the capability of selected state entities to respond to citizen's needs and contribute to building trusting citizen-state relationships. This includes among others, improving government accountability towards citizens, improving representation and recognition of women in political leadership positions as well as improving inclusive decision-making processes. This also includes targeted capacity development of selected public institutions such as the Uganda Human Rights Commission and Inspectorate of Government - both longstanding partners of Denmark.

Protection of human rights and access to justice

Denmark will continue its role as leading partner supporting the protection of human rights and access to justice. Particular focus will be on the promotion of gender equality, women and girls' rights, protection of marginalised groups and environmental rights. This includes support to advocacy for the implementation of existing human rights frameworks and needed legislative reforms, strengthening the capacity of rights holders to claim their rights and hold duty-bearers accountable, as well as targeted capacity development of relevant state institutions to facilitate dialogue between rights-holders and duty-bearers.

Access to justice and fair and equal treatment play an important role in empowering poor and vulnerable groups that continue to experience marginalization by the legislative and socio-economic environment in Uganda. Denmark will, mainly through partnerships with civil society, contribute to strengthen access to justice and provision of legal aid, especially for poor, vulnerable and marginalised people.

Across all interventions, the bilateral programme will ensure gender equity and mainstreaming, youth inclusion and participation and will apply a human rights based approach, emphasising key principles of participation, non-discrimination, accountability and transparency. Projects will be strategically designed to target women and the young people. Engagements will also seek to apply an adaptive approach where relevant and will focus on being able to analyse, react and adapt to changes in the national context.

BOX 1

USF Expected outcomes – Development projects in support of strengthening democratic governance, accountability, access to justice and respect for human rights

- Strengthened participation of civil society and citizens, including youth and women, in decision-making processes and engagement on government accountability.
- Strengthened capacity of selected state institutions to respond to citizens' needs.
- Improved access to information on rights and civic education.
- Strengthened capacity of civil society to claim their rights, including rights of marginalised groups, hold duty-bearers accountable and strengthen access to justice.
- Strengthened capacity of civil society and selected state entities to promote gender equality and the protection of girls and women's' rights.

Synergies and complementarity

The Strategic partnership agreements (2022-25) with Danish civil society organisations will complement the efforts outlined above with a number of the organisations targeting the promotion of democratic values, civic space and human rights, including Sexual and Reproductive Health and Rights, while paying particular attention to the participation of women, youth and marginalised groups in the implementation.

The Civil Society Fund (CISU), a funding mechanism for Danish CSOs, which supports projects and partnerships with local CSOs in developing countries in the global South – will complement efforts in this area, including on promotion and protection of rights of marginalised groups and sexual and reproductive health and rights.

Development projects in support of sustainable and durable solutions in Uganda as a country that host refugees from fragile neighbouring countries.

In support of the second strategic objective, the bilateral development programme will provide comprehensive support to Uganda as a leading refugee hosting country. Denmark will continue to promote resilience, self-reliance and SRHR in the refugee-affected areas, targeting refugees as well as host communities, while also broadening the support to include strategic support to education and vocational training activities.

Resilience in refugee-affected areas and regions

Denmark will support resilience in refugee-affected areas including strong aspects of climate adaptation. Multiple reviews and assessments have shown positive results of these efforts and Denmark wish to further deepen and expand its positive impact in this area. Interventions will increase productivity, sustainability and resilience of farming systems of small-scale farmers, especially refugees and refugee affected communities will be supported. This will include interventions that promote household food security and engagement with markets. Also pursued will be interventions that promote biodiversity and sustainable management of the environment and natural resources, since these play a very important role in the livelihoods of rural communities, and have significant bearing on social cohesion and peaceful co-existence between refugees and host communities. The availability and resilience of agriculture related rural infrastructure and water resources management on farmland and open landscape are important to improve agriculture livelihoods outcomes and will therefore also be supported. Generally, interventions that improve the resilience of small-scale farmers to shocks and stresses associated with climate change, climate variability and extreme weather events will be supported.

Sexual Reproductive Health and Rights (SRHR) and preventing Gender-based violence

The continued high rates of teenage pregnancies, unmet family planning needs and gender based violence among both the refugees and host communities require provision of SRHR services. Furthermore, the issues have to a high degree been exacerbated by the COVID-19 pandemic and the related school lockdown in Uganda.

Denmark will in partnerships with multilateral and Civil Society organisations support women's and young people's access to and utilisation of quality services concerning sexual and reproductive health and rights (SRHR) and gender-based violence (GBV).

Education and vocational training

With Denmark's strategic focus on Uganda as a refugee hosting country and leading implementing country of the Global Compact for Refugees, support to children in the refugee settlements and the host communities will be a priority. Therefore, Denmark will support the implementation of Uganda's national education priorities, and promote sustainable solutions in the over-crowded schools that host refugee children and their peers in the host communities. Similarly, many youths especially among the urban poor and rural population dropped out of school following the COVID-19 lockdown. The numbers of school dropout significantly increased both in the refugee settlements and host communities. Denmark will also implement projects aimed at providing vocational training to the children and youth that are out of school.

BOX 2

USF Expected outcomes – Development projects in support of sustainable and durable solutions in Uganda as a country that host refugees from fragile neighbouring countries, thus curbing onwards displacement

- Enhanced resilience against climate change and climate variability in refugee-affected areas including through adaptation and use of Climate Smart Agriculture practices
- Different refugee groups as well as refugees and the host communities co-exist more peacefully
- Improved access to Education and vocational training in refugee hosting areas
- SRHR is promoted amongst refugees and the host communities, GBV issues are curbed, focus towards women's rights organizations and movements
- Refugee and host community children access better quality education and are provided with better opportunities in terms of alternative vocations.
- School costs including teacher salaries are transitioned from humanitarian partners to funding under the Danish development cooperation

Synergies and complementarity

Denmark will promote synergies between the different avenues in which it supports Uganda as a refugee hosting country. This will include seeking complementarity to the humanitarian funding through primarily UNCHR and WFP as well as with the activities implemented by the Danish SPAs. Similarly, Denmark will promote synergies between its development projects and funding to organisations such as UNFPA and UNICEF, including Denmark's support through organisations such as, ECW, and GPE as well as the collaboration with private foundations such as the LEGO foundation on the education sector in Uganda.

Development projects in support of green agro-food systems, an inclusive and green economic transformation and climate adaptation.

In line with The World We Share, Denmark's Strategy for Development Cooperation, taking leadership on climate adaptation will be a key priority. At national, but also global, level there is a need to develop new methods for catalysing climate adaptation at scale. The support to climate adaptation is part of a general intervention area of supporting a just, inclusive and green economic transformation. The economic transformation must increase productivity while at the same time paving the way for a green Uganda in balance. Inclusive economic growth and reduction in multi-dimensional poverty is key to the green economic transformation under strategic objective 3 as well as to Uganda's role as host for refugees under strategic objective 2.

Commercial finance for climate change adaptation

Involvement of the private sector is key to achieving climate change adaptation at scale. This will also contribute to Denmark's ambition to shift global finance flows in a green direction as mentioned in the Danish Government's long-term strategy for global climate action, A Green and Sustainable World. The interventions will address a number of barriers that inhibit market-driven climate change adaptation. This includes a lack of bankable projects, limited knowledge at the level of farmers, financial institutions with insufficient frameworks for assessing and pricing climate risk. A specific barrier is the lack of standards for climate adaptation finance. While doing this, benefits to biodiversity, soil quality and protection of natural resources will be a specific impact category.

Green and productive agro-food systems

Increasing income and productivity among small-holder and agribusinesses is key to Uganda's economic transformation. Climate change and climate variability threatens agricultural production, processing and exports, a key economic sector and comparative advantage for job creation and small-holder income. Adaptation is needed in all parts of the supply chains: At the farm level, with processors and at the level of exporters. An often-over-looked segment is third-party support functions, like logistics, storage, inputs and waste handling, all of which matter for greening of agro-food systems. Interventions in this area will build capacity at all levels of agricultural supply chains in order to increase adaptive capacity, inclusiveness, profitability, income and employment of Ugandan farmers and agro-businesses. Advocacy and work on framework conditions for job creation and production may be a part of these interventions. Regional trade plays a key role for Ugandan agriculture and job creation, and there is a need to reduce non-tariff barriers as well as to expand the green elements of this work for example through green standards for agro-commodities.

Green productive innovations

Finally, the climate crisis calls for innovation. Denmark wish to explore new intervention areas related to climate mitigation, adaptation or environment which may be catalytic and scalable. A process of mapping, innovation and consultation will take place to identify the intervention area, but it may include targeted efforts to enhance forest cover or stop deforestation, the promotion of nature-based solutions and agro-ecology. Other elements could be development of carbon markets, institutional capacity building e.g. within meteorological related services, support the transition towards green sustainable cities, use of Danish green technology, interventions related to payments for eco-system services or other topics within the broad area of climate change and environment.

BOX 3

USF Expected outcomes – Development projects in support of green agro-food systems, an inclusive and green economic transformation and climate adaptation.

- Crowding in private finance for rural climate change adaptation.
- Increased productivity of small-holders and agribusinesses through incorporation of risks and opportunities within climate change and environment
- Promoting a green economic transformation through scalable interventions in climate change and environment.
- Build resilience and adaptive capacity of people as well as physical and natural systems.

Synergies and complementarity

Denmark will continue to development and exploit synergies with other Danish instruments and activities. An important instrument will be Danish Sustainable Infrastructure Finance (DSIF), financing and constructing a water treatment plan in a budget of several hundred million kroner. The bilateral programme and DSIF also has clear links to Danish companies, many of which supply green solutions. The Investment Fund for Developing Countries is set to take over aBi Finance, and close collaboration is expected in the future programme. Key other instruments include Danida Market Development Partnership/Danida Green Business Partnership and research grants currently with priorities similar to this strategy.

Strategic considerations

A number of *strategic considerations* are particularly important in forming the background for all of Denmark's future engagements in the country, when concretising the strategic framework into projects.

The partnership between the GoU and Development Partners (DPs) on managing the large numbers of refugees has been very fruitful under the umbrella of the Global Compact on Refugees, and the cooperation on support for agriculture and private sector development has equally been positive. The dialogue on elections, human rights and shrinking space for civil society has been more challenging, just as there have been a decreasing space for development partners to air criticism of- and disagreement with government policies and actions.

There are strong indications that the GoU is interested in more oversight on international aid and there is an expressed wish for interventions to be on-budget. Most donors, like Denmark, finds it difficult to agree to channel support on-budget. In addition to concerns about accountability, other concrete uncertainties include the need for more transparency as well as priorities in the budget e.g. the limited budgets for social sector spending.

It is still possible to have a dialogue and achieve results. There is regular art. 8 EU dialogue with Uganda, and through the international like-minded partner group efforts are initiated during Denmark's period as its chair, to create a high level forum to improve the dialogue on governance, rights and economic reforms with Uganda. In the political dialogue with the Government of Uganda – bilaterally and jointly with the EU Delegation and members states – Denmark will continue to raise issues of importance, including democratic governance, protection of human rights and marginalised groups. The close Nordic cooperation in Uganda on likeminded issues, such as gender equality, press freedom and protection of rights for marginalised groups will continue.

Economic, social, political and environmental transformation is crucial in all corners of Uganda, and the bilateral development programme will be implemented countrywide. A particular effort will be made to ensure that the strategy strives to leave no-one behind. Some activities will therefore have a particular geographical focus on refugee hosting areas that are impacted by crisis in the neighbouring countries, where the large number of refugees, and growing local population propagates social, economic, and health needs, as well as the environmental degradation.

As the refugee response in Uganda moves across the humanitarian-development nexus, supporting the concrete transition from humanitarian funding to development will be crucial. In order to support tangible implementation of a nexus approach, Denmark will seek to pilot funding modalities, where costs borne by humanitarian actors in short and unstable funding cycles are transitioned to long-term development funding, thereby promoting a more sustainable approach in line with the principles of the GCR and CRRF. Denmark will furthermore engage the government of Uganda in this model, with the end goal of promoting an eventual transition into national systems and budgets.

Responding to changes in the context and ensuring progress towards achieving the strategic objectives will inform the implementation of the Bilateral Development Programme. Management will be agile and build on the learning and lessons from the MEAL process, applying flexibility and adaptability to ensure a continued relevance of the strategy and its concrete interventions.

Overall budget

Commitments	DKK Million
Overall budget	650
Commitment 2023	200
Commitment 2024	450

Budget	DKK Million
Strategic Objective 1	80
Strategic Objective 2	270
Strategic Objective 3	250
Unallocated	35
Programme support / MEAL	15
<i>Some ongoing engagements from the ongoing country programme in 2023-24 may be overlapping with the new country program period</i>	

Annexes

A) Map of Uganda

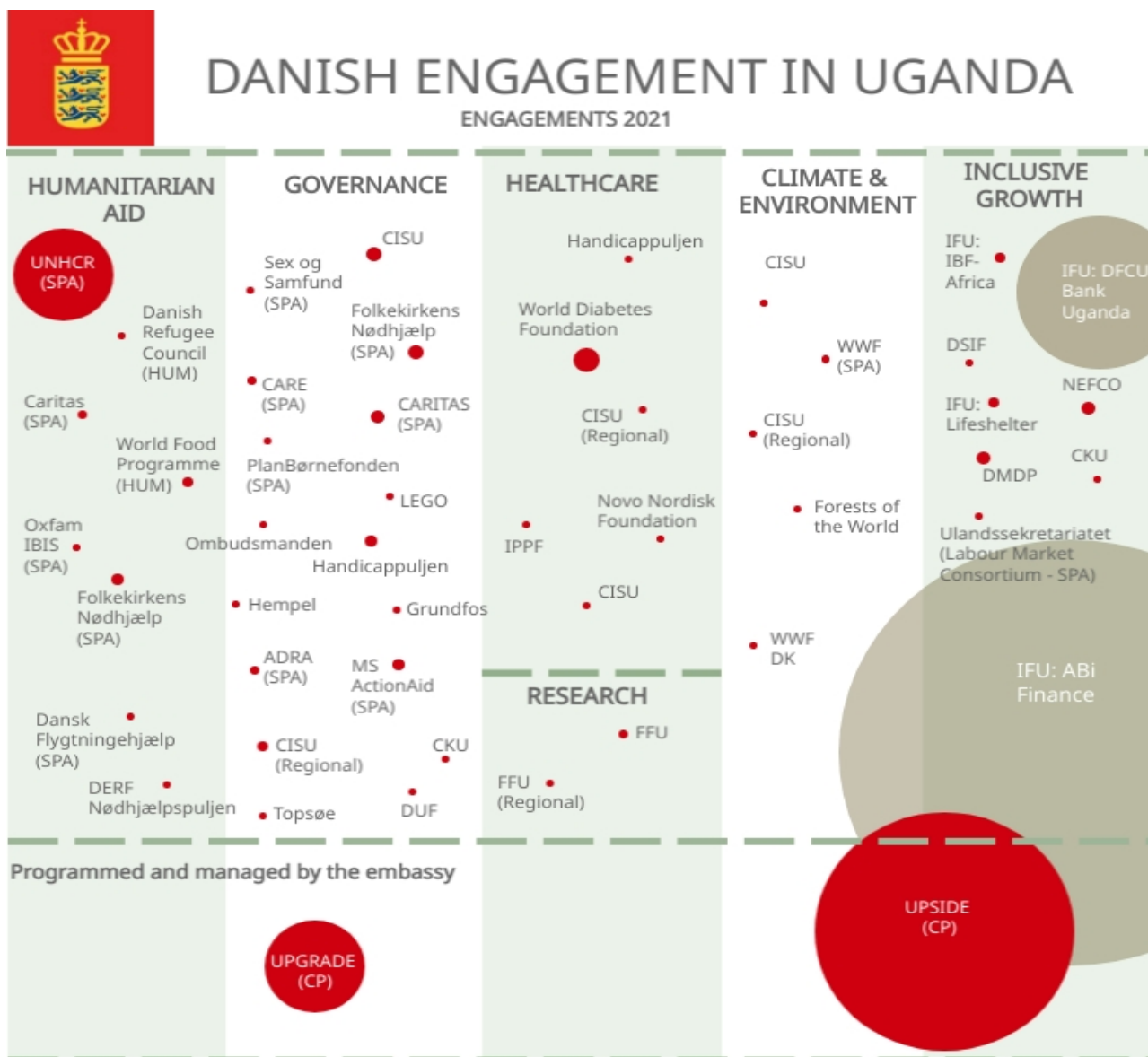
B) Key Data / figures - Uganda

C) Danish Engagement in Uganda

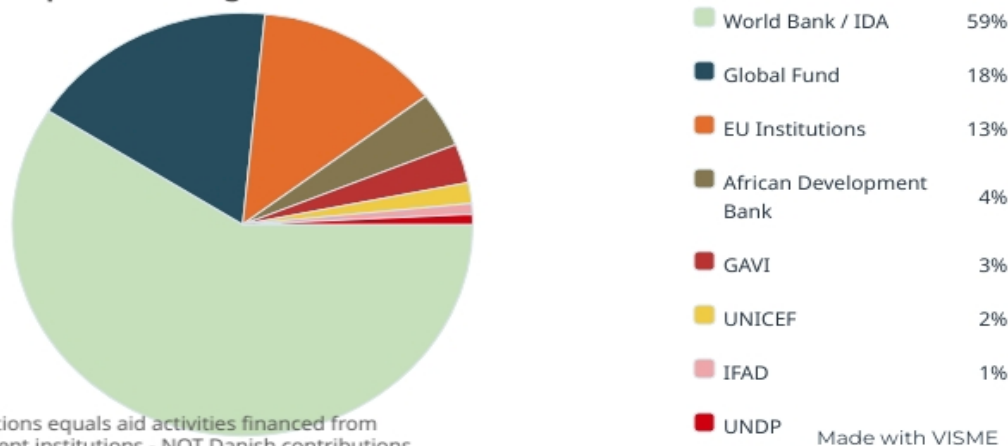
Annex B) Key Data / Figures – Uganda

Indicator	Value	Year	Source
Key Economic Data			
Area, sq. km (2015)	241,550.0	2015	WB WDI
Population (2020)	45,741,000	2020	WB WDI
Gross national product, GDP, Bn USD (2020)	37.6	2020	WB WDI
Percentage of population under 30 (2014)	77.5	2014	UBOS
Annual economic GDP growth, % (2020)	-0.45	2020	WB WDI
Gross national income, GNI per capita, USD (2020)	800	2020	WB WDI
Growth in GNI per capita (2020)	0.6	2020	WB WDI
Ease-of-doing-business index, Uganda, 1-189 (2019)	116	2019	WB EDBI
Value creation (% of GDP) (2020)			
Agriculture, forestry and fishing	28.8	2020	WB WDI
Industry	29.5	2020	WB UEU
Manufacturing	16.9	2020	UBOS
Services	41.9	2020	UBOS
Public expenditure, % of GDP (2019)	13.59	2019	WB WDI
Tax revenue, % of GDP (2016)	13.13	2016	OECD
Official development assistance, net per capita, USD (2015)	42.9	2015	WB WDI
Official development assistance, net % of GNI (2019)	6.1	2019	WB WDI
Current account balance, % of GDP (2020)	-9.3	2020	WB WDI
Public debt (int. and ext.), % of GDP (2021)	49.7	2021	MoFPED
Inflation, annual, % (2020)	3.8	2020	WB WDI
Key social data			
Annual population growth, % (2020)	3,3	2020	WB WDI
Average life expectancy (2020)	64	2020	WB WDI
Infant mortality, number of deaths during the first year, % (2019)	3.34	2019	WB WDI
Maternal mortality ration, number of deaths per 100,000 live births (2017)	375	2017	UNFPA
Percentage of population with reasonable access to an adequate amount of water from an improved water source (2015)	79	2015	WHO/UNICEF
People between 15-49 living with HIV, % (2020)	5.4	2020	UNAIDS
Literacy rate, aged 15 and older, % (2018)	76,53	2018	WB EdStats
Primary school enrolment ratio, % (2017)	102.7	2017	WB EdStats
Completion of primary education, % (2017)	52.67	2017	WB WDI
Share of population in extreme poverty, % (2019)	41	2019	WB WDI
Inequality measures as a gini coefficient (2019)	42.75	2019	WB WDI
The poorest 20% of the population, % of GNI (2019)	6.1	2019	WB WDI
The richest 20% of the population, % of GNI (2019)	49.5	2019	WB WDI
Health, % of public expenditure (2019)	3.15	2019	WHO
Social sectors, % of public expenditure ()	-		-
Military expenditure, % of GDP (2021)	2.4	2021	SIPRI
Key environmental data			
Annual deforestation, % (2015)	2.01	2015	UNFAO
Access to improved sanitary facilities, mio. (2020)	28.63	2020	WHO/UNICEF
Population using safely managed drinking-water services, % (2020)	16.65	2020	WHO/UNICEF
CO2 emissions, metric tons per capita (2020)	0.11	2020	GCP
Key human rights data			
Political rights, 0-40 points (2021)	11	2021	Freedom House
Civil rights, 0-60 points (2021)	23	2021	Freedom House

Annex C) Danish Engagement in Uganda



Top 8 Multilaterals present in Uganda*



*Multilateral contributions equals aid activities financed from multilateral development institutions - NOT Danish contributions