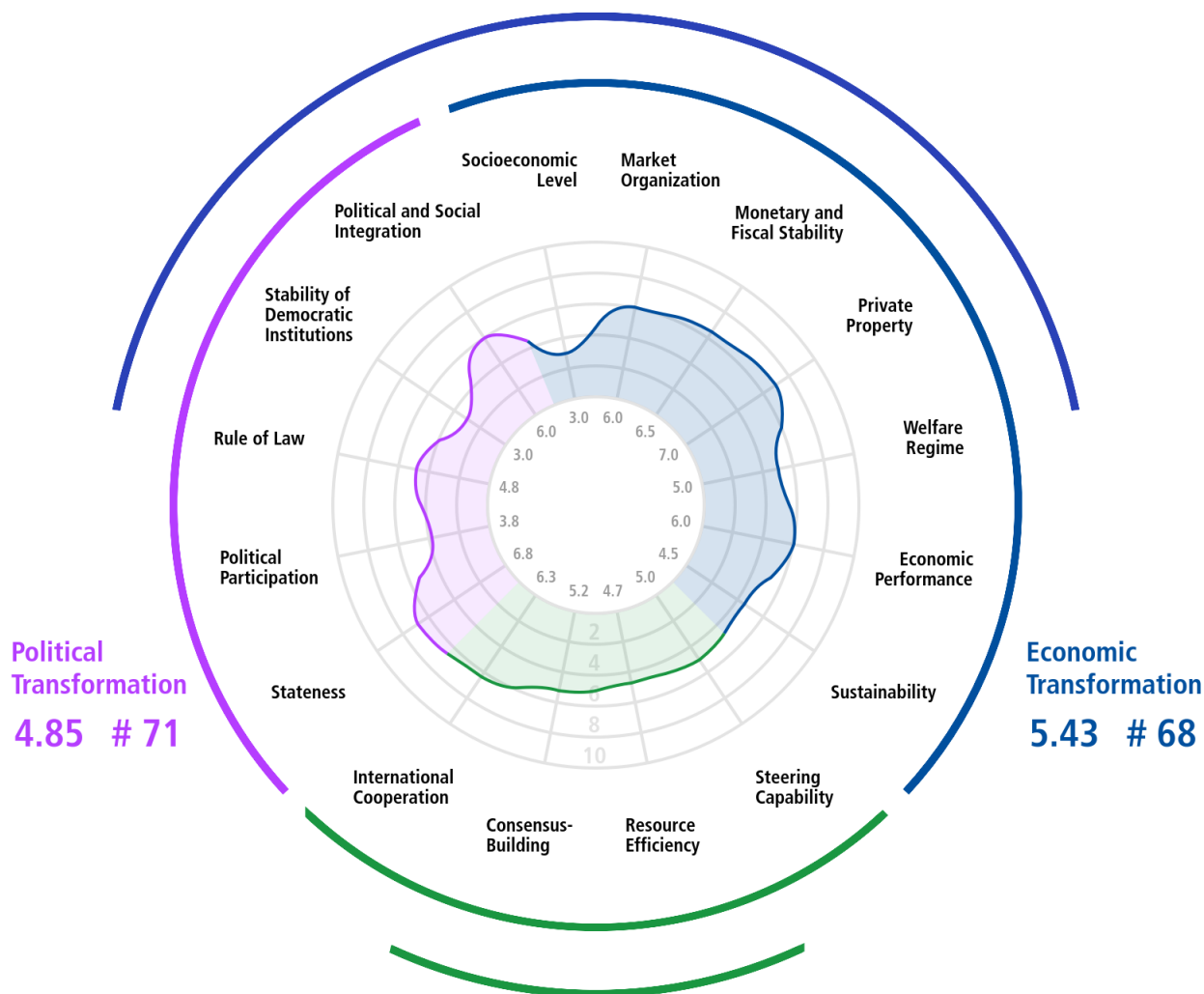


# Uganda

## Status Index

**5.14 # 68**

on 1-10 scale out of 137



## Governance Index

**4.89 # 65**

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2022**. It covers the period from February 1, 2019 to January 31, 2021. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

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**Key Indicators**

Population	M	<b>45.7</b>	HDI	<b>0.544</b>	GDP p.c., PPP \$	<b>2297</b>
Pop. growth <sup>1</sup>	% p.a.	<b>3.3</b>	HDI rank of 189	<b>159</b>	Gini Index	<b>42.8</b>
Life expectancy	years	<b>63.4</b>	UN Education Index	<b>0.523</b>	Poverty <sup>3</sup>	% <b>69.6</b>
Urban population	%	<b>25.0</b>	Gender inequality <sup>2</sup>	<b>0.535</b>	Aid per capita \$	<b>47.4</b>

Sources (as of December 2021): The World Bank, World Development Indicators 2021 | UNDP, Human Development Report 2020. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

## Executive Summary

The period under review was characterized by the continuation of a worrying trend of democratic backsliding in Uganda. The ruling National Resistance Movement (NRM) under President Museveni appears to categorically rule out any possibility of opening up political spaces and allowing true democratic competition. The parliamentary and presidential elections of January 2021 were marred by irregularities, unfair treatment of opposition candidates and violence against their supporters.

The institutions of state, security and the ruling party have become so intertwined that the separation of powers is de facto suspended. A bloated administration, costly system of patronage and corruption, as well as inconsistent policy implementation weaken Uganda's otherwise favorable economic growth prospects. Space for opposition, civil society and independent media has continued to shrink. Political polarization has further intensified. Most Ugandans have lost faith in elections and no longer believe a peaceful democratic transfer of power is possible. Mistrust of the government is at an all-time high, while fear of the security forces has increased considerably in light of the repeated use of violence against opposition supporters and media reports about abductions, forced disappearances and extrajudicial killings carried out by police and the military.

While there were no major internal (violent) conflicts during the period under review, growing tensions and discontent are increasingly seen as a risk to the country's stability. An extremely young population that feels politically marginalized, economically disillusioned and sees no channels for constructive engagement is seen by many observers as a ticking time bomb. The risk is exacerbated by a struggling economy, partly due to the adverse effects of the COVID-19 pandemic.

Uganda's response to the threat of the COVID-19 pandemic was swift and largely effective. In March 2020, the country went into a strict lockdown for several months and borders were closed

except for essential cargo. While the impact on the health system in the country appeared manageable, with a comparatively low number of infections, the economic impact was severe. Economic activity stalled during 2020 due to the lockdown as well as the spillover effects of the disruptions to global demand and supply chains. As a result, public investment and private consumption went down, which took a toll on the industrial and service sectors, especially the large informal service sector. Growth rate projections were corrected significantly downwards from more than 6% to less than 3% for the financial year 2020/21.

Prior to the COVID-19 pandemic, Uganda had recently recovered from a protracted economic slowdown first sparked by the 2011 general elections. Government programs for social assistance were inadequate and reached only a small portion of the vulnerable population. The ambitious goals of the national development plan, including attaining middle-income status by 2020, had to be postponed to the future in light of the pandemic. However, a number of other factors beyond the pandemic contributed to Uganda's meager performance with regard to its national development goals: delays in the long-expected oil production, uncontrolled population growth and poor absorption of funds and financial indiscipline. Externally, persistent instability in eastern Congo and South Sudan continue to affect Uganda, especially given the influx of refugees into the country. Relationships with neighbors Kenya and Rwanda have been difficult, at times turbulent, during the reporting period. Uganda is still widely considered to be an anchor of stability in the region and is respected for its progressive refugee policy and military cooperation. However, Uganda's international reputation has been tarnished by numerous reports of corruption and patronage and a growing disrespect for democratic principles and civil rights.

## History and Characteristics of Transformation

Uganda's first experience with multiparty democracy ended seven years after independence. At the end of 1969, President Apollo Milton Obote, very much in line with contemporary African political thinking, enforced a one-party state. Obote and his Uganda People's Congress (UPC) government were overthrown by a military coup in January 1971, followed by eight years of Idi Amin's tyranny, the misdemeanors of which earned the country international stigma. When Uganda's military clashed with Tanzania, this neighboring country under the leadership of Julius Nyerere defeated Amin (later to die in comfortable exile in Saudi Arabia). Nyerere's troops received some assistance from Ugandan forces formed in Tanzanian exile –from soldiers loyal to Obote as well as from guerilla fighters of the Front for National Salvation (FRONASA) created by Yoweri Kaguta Museveni. In a situation of instability, multiparty elections were held in December 1980. Among the parties contesting the ballot was the Uganda Patriotic Movement (UPM) formed by Museveni, drawing on FRONASA and offering new perspectives beyond the ethnic and religious orientation of the old political forces. The elections, though observed by the Commonwealth, indeed were manipulated to the extent that ensured a majority for UPC and for Obote again becoming president (Obote II, 1980–1985). Barely two months after the perceived election fraud, Museveni started a guerilla campaign against the Obote government. In mid-1985,

Obote was toppled by his own army for the second time. After a half-year interregnum, the National Resistance Army (NRA) and the National Resistance Movement (NRM) led by Museveni took power and he was sworn in as president on January 29, 1986. He co-opted other guerilla forces and political groups to form a “broad-based government.” The state structure was modeled along the lines of the local “resistance councils,” a sort of grassroots and bottom-up approach, which left no room for activities by political parties. The concept was to establish a “no-party democracy” with strong participatory elements (“movement system”). After elections of the Constituent Assembly in 1994, a new constitution was drafted and entered into force in 1995. The movement system was still in operation, with elections being based on personalities. In 2005, the NRM, now firmly entrenched and closely interwoven with the state structure, accepted the return to the multiparty dispensation, which was confirmed by a referendum. Opposition forces were able to enter the political arena, even if the playing ground was (and still is) not level and accusations of election rigging continue to be raised. Meaningful economic transformation started in the early 1990s, as formerly cherished left-wing ideas about the economy faded away. Museveni’s government followed the prescriptions meted out by the international financial institutions. Despite a notable record with regard to market-oriented reforms and the preservation of macroeconomic stability, there has not been much structural transformation of the economy itself. The discovery of massive crude oil and natural gas deposits in 2006 raised expectations of a significant economic boost. These expectations have however been lowered over time, as actual exploitation continues to be delayed and calculations of expected revenues had to be adjusted downwards.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

## Transformation Status

### I. Political Transformation

#### 1 | Stateness

The state, in principle, wields a monopoly on use of force and exercises full control over the entire territory. Relations with neighboring states are positive. However, a dispute centered on accusations of spying and mistrust with Rwanda led to a spat and closure of the Uganda Rwanda border in February 2019. The tension between the two states boiled over when Rwanda accused Uganda of harboring persons hostile to the government in Kigali. Uganda on other hand had long suspected Rwandan agents of infiltrating its security agencies. There have also been reports of Rwandan security agents killing or kidnapping targets living in Uganda.

While internal armed conflicts have long been contained, Uganda remains affected by security crises within the region. The number of refugees hosted in the country continued to increase, exceeding 1.4 million by the end of 2020 (UNHCR data). More than 60% of the refugees are from South Sudan, around 30% from the Democratic Republic of the Congo, and the remaining 10% from various countries in the Great Lakes and Horn of Africa region.

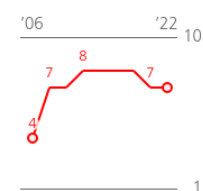
Perception of security among the population has recently declined on account of rising violent crime and the erosion of trust in state institutions. The roles of police, the military, special forces and informal groups have been blurred, as all of these can respond to simple internal incidents, such as stopping political processions and protests. In highly contentious political situations – especially during election campaigning – the military have been deployed liberally. The legitimacy of the police is undermined by allegations of criminal activity and cooperation with informal security groups. The lack of trust has fueled incidences of mob justice, which sporadically challenges the state's monopoly on the use of force.

The threat posed by international terrorism is also a challenge since Uganda is seen as a target due to the country's role as a major contributor of troops to the African Union Mission in Somalia.

Question  
Score

Monopoly on the  
use of force

7



The concept of the nation-state and the legitimacy of the state are generally accepted. All political actors usually aim at gaining control of the whole country instead of claiming independence of a particular area. Calls for secession by the central region of Buganda or the north are occasionally made but are usually not taken as a serious threat in mainstream political discourse. However, with growing political polarization and the repeated extension of President Museveni's rule, some few individual leaders, including members of parliament, are presenting the idea of an independent "Nile Republic" in the north of the country. Meanwhile in Buganda, Uganda's heartland, some neo-traditionalists campaign for a "federo" (federal) system of government. The term appears to be a cipher for regaining a once-dominant position.

Diversity of languages, ethnic groups, traditional sociopolitical organization and religious affiliation is a marked characteristic of Uganda. This poses challenges to national cohesion, since politicians frequently tend to give priority to the perceived interest of their group, playing the ethnic card.

Citizenship is regulated by the constitution (Chapter 3) and pertinent laws. It is reserved for individuals with a parent or grandparent who was a citizen of Uganda. Usually, the authorities are quite hesitant to naturalize refugees, though this is legally possible.

The constitution accords no special status to religious communities, and the adoption of "a state religion" is explicitly ruled out (Article 7). Yet in society, religious orientation plays a significant role, and all political actors take this into account. Freedom of religion is a protected right, alongside freedom of conscience, expression, movement, assembly and association (Article 29).

Among Christians, evangelical and Pentecostal groups have emerged as serious competitors to Catholics and Anglicans. They have over the years gained prominence and now wield considerable influence due to their large number of adherents, the relative wealth of popular pastors and their ability to influence national discourse on matters related to family and community life. They have for years been able to withstand repeated calls and attempts to regulate their activities and incomes. Parts of the government and especially the so-called first family maintain close links to evangelical circles, internationally as well as domestically.

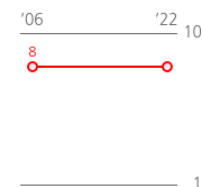
Ugandan Muslims are divided by factionalism, but extremism is not significant within this community.

Christians and Muslims mostly live together peacefully and share a common position on social issues, especially when it comes to the preservation of "traditional" societal norms such as the intolerance of homosexuality.

Religious dogmas filter into political discourse occasionally. A cross section of religious groups heavily lobbied for the passage of the contentious homosexuality

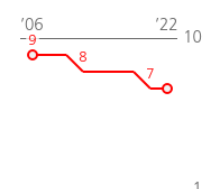
#### State identity

8



#### No interference of religious dogmas

7



bill, which was passed into law in 2014. It was later annulled by the Constitutional Court, but calls to return the bill to parliament resurface every so often. The Ethics and Integrity Minister Simon Lokodo has often interpreted his role through a religious lens. While his office is responsible for matters related to corruption and ethics within the public service, a frequent target of his ire have been LGBTQ+ NGOs and a campaign against what he considers immorality in Ugandan society.

The state has a basic administrative structure which provides essential public services. Significant discrepancy in availability and quality of public services between urban and rural areas exists. In addition, large discrepancies exist within urban areas, where slum dwellers reside in precarious conditions, with limited access to safe water and sanitation, health services and other basic amenities. The COVID-19 pandemic and the ensuing containment measures further exacerbated these fault lines. Families living in poverty have become poorer and there is increased crime. While security officials were put in place to monitor respect of the pandemic-related restrictions, they often contributed to rights violations.

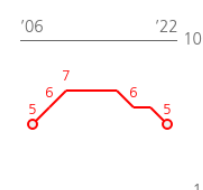
Decentralized state structures, especially at the district level, are supposed to play a key role in administration and service delivery. However, their performance is hampered by inadequate revenue and resource allocation.

Government health services cover the entire country, but providers operate under deplorable conditions due to underfunding. Understaffing, lack of equipment and training, and low pay, undermine the performance of health workers. Access to suitable sanitation facilities remains limited. Access rates have stagnated over the past few years, with the latest available data from 2015 showing that access to improved sanitation services stood at only 19%. At 79%, access to adequate water sources was close to the international average of 85%. Modern communication systems have developed quickly. Internet penetration has increased to more than 20 million users in 2020, making up about 50% of the population. The growth in users can be primarily attributed to the COVID-19 pandemic and the shift to remote working.

Access to courts and corresponding judicial services is in theory available everywhere, but in practice diminishes considerably at the local level. The judicial system still suffers from major human resource gaps, and case handling is slow. Moreover, the lower courts and the police are often accused of corruption.

Basic  
administration

5





## 2 | Political Participation

Elections are regularly held at national level and the different local government levels. Universal suffrage is guaranteed for all Ugandans over 18 years. However, registration is finalized months before elections are held and therefore voters who turn 18 after this deadline, or those who fail to register within the provided window, are unable to vote. Elections to parliament are based on a first-past-the-post system. In 2021 there were 353 constituencies for directly elected parliamentarians, an increase of 63 compared to 2016. Over the same period female representatives increased to 146 (one per district). In separate procedures five representatives for each group are elected to represent youth, the elderly, workers and persons with disabilities, and finally 10 soldiers to represent the army.

Nationwide elections for the office of president and for parliament took place on January 14, 2021. The political landscape has shifted since the last election in 2016, with the entry of the new National Unity Platform led by the popular member of parliament for Kyadondo East, Robert Kyagulanyi aka Bobi Wine. Museveni was endorsed to run, after his party succeeded in clearing the last hurdle to his candidacy.

The Electoral Commission (EC) scheduled presidential campaigning to run between November 9, 2020 and January 12, 2021. Political campaigning was, however, severely restricted ostensibly due to the COVID-19 pandemic. Candidates were advised to restrict themselves to campaigning through radio, television, social media, community-based public address systems and other online platforms. The opposition viewed this as yet another excuse to curb their campaigns.

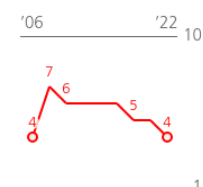
Violence had characterized previous campaigns.

Confidence in the electoral process is declining steadily, and the election commission is accused of favoring President Museveni and the ruling NRM.

The 2021 election was characterized by an internet and social media blackout, the opposition being blocked from accessing radio and television stations and widespread reports of faulty biometric voter machines. Opposition candidates reported numerous cases of irregularities and general dissatisfaction with the process. There were fewer electoral observation missions in 2021; the European Union announced a few weeks into the election campaign that it would not deploy observers and the United States failed to get accreditation for all their observers and as a result announced they would not participate in the exercise.

Free and fair elections

4



Elected representatives and office holders have to a large extent effective power to govern. Uganda's political reality is a blend of democratic processes and outright authoritarianism. Loyalty to Yoweri Museveni and his government is assured through political patronage. Dissidence is dealt with using violence or denial of economic rights such as in the case of Robert Kyagulanyi, whose music concerts were banned because of his politics. Democratic institutions are a mere facade and decision-making de facto does not follow democratic procedures.

The major veto holder is the army. For a long time, its top leadership consisted of Museveni's comrades-in-arms from the guerrilla wars. Gradually, and to the chagrin of some of the old guard, a shift took place to younger military leaders, often associated with Museveni's son, Muhoozi Kainerugaba.

Powerful army personnel dominate the internal security apparatus, including intelligence agencies and the Uganda Police Force (UPF). There is now a marked trend in appointing top army chiefs to lead the police forces. Museveni has made it clear that they serve at his pleasure and running afoul of him will result in swift replacement. In December 2020, former Deputy Inspector General of Police, Major General Muzeyi was replaced after only three years in the job and placed on "katebe" (undeployed).

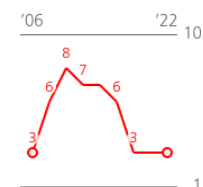
With the reintroduction of multiparty politics in 2005, individuals are able to join independent political groups and parties have been established since the last election. In 2019, the National Unity Platform was founded. The Alliance for National Transformation was also formed in the same period. Both parties fielded candidates for the presidency and other electoral positions in the 2021 elections.

While civil and political groups can assemble, the extent to which they can do so is often severely curtailed through a mixture of laws and administrative procedures. The constitution guarantees the "freedom to assemble and to demonstrate together with others peacefully" and the "freedom of association." In March 2020, the Ugandan Constitutional Court annulled the Public Order Management Act and declared all acts under the law null and void. Specifically, Section 8, which granted the police broad authority over public gatherings was struck down for being unconstitutional.

The COVID-19 pandemic enabled the government to design guidelines limiting mass gatherings, including political rallies. Those who planned any such gatherings were expected to abide by the health guidelines laid down by the health ministry and electoral commission. The guidelines limited participants in a gathering to 200. The nadir in the application of the pandemic-related health guidelines for public meetings took place in November 2020, following the arrest of opposition presidential candidate, Kyagulanyi, for allegedly violating pandemic-related health guidelines while holding a rally in the east of Uganda. The arrest of Kyagulanyi led to protests in Kampala that lasted more than two days. The protests were violently broken up

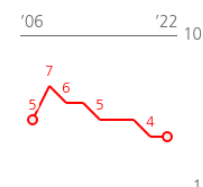
Effective power to govern

3



Association / assembly rights

4



using tear gas and live ammunition leading to widespread destruction, hundreds of injuries and at least 54 dead, with many others arrested.

A large variety of NGOs exists. In most cases, they can work freely and cooperate with foreign partners. At the local level, however, NGOs tend to shy away from political topics for fear of provoking the government. The government has passed various laws and regulations intended to curtail the activities of NGOs. NGOs promoting the rights of LGBTI communities are at risk of being banned for allegedly failing to comply with these obligations.

Although undermined in practice, freedoms of expression and the press are provided for in Uganda's constitution. A diverse media scene provides a platform for plurality of opinion and a culture of openly debating controversial topics, even if media houses know not to touch certain topics, such as speaking ill of the president's family. However, Uganda continues to fall in the World Press Freedom Index from Reporters Without Borders. In 2020 Uganda was ranked 125 out of 180 countries, down seven places from 2018. The primary reasons for the decline in press freedom include government interference with media outlets, self-censorship as media managers struggle to keep shareholders happy amidst declining sales and advertising revenues, bribery in the sector and security forces targeting journalists with violence.

Journalists most at risk of attacks have been those covering opposition politicians. For instance, in December 2020, one journalist covering presidential candidate Robert Kyagulanyi spent weeks in a coma after he was hit with a rubber bullet, while another sustained injuries after a police officer lobbed a teargas canister at them.

During the election campaign security organs blocked Robert Kyagulanyi from accessing radio stations. Police at the time claimed he was disobeying COVID-19 pandemic guidelines.

Laws to regulate internet and social media activities have been used in some cases to shut down critical voices. A case in point is that of using the cyber harassment law in 2019 to convict but later acquit academic Stella Nyanzi, for criticizing President Museveni in Facebook posts.

The 2021 general elections were held under an internet and social media blackout. Facebook has remained offline, even after the election. President Museveni claims the government is retaliating against the social media giant for closing accounts promoting him and his political party.

Freedom of expression



### 3 | Rule of Law

Uganda's constitution provides for institutional differentiation of state organs and division of labor in accordance with their functions, as well as checks and balances. However, these are often overstepped, usually by the president, and separation of powers has largely been undermined.

The president's interference with the judiciary is often tacit. Judges whose rulings are couched to favor the ruling NRM are promoted rapidly, while careers of those considered independently minded stagnate. As a result, Uganda has over the years seen a steady stream of what observers call cadre judges make it to positions such as chief and deputy justices. The president is often opposed to giving bail, especially to opposition politicians and their supporters. As a result, cases of security forces waiting outside court premises and then arresting individuals released on bail has become a common occurrence.

The judiciary and parliament are unable to provide an effective check on the executive. An overwhelming number of seats in parliament are held by ruling party MPs, and they often serve as a rubber stamp on the executive's proposals. The priority of most MPs is generally considered to be how to tow the party line, rather than how to represent their constituents' wishes.

Parliament cannot currently pass laws that displease the president, as he will intervene by calling the majority NRM legislators for a caucus meeting in the State House. One example is the February 2020 caucus meeting which was called after members of parliament halted implementation of a new curriculum for secondary schools due to a lack of preparation. For their cooperation, legislators will be awarded allowances from the president.

In response to the pandemic, in March 2020 President Museveni closed schools, announced a total lockdown, suspended private and public transport and introduced dusk to dawn curfew measures for the few essential workers, without an enabling law in place. A state of emergency to deal with the coronavirus pandemic was not declared, despite public calls from among others, the speaker of parliament and the chief justice. The lockdown had severe consequences on health, livelihoods and economic development, with the worst effects falling on Uganda's poor. Some COVID-19 pandemic-related measures have since been eased while others remain in place.

Separation of powers

4

'06 '22 10



Independence of the judiciary is guaranteed by the constitution (Article 128) and the structure of the judicial system is well defined. The judiciary is mandated to uphold and interpret the constitution and its attendant laws.

Judges are recommended by the Judicial Service Commission for appointment by the president. Parliament approves the appointees. On June 19, 2020, President Museveni passed the Administration of Judiciary Act. This piece of legislation is supposed to operationalize independence of the judiciary as envisioned by chapter 8 of the constitution. The act grants the chief justice and his deputy a one-time lump sum payment on retirement. The new Chief Justice Alfonse Chigamoy Owiny-Dollo and Deputy Chief Justice Richard Buteera were sworn into office by President Museveni on September 8, 2020.

The new chief justice inherits a judiciary whose performance has long been inefficient, with many citizens finding it hard to access justice. Trials are easily politicized by judges yielding to political influence. Judges are susceptible to a president who has repeatedly attacked the judiciary in public when disagreeing with its judgments. In a number of incidents, courts have been raided by armed security forces and suspects were (re)arrested in the precincts of courts. The judiciary faced allegations of corruption and has largely been blamed for the crisis of land grabbing that is rampant in central and parts of northern Uganda. The backlog of cases is another problem that was exacerbated by the COVID-19 pandemic.

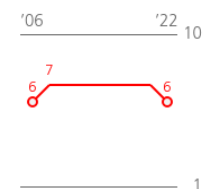
Despite having a detailed legal framework and institutions in place designed to ensure the proper functioning of public institutions and oversee civil servants and officeholders, corruption remains a big challenge in Uganda, affecting almost all aspects of daily life. The police and judiciary have been singled out for being the most corrupt, but investigations and prosecutions do not go far enough to curb this vice. The Inspector General of Government has had some success in investigating and prosecuting cases of corruption in the public sector but is crippled by a lack of adequate resources to conduct investigations more effectively. In the most recent report of the Inspectorate of Government (IGG) covering the period January – June 2020, the highest number of complaints were made against district government agencies and officials. This fuels the belief that the IGG goes after small thieves, while leaving untouched those who steal considerably more public resources.

Another major challenge to accountability over corruption cases are the long delays in conclusion of cases. There is a growing backlog of cases at the anti-corruption division of the high court and too few judges to hear corruption cases. The long delays fuel the notion that impunity for crimes prevails.

Upon a directive from the president, in 2020 the unit arrested four top government officials in the Office of the Prime Minister who were accused of inflating COVID-19 pandemic relief food prices. While such prominent cases are used to emphasize the government's commitment to fighting corruption, implementation of anti-

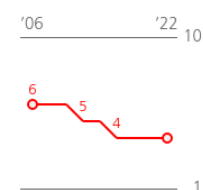
Independent  
judiciary

6



Prosecution of  
office abuse

4



corruption recommendations and sanctions, made by the relevant institutions remains low. Many high-level cases of corruption do not lead to prison sentences, creating an impression that there is impunity for those loyal to the president.

Uganda is a signatory to numerous international human rights treaties. Chapter four of its constitution guarantees protection of human rights and fundamental freedoms. Several statutes, as well as case law, further strengthen their protection. The Uganda Human Rights Commission (UHRC), established by the constitution, is empowered to monitor the protection of human rights and investigate complaints concerning human rights violations. The commission has powers similar to a court of law and can decide various remedies, including compensation, in cases where human rights violations have been established.

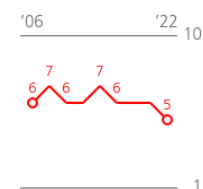
As Uganda slides more toward autocratic rule, the state of human rights in the country has become dire. Civil and political rights are at great risk, as the government seeks to curb their exercise through the passage of various laws and regulations and the application of the state machinery (including the security services). Gross human rights violations against citizens are frequently reported, with cases of arbitrary arrests, kidnappings, torture, lack of due legal process, unlawful killings and illegal detention topping the list.

Gender equality is guaranteed in the constitution. In practice, women continue to be disadvantaged. Sexual harassment of women constitutes a major problem in all spheres of society. Violence against women is on the increase, despite the presence of laws and policies to protect victims. Gender based violence remains an issue and is rarely prosecuted. Sexual minorities continue to face discrimination in the country and homosexual acts remain criminalized by a statute maintained from colonial times.

The first case of COVID-19 was confirmed on March 21, 2020. At the start of the pandemic, announcements related to the development of the disease in the country were given by President Museveni or by the minister of health and broadcast live on public and private TV and radio. Freedom of movement and public gatherings were curtailed initially for a period of 32 days. These measures were later extended multiple times in line with the progress of the disease in the country.

#### Civil rights

5



#### 4 | Stability of Democratic Institutions

As Museveni's grip on power tightens, democratic institutions have been increasingly weakened, which creates friction. Democratic institutions exist from the village to national level, but President Museveni - in power since 1986 - has ensured his party is intertwined with the state apparatus. Structures of governance overlap. For example, judges are appointed to work for the executive arm of government, despite a court ruling in 2010 that this was unconstitutional. Judges are supposed to resign their judicial roles before assuming assignments from the executive, but this has been ignored by the president, who makes appointments, which are subsequently approved by the parliament.

President Museveni appointed his brother General Salim Saleh to lead an institution intended to improve agricultural productivity through provision of extension services. The institution is now manned by the army instead of technical people from the Ministry of Agriculture.

At local government level, the president appoints a resident district commissioner (RDC) to supervise the district and to head the security committee. The central government already has a ministry in charge of local government and a district police commander to handle security.

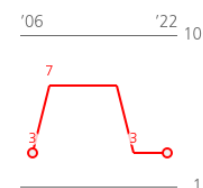
Interference by the RDCs is, however, not the only challenge. Though decentralization is a major feature of the system of governance, local institutions are underfunded and dependent on central government. Authoritarian tendencies are even stronger at the local than at the national level; opposition parties often do not have the opportunity to engage effectively in local governance. Many elected leaders at the local level demonstrate a lack of understanding of their roles and responsibilities.

Democratic institutions created under the 1995 constitution enjoy a certain level of acceptance by the relevant political actors. On the surface, the multiparty system is supported as the appropriate framework for organizing political competition and people regard elections as the proper way to choose their leaders at all levels. However, the president and the ruling party control the playing field, blocking most activity from competing political parties, which undermines the system.

Election results have repeatedly been contested in the past. Members of the NRM treat other parties with disrespect and constantly dispute the relevance of their contribution to democratic discourse. Opposition activities are considered to be a nuisance by many government actors. Tolerance of divergent political views is often lacking, especially in the rural areas. The effective veto holder remains the army leadership, which is closely entangled with the (democratic) institutions of political leadership.

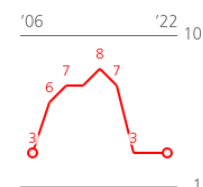
Performance of democratic institutions

3



Commitment to democratic institutions

3





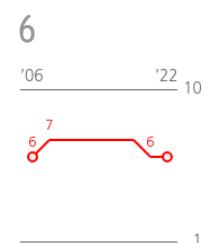
The pandemic has been managed primarily through direct legislation and executive orders, with the president and the Ministry of Health at the forefront. The president chose not to adopt emergency measures, hence limiting the role of parliament and their oversight role in the process. In general, enforcement of pandemic-related regulations have been by the police, army and its auxiliary forces. Security forces have been utilized to enforce adherence, which has resulted in frequent violations of human rights.

## 5 | Political and Social Integration

As of November 2020, 26 political parties are registered and approved by the Electoral Commission in Uganda. The oldest political parties from independence, the Democratic Party (DP) and the Uganda People's Congress (UPC) are still active on the political scene but with no clout. Two new political parties entered the scene in the last two years, the National Unity Platform (NUP) and the Alliance for National Transformation (ANT). ANT embarked on a drive to build its grassroots network, but these are not yet strong or established. Since the return to multiparty democracy in 2005, the Forum for Democratic Change (FDC) has provided the greatest challenge to the dominance and hegemony of the NRM in Uganda's political landscape. Originally formed by former close associates of President Museveni, the party fielded Kizza Besigye as a candidate in three elections. In 2021, it fielded Patrick Oboi Amuriat. NUP initially began as a people power movement built around the personality of member of parliament Robert Kyagulanyi and his desire for democratic change in Uganda. It was eventually relaunched as a NUP, fielding several candidates for parliamentary and local council positions. While the party has captured public attention, and resonates especially with the youth, it is tightly linked with the personality of Bobi Wine and there is still some work to be done in building party structures across the country. In general, opposition parties are characterized by a low degree of institutionalization and coherence. They have in the past suffered from numerous internal conflicts.

NRM is ideologically based on Museveni's ideas and "vision." It is knitted together by a common interest to maintain power and to remain part of the clientelistic network closely connected to the state and its resources. Museveni's style of leadership follows a patrimonial pattern more than one of grassroots democracy. Since the 2016 elections, Uganda has become a de facto one-party state. Voters, if not directly bribed, tend to lean toward the ruling party, expecting tangible local improvements, especially in rural areas. The success of parties depends on their effective power as perceived by the voters. Overall, parties rely more heavily on personalities than on programs or ideologies.

### Party system





Cooperative societies, whose members are primarily farmers, have - since before independence - been the greatest source of grassroots organizing. As cooperatives have waned, civil society in Uganda has since been occupied by non-governmental organizations (NGOs) whose existence is largely donor funded. NGOs are active in the field of human rights, gender issues, climate change and combating corruption. These NGOs are vocal and have inevitably attracted harassment from the government through various regulations, including the 2016 NGOs Act. Most NGOs are dependent on foreign funding. The dominance of large, well-funded NGOs and the increasing commercialization of the NGO landscape has raised concerns about their mandate and legitimacy. This is further fueled by a lack of accountability and increasing corruption within NGOs.

On January 2, 2021, Museveni suspended the operations of the Democratic Governance Facility (DGF) a major donor in the governance sector that has been providing financial and technical assistance to state and non-state actors. He accused DGF of financing activities and organizations designed to subvert the government under the guise of improving governance. More conventional associations include the various religious (Christian and Islamic) organizations. The Inter-Religious Council of Uganda (IRCU), the Uganda Joint Christian Council (UJCC) and religious leaders in general tend to take a mediating or moderating role during times of political conflict. The kingdom of Buganda is able to rely to a certain extent on deep-rooted structures to generate public support for some of its demands.

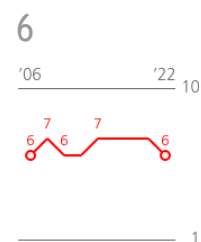
Workers employed in the formal sector have dedicated representation in parliament but these are of little political relevance. Formal sector employers in manufacturing, banking, insurance, and telecommunications are strong enough to lobby different government agencies through associations and even as individual companies.

The other strong alliance rallies around the cause of ending President Yoweri Museveni’s rule. This alliance is currently led by Bobi Wine, who having come to parliament through a by-election in 2017, rallied public sentiment against Yoweri Museveni’s continued presidency to form a movement called people power.

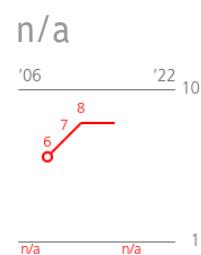
According to Afrobarometer (2019), 81% of Ugandans prefer democracy to any other form of government. There is however growing disillusionment with how democracy works in practice, given years of militarization and the government’s expansion of autocratic tendencies. Increased disrespect for democratic principles by institutions and egregious violations of human rights by the police and military has further dampened enthusiasm.

The level of trust in democratic institutions continues to decline as they have proved unable to check excesses of and violations of democratic principles by the executive. For instance, fewer than half of Ugandans had trust in institutions managing elections

Interest groups



Approval of democracy



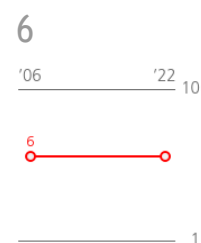
to do their best to ensure that the 2021 elections are free, fair, and credible. This included political parties, security agencies, courts of law, and the president.

Government health guidelines introduced to limit the spread of COVID-19 further exacerbated the underperformance of democratic institutions. While many Ugandans had expressed hope for democratic change in the 2021 elections, these hopes have been dampened as the belief that a peaceful transition of power is impossible is gradually taking hold. Only half (51%) of respondents feel the country is headed in the right direction, a decline from 64% recorded in 2015 (Afrobarometer, 2020/21 survey).

The majority of Ugandans are either poor or live one crisis away from poverty. In those times of crisis, such as when the government instituted a nationwide lockdown in response to the pandemic, people depended on family, friends and relatives to survive. The lockdown instituted by President Yoweri Museveni in March 2020 was supposed to be an exception, where people didn't have to depend on family and friends, since the government promised food to the poor and emergency transport services for the sick. The government delivered some food to the poor, but it was inadequate in terms of both quantity and quality. Emergency services were sporadic, leaving family, religious institutions and other civil society networks to pick up where the government had failed. Ugandans contributing charity items to be distributed by the government is a rare occurrence, since voluntary work is usually organized around religion and people's churches.

Traditionally community-based institutions such as credit and saving societies, burial-funding associations or church lay committees are based on mutual trust and reciprocal support. Customary law is still obeyed in large parts of rural Uganda; local self-help schemes are in place and clan elders may settle inheritance cases or neighborhood issues. However, this is not always successful, given the many neighborhood or family struggles over land and property that occasionally turn violent. Overall, the level of trust is low among the population. 92% of Ugandans agreed that one should be very careful when dealing with other people (Afrobarometer 2019).

Social capital



## II. Economic Transformation

### 6 | Level of Socioeconomic Development

In the UNDP's 2019 Human Development Index (HDI) Uganda is ranked 159 out of 189 with a score of 0.554, putting it in the category of low human development.

Poverty rates in the country remain high, with information from the Uganda Bureau of Statistics showing that approximately 10.1 million people live below the national poverty line of \$1.25 a day. In 2020, Minister of Finance, Planning and Economic Development Matia Kasaija commented that the COVID-19 pandemic would cause further suffering, with 780,000 people expected to fall into poverty.

The concentration of poverty remains higher in northern and eastern Uganda and especially in the marginalized region of Karamoja.

High birth rates continue to impede poverty reduction as GDP growth is canceled out by the rapidly increasing population.

Income inequality has been rising in the last few years. With a score of 42.8 on the Gini Index (2016), Uganda shows a higher degree of inequality than neighboring Tanzania and Burundi, but less than Kenya and Rwanda. The gap between a tiny, exceedingly rich segment of the population, and the poor is widening. The UNDP puts the overall loss in the HDI due to inequality for Uganda at 26.7% (2017). The 2019 Gender Inequality Index, which measures disparities with regard to reproductive health, empowerment and the labor market, awards Uganda a score of 0.535, compared to an international average of 0.607.

Uganda is one of the youngest countries in the world, with over 78% of the population below the age of 30. Young people are particularly affected by inequalities in access to education and suffer from a lack of employment and other economic opportunities. While Uganda's urban population has been growing, around 75% of the population still lives in the countryside, largely dependent on subsistence agriculture. A large portion of the population is excluded from the formal labor market and its related social security mechanisms.

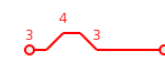
The COVID-19 pandemic is expected to further exacerbate inequality and exclusion for the urban poor and those in formal employment.

Question  
Score

Socioeconomic  
barriers

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<b>Economic indicators</b>		2017	2018	2019	<b>2020</b>
<b>GDP</b>	\$ M	30744.5	32912.3	35170.0	<b>37372.0</b>
<b>GDP growth</b>	%	3.8	6.2	6.8	<b>2.9</b>
<b>Inflation (CPI)</b>	%	5.6	2.6	2.9	<b>3.8</b>
<b>Unemployment</b>	%	1.8	1.8	1.7	<b>2.4</b>
<b>Foreign direct investment</b>	% of GDP	2.6	3.2	3.6	-
<b>Export growth</b>	%	34.2	9.3	4.3	<b>3.3</b>
<b>Import growth</b>	%	2.5	8.4	7.0	<b>-9.7</b>
<b>Current account balance</b>	\$ M	-1487.5	-2302.2	-2332.6	-
<b>Public debt</b>	% of GDP	33.6	34.8	37.0	<b>44.1</b>
<b>External debt</b>	\$ M	11672.7	12315.1	13971.1	<b>17206.8</b>
<b>Total debt service</b>	\$ M	187.9	529.0	299.9	<b>692.5</b>
<b>Net lending/borrowing</b>	% of GDP	-2.5	-2.7	-3.5	-
<b>Tax revenue</b>	% of GDP	11.6	11.7	12.3	-
<b>Government consumption</b>	% of GDP	8.0	8.6	8.8	<b>9.5</b>
<b>Public education spending</b>	% of GDP	2.3	2.1	2.6	<b>3.0</b>
<b>Public health spending</b>	% of GDP	1.0	1.0	-	-
<b>R&amp;D expenditure</b>	% of GDP	-	-	-	-
<b>Military expenditure</b>	% of GDP	1.1	1.2	1.8	<b>2.6</b>

Sources (as of December 2021): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

## 7 | Organization of the Market and Competition

For the last 30 years, Uganda has pursued a liberal approach to managing the economy. With the exception of electricity, where the government - who is the main investor - controls pricing, Uganda operates a market economy. Government rhetoric and policy emphasizes the importance of foreign direct investment (FDI) - with an ever-increasing focus on Chinese investment. To attract FDI Uganda has previously operated a generous incentive scheme that grants free land and tax breaks. Some Ugandan businessmen have argued that incentives for foreign investors makes competition hard for locals. Entry and exit barriers and regulations on investment are in place, but overall, they do not interfere negatively.

Despite some limitations, the climate and the legal framework are favorable toward FDI. The business environment has incentives for FDI such as tax waivers and no restrictions on technology transfer and repatriation of funds by foreign investors. But it also defines sector-specific performance conditions (e.g., monitoring by Ugandan authorities, employment and training of Ugandan staff, use of Ugandan goods) and sets minimum values for investments which may be altered by the government at any time. This creates a potential uncertainty for investors. The private sector has evolved to create cartels or cartel-like tendencies, which undermine the principles of competition and encourage price-fixing by major players.

In the World Bank's 2020 Doing Business report, Uganda is ranked 116 out of 190, up 11 places compared to the previous report. Uganda continues to perform poorly with regard to the ease of doing business. The average number of procedures required to start a business remains high, at 13, compared to five and seven procedures respectively in neighboring Rwanda and Kenya. Furthermore, the average number of days to start a business is 24 with a score of 40.5 for costs.

Imperfections affecting the markets are caused by partial weaknesses of institutional structures, especially the limited capacities to provide advisory and regulatory services and to adopt competition-enhancing policies. Moreover, the pervasive corruption and inadequate operation of the state bureaucracy pose serious obstacles to a beneficial environment for private competition. Much of Uganda's economy is driven by the informal sector, estimated to contribute about half of GDP and to employ approximately three-quarters of the workforce.



The government abolished the monopolies it used to hold in the areas of banking, telecommunications and manufacturing. Banking is one of the sectors where questions exist about why interest rates on loans and those paid to depositors are not a true reflection of the cost of money in Uganda. Coupled with what some call arbitrary charges for commercial bank users, there have been further questions over why ostensible competition in the banking sector is not translating into improved services for the customer. Similar questions have been raised about providers of communication services, where the existing telecommunications companies are accused of holding the market captive with expensive but low-quality services.

As a member state, Uganda should be subject to the regime of the Common Market for Eastern and Southern Africa (COMESA) as well as the East African Community (EAC). However, the implementation of these has failed for businesses operating within Uganda's boundaries because there is no enabling law. The absence of a specific competition law hampers progress at the regional level, as the EAC antitrust regulator cannot be empowered without corresponding domestic legislation in Uganda.

A number of sector-specific laws (e.g., for energy, pharmaceuticals, banking and insurance) contain provisions regarding competition rules. However, the adoption of a draft Competition Bill has been delayed for several years. Several other commercial bills have also been under development for years. By the time of writing in January 2021 the status regarding their passing into Ugandan legislation was still unclear.

Uganda's role in international trade is affected strongly by the fact that it is a landlocked country situated far from the ports of the Indian Ocean. Raw materials, coffee, tea and cotton, are still among the country's leading export products.

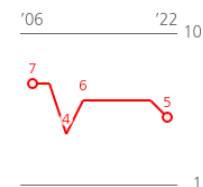
Uganda is an original member of the WTO and signed the General Agreement on Tariffs and Trade (GATT) shortly after independence. As a member of the EAC, Uganda's major trade policy instrument since 2005 has been the EAC common external tariff (CET). The EAC CET in general applies a zero rate to raw materials and capital goods, a rate of 10% for intermediate goods and 25% for finished goods. In addition, there is a list of sensitive products, which has been reduced in recent years to remove barriers to intraregional trade.

Uganda's most tariff-protected sector continues to be agriculture, with "tariff bindings cover(ing) 15.9% of all its tariff lines" according to the last WTO Trade Policy Review Report of 2012. The least tariff-protected sector was mining and quarry activities, including petroleum products. COMESA and EU countries are major exporting destinations. EAC countries that belong to COMESA apply a preferential tariff on imports from other COMESA countries.

Regulatory constraints and trade taxes (import tariffs and export taxes) continue to some extent to promote non-competitive industries and constitute an impediment to

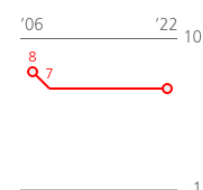
### Competition policy

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### Liberalization of foreign trade

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exports. The simple average MFN applied tariff was 12.7% in 2017. Export subsidies are not provided. There is no specific anti-dumping, countervailing or safeguard legislation in Uganda, but COMESA and EAC Customs Union regulations cover these issues.

Uganda's banking sector has been stable and well capitalized since its restructuring in the 1990s. The sector was privatized and regulation was enacted to make it possible for Uganda's banks to work in compliance with international standards.

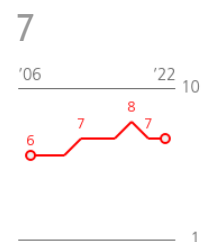
The sector is composed of formal institutions of commercial and development banks, microfinance institutions, pension funds and capital markets, as well as semi-formal institutions such as savings and credit cooperative associations (SACCO). In rural areas, informal institutions like village savings and loan associations play an important role due to the limited reach of the formal institutions. The widely used cell-phone-based mobile-money services offer further alternatives.

By the end of 2020, Uganda had 26 commercial banks, most of them foreign-owned. Bank of Uganda (BoU) supervises banks, foreign-exchange bureaus, money remitters and microfinance deposit-taking institutions with a high degree of independence. In recent years, the previously good reputation of the central bank has been damaged through a number of scandals and allegations of fraud and corruption. The scandals include the fraudulent closure and sale of Crane Bank, in blatant violation of the provisions of the Financial Institutions Act, theft of old currency, as well as illegal printing and transportation of currency.

Financial products offered are primarily short term, and high interest rates are common throughout the banking sector. At the beginning of 2021, the BoU kept its benchmark interest rate steady at a record low of 7%, but commercial bank interest rates remained fairly high at 19%.

A deposit protection fund managed by the BoU covers up to UGX 10 million (\$2,714). In 2019, the ratio of bank capital and reserves to total assets stood at 13.7%. Non-performing loans in the same year amounted to 7.1% of all loans. Due to the pandemic, the BoU instructed banks to restructure loans, which kept the non-performing loans rate within the same range as in 2019.

Banking system



## 8 | Monetary and fiscal stability

Bank of Uganda (BoU) independently pursues inflation control and exchange-rate policies in line with government economic policy. The average annual inflation rate for 2019 was reported at 2.9%. As inflationary pressures increased in light of the COVID-19 pandemic, the outlook was revised downwards in 2020, but the 5% target for Uganda remains realistic in the medium-term. Given the current economic uncertainties, BoU maintained a cautious stance and kept the central bank rate at 7% in 2020, the lowest ever in the country's history.

The exchange rate of the national currency, the Ugandan shilling (UGX), is determined by a free-floating interbank foreign-exchange market. There are no restrictions on making international transactions (payments or transfers). Between 2019 and 2020, the shilling remained relatively stable against the dollar. In case of exchange-rate volatility, BoU intervenes. This was done in March 2020 when the exchange rate overshot temporarily. BoU also mopped up excess liquidity after the 2021 general election. The 2019 Real Effective Exchange Rate Index put Uganda at 90.2, down from 92.5 in 2018. The level of international reserves remained adequate during the review period.

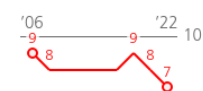
Uganda hasn't always been fiscally disciplined, despite passing enabling laws. Passing the Public Finance Management Act (PFMA) in 2015 was supposed to reform fiscal and macroeconomic management. The PFMA created the Charter for Fiscal Responsibility (CFR) to - among other things - provide for prudent use of oil revenues and to control unplanned expenditure that is usually manifested through supplementary budget requests.

In October 2020, parliament approved \$1 billion in a supplementary budget. While a small percentage of this money was to allow the country to deal with emergencies created by the COVID-19 pandemic, the largest chunk of the budget went to the State House and defense. The State House and the presidency has a track record of undisciplined spending, which the PFMA was supposed to control. Uganda's recurrent budget has generally been increasing in part due to continued creation of new administrative units and the growing demands of existing public officials. Revenue on the other hand has been stagnant, as unemployment and jobless growth mean the government is continuously taxing the same relatively small middle class.

Under the CFR for the period 2016/17 - 2020/21, the government adopted two fiscal rules including reducing the fiscal deficit to 3% of GDP by 2020/21. This goal was missed as the fiscal deficit for the financial year 2020/2021 was projected to be 9% of GDP. Uganda has also registered a surge in debt amortization, which the government blames on growth in non-concessional loans, appetite for expensive domestic borrowing and shrinking revenues. Shrinking revenues were blamed on the pandemic. Attempts to reduce debt obligations resulted in the Bank of Uganda

### Monetary stability

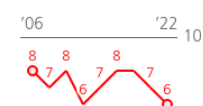
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### Fiscal stability

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converting domestic loans into longer term borrowing in January 2021. Loans maturing in January 2021 will now mature in 2023 and 2040. The other CFR target was to keep public debt in net present value terms below 50% of GDP by 2020/21. This goal has been achieved, as most of the borrowing related to the pandemic is expected to fall in the following financial year, when public debt will reach 49.9% of GDP.

In dealing with the effects of the COVID-19 pandemic Uganda secured \$491.5 million in emergency financing from the IMF under the Rapid Credit Facility. In June 2020, the World Bank approved a \$300 million budget support under the Uganda COVID-19 Economic Crisis and Recovery Development Policy Financing. For 2020 and 2021, Uganda requested participation in the G20 Debt Service Suspension Initiative (DSSI).

The current account deficit in 2019 was \$2.33 billion, remaining fairly steady compared to \$2.30 billion in 2018. The last available figure for total reserves is from 2018, when they were \$3.36 billion.

## 9 | Private Property

The constitution lays down the “right to own property either individually or in association with others” (Article 26). A later constitutional amendment introduced the limitation that, subject to Article 26, “the entire property in, and the control of, all minerals and petroleum in, on or under, any land or waters in Uganda are vested in the government.”

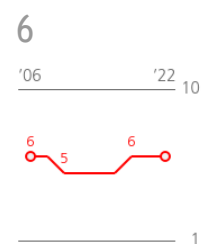
Uganda is a member of the World Intellectual Property Organization (WIPO) and the African Regional Intellectual Property Organization (ARIPO). The standard treaties and regulations covering trademarks, copyrights and patents are in place, though implementation remains weak.

Courts and judicial procedures to ensure property rights are well established, though neither always accessible to all parts of society, nor always very effective. There is no discrimination against foreign nationals, except restrictions concerning the ownership of land.

Disputes over land are common in Uganda, especially in the northern and central parts of the country. The disputes often reflect legal inconsistencies and different local concepts of land ownership. They have recently increased in regions where oil and other precious natural resources have been discovered. Here the disputes center around the exercise of the right to property and issues of compensation. Though legislation covering the acquisition of property is in place, fraud cases are frequent and often go unpunished due to weaknesses within the judicial system.

Women in practice do not have equal rights to land, and laws that effectively protect their land rights are ineffective.

### Property rights



After economic liberalization, the private sector became important for the economy; as such it is fully accepted by all political actors. The legal framework for its operation is in place though deficiencies in application exist.

Privatization of most parastatals was effected, though at times under opaque circumstances and largely without contributing to the creation of tangible new employment opportunities. A few state-owned enterprises still operate in sectors such as electricity and transport, but do not have a monopoly position; in some cases, the government is just a shareholder. According to a 2020 report by the country's auditor general, only 14 of Uganda's 29 state-owned enterprises were profitable in 2018, while the rest were subsidized by taxpayers and would be better managed under public-private partnerships.

Apart from sensitive industries, mainly ordnance, foreign investment in privatized enterprises has not been restricted. Opportunities offered by the privatization program attracted foreign investors predominantly to the agribusiness, hotel and banking sectors.

Uganda has a high degree of entrepreneurial activity, but most businesses are small-scale and informal, with low growth expectations, little employment effect and a high discontinuation rate. Lack of access to financing, avoidance of taxes and registration costs, and the comparative scarcity of initiative for innovation are cited as the main reasons for this. Since 2018, there has been a mobile money tax which imposes a 0.5% tax on mobile money transactions and a social media tax which requires a daily amount for using Over The Top (OTT) services. These have greatly affected doing business in Uganda. The taxes particularly affect smaller businesses which rely on mobile money for their operations.

## 10 | Welfare Regime

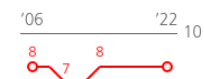
Life expectancy at birth was 63 years in 2018, reflecting a steady improvement over the last decade. This puts Uganda above the average of countries assessed (58.8 years) but behind its neighbors Rwanda (68.7), Kenya (66.3) and Tanzania (65).

Expenditure on public health has stagnated at around 6.5% of GDP and represents only 1% of GDP when looking at public expenditure on health from domestic sources (2017). The state's commitment to provision of free nationwide quality health services is somewhat at odds with reality on the ground. Hospitals and health centers, especially in rural areas, often lack qualified staff, equipment and medication. People frequently turn to church-run clinics, private practitioners or traditional herbalists.

As a result of the COVID-19 pandemic and the lockdown measures in 2020, the poor, who rely on the government's free health care programs, experienced reduced access to primary health care. Uganda as a result registered an increase in deaths from preventable diseases, childbirth and other health emergencies.

### Private enterprise

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### Social safety nets

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The current system of social security does not cater to the employed poor. The modern social security networks are only able to reach a fraction of the population, primarily civil servants (who receive pensions) and private sector employees with formal jobs, who (jointly with their employers) are required to contribute to a fund for their retirement.

Most people still rely on traditional structures, mainly their extended families and local communities. The large urban population working in the informal economy with little to no social security net was severely affected by the pandemic. In response to the effects of the pandemic and the lockdown measures, the government passed a supplementary budget of approximately \$80 million to support critical sectors, including health. The government also announced a package of measures to mitigate the social and economic impact of the pandemic, including a food distribution campaign, the facilitation of affordable credits, as well as tax exemptions for medical items. However, according to the World Bank, social assistance has been limited, with fewer than 2% of Ugandans receiving direct cash transfers. Relief programs have primarily been directed toward the urban population in Kampala and surroundings, while economic response measures were mostly focused on the formal sector, therefore not effectively reaching the poorest and most vulnerable citizens working in the informal sector.

The constitution guarantees equality and freedom from discrimination (Article 21). It even provides for positive discrimination, enabling the government to implement “policies and programs aimed at redressing social, economic, educational or other imbalance in society.” In public life, women are visible. Women make up about a third of the members of parliament, with most of them elected to seats reserved for women (one per district), and each of the special interest groups (for youth, persons with disabilities, workers and the army) had two women among their representatives. Labor force statistics indicate that women make up almost half of the total working population (49.3% in 2020).

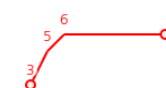
Rural women in practice still face discrimination when it comes to property or land rights. The literacy rate for women was significantly below the literacy rate for men, at 70.8% compared to 82.7% in 2018.

While the introduction of free primary and secondary education has enabled participation of hitherto neglected sections of the population, access to higher education and eventually job opportunities tends to become difficult due to the poor quality of government schools. Pupils whose parents can afford to pay for education in expensive schools have a better chance at entering higher institutions of learning. Children of the wealthy have a better chance at being employed. The Gender Parity Index (GPI) indicates that there is parity between girls and boys in primary schools, but girls are in a weaker position in secondary (GPI 0.8) and tertiary education (GPI 0.7). It should be noted that the reality is worse than the figures suggest. Schooling

Equal opportunity

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for girls may end without completion of the full cycle, as the dropout rate is significant, with teenage pregnancies being a major contributing factor.

Equality of opportunity may to a certain extent be compromised by political affiliation, leading to disadvantages for supporters of opposition parties.

Individuals whose sexual orientation is not in line with the “moral values” of the majority of the population face social ostracism, and occasionally threats and violence.

## 11 | Economic Performance

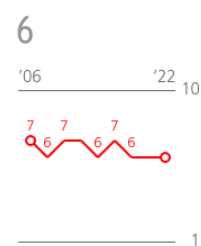
Before the COVID-19 pandemic, the Ugandan economy had been performing relatively well and by the beginning of 2020 economic growth had been approximately 6%. However, according to the IMF, downside risks had increased due to uncertainty related to repeatedly delayed oil production and the turbulence associated with the election period.

In 2019, Uganda’s GDP per capita grew by 2.6% and stood at \$2,272 (based on purchasing power parity). Absolute GDP amounted to \$34.39 billion, up from \$32.77 in 2018. FDI inflows rose from 3.2% of GDP in 2018 to 3.7% in 2019. Tax revenue stagnated at a comparatively low 11.7% of GDP in 2018. Gross capital formation increased marginally to 26.5% of GDP in 2019, compared to 24.7% in 2018. The current account deficit was \$2.33 billion in 2019, compared to \$2.30 billion in 2018 and \$833.5 million in 2016. The Ugandan shilling has remained broadly stable. The rate of inflation remained relatively stable at 2.9% in 2019 compared to 2.6% in 2018.

Due to the impact of the COVID-19 pandemic the medium-term outlook for Uganda has worsened considerably and risks have increased significantly. Economic activity stalled during 2020 due to a domestic lockdown and border closures that lasted more than four months, in addition to the spillover effects of disruptions to global demand and supply chains. As a result, public investment and private consumption fell, which took a toll on the industrial and service sectors, especially the large informal service sector.

The latest World Bank economic analysis for Uganda, released in December 2020, projected the economy to contract by up to 1% in 2020 (based on real GDP growth on a calendar basis) due to disruptions to trade and production as a result of the pandemic. This was a significant markdown on the growth of 7.5% in 2019. The economy was projected to have slowed down by almost 50% for the financial year 2019/20. The country’s GDP grew at 2.9% compared to 6.8% in the previous financial year. Real per capita GDP growth was expected to contract by approximately 4.5% in the same period.

Output strength



Unemployment and underemployment are major features of the labor market. Official unemployment figures are low, but do not correspond with reality, as they do not adequately reflect underemployment and nonparticipation. Formal employment opportunities are rare, and a large portion of Ugandans work in precarious conditions in the informal sector or in subsistence agriculture. The labor market is unable to absorb the high number of young people entering it every year, leading to high youth unemployment. The economic effects of the COVID-19 pandemic are exacerbating the situation, as many people have lost their jobs and livelihoods.

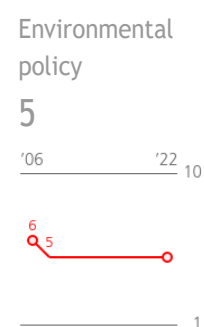
## 12 | Sustainability

On paper, Uganda has a high number of commitments regarding environmental protection and climate change mitigation and adaptation. Uganda ratified the Paris Agreement in September 2016 and was the first country in Africa to adopt its Nationally Determined Contribution Partnership Plan (NDC-PP) in June 2018. The government committed itself to a 22% reduction of carbon emissions by 2030. The country has in place a National Climate Change Policy (2015), as well as a Green Growth Strategy, and submitted Nationally Determined Contributions to the United Nations Framework Convention on Climate Change in 2018. In November 2018, parliament passed the National Environment Bill. The bill established an Environmental Tribunal and channels 100% of an environmental levy to a National Environmental Fund. It also created new special conservation areas and introduced stricter regulations for plastic production and recycling, as well as harsh penalties for pollution. Several other environmental regulations have been introduced during the review period. However, the practical implementation of policies and regulations remains wanting and is often inconsistent as the government tends to prioritize perceived economic needs over environmental concerns.

Renewable energy is provided by hydroelectric installations. However, the strong reliance on hydroelectric power entails risk if natural water replenishment is reduced due to climate change. The utilization of solar energy appears to be expandable.

The effects of climate change and environmental degradation are increasingly felt by the population. The country is affected by unpredictable weather phenomena in the form of irregular rainfall, resulting either in drought or in flooding accompanied by landslides. These risks are exacerbated by the reduction of wetlands and deforestation. Uganda has a high rate of forest cover loss – between 2001 and 2019, Uganda lost 11% of its tree cover. Contributing factors to degradation are agriculture, explorations for oil and other natural resources, and the high demand for wood fuel (more than 80% of Uganda’s rural households use firewood for cooking).

The Albertine Graben Refinery Consortium, which has agreed with the government to invest in and operate an oil refinery, raises serious environmental concerns over



the impact on biodiversity. Plans to build a heated pipeline to transport crude oil from western Uganda to the Tanzanian port of Tanga have raised concerns from environmentalists who see substantial risks to water and biodiversity as the pipeline will cross protected areas, including vast marshlands and rivers. The pipeline project alone would undermine Uganda's 22% carbon emissions reduction pledge.

Ugandans tend to value formal education. It is seen as a prerequisite for personal advancement and it is associated with white-collar jobs. In the UN Education Index, Uganda saw an improvement over the past years, from 0.477 in 2009 to 0.523 in 2019, indicating a steady increase in years of education. Uganda's literacy rate stood at 76.5% in 2018.

Primary education is free and net enrollment has for a long time been above 90%. Secondary education is partially subsidized. However, the expansion of accessibility took place at the expense of quality, with low investment in infrastructure and human resources. The dropout rate is high, transition rate to secondary school and tertiary low, and absenteeism among teachers frequent. Parents with the necessary financial resources prefer sending their children to private schools.

Public expenditure on education amounted to 2.3% of GDP in 2018, considerably lower than the international average. At present, the National Council for Higher Education (NCHE) lists nine public universities, located around the country. There are also close to 40 private universities, some with a religious affiliation.

Uganda also has a variety of agricultural, business and technical training institutions; however, the quality of some of these bodies is questionable. Some private universities are also of inconsistent quality, especially in the areas of educational material and human resources. The labor market is only able to provide jobs for a small portion of graduates every year, thus resulting in rising youth unemployment rates.

Uganda's top university, Makerere, is among the leading universities in sub-Saharan Africa. But its effective operation is hampered by chronic overcrowding, funding challenges and political disputes. 2019 and 2020 were turbulent years for the university as it saw its reputation further deteriorate in light of escalating internal conflicts, student strikes, corruption scandals and a fire that started in dubious circumstances and destroyed parts of the main administration building.

Expenditure on research and development saw a significant drop from 0.5% of GDP in 2010 to 0.2% in 2014, leaving Uganda below the international average and significantly below the level of 1% recommended by the African Union.

Education policy /  
R&D

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## Governance

### I. Level of Difficulty

According to the United Nations' classification, Uganda is a least developed country. As a landlocked country, it is dependent on transit routes either through Kenya or Tanzania for most of its trade.

The country has recorded notable progress in poverty and hunger reduction over the past three decades. However, vulnerability to regress is very high. According to the Ugandan Finance Ministry, poverty (defined as the proportion of the population living below the national poverty line) stood at 18% before the COVID-19 pandemic but rose to 28% during the course of 2020. With one third of children under five stunted in growth, Uganda is among the 20 countries worldwide with the highest prevalence of malnutrition.

Uganda's rural population, comprising 75.6% of the total population in 2019, continues to rely on subsistence or semi-subsistence agriculture. Uganda has fertile soils and a favorable tropical climate, which is moderated by high altitude and large bodies of water, but it is also considered to be highly vulnerable to the effects of climate change. As of late January 2021, Uganda recorded 39,579 cases of COVID-19. The death toll was 324. Projections of economic growth fell by 3.5% in 2020, and the country's GDP grew at 2.9% compared to 6.8% in the previous financial year.

The formal industrial sector is small. Most high school graduates aspire in vain for employment in the modern economy. About 700,000 graduates join the job market every year, but only 90,000 find formal employment. People have to make ends meet by working in the very large informal sector, which is a well-established segment of the Ugandan economy.

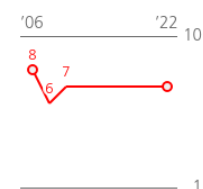
An additional burden is Uganda's refugee population, which reached a total of 1.4 million in 2020, making the country the largest refugee host in Africa and third largest in the world. The continued influx increasingly strains host communities and poses a challenge for delivery of services.

After the internationally applauded, exemplary successes Uganda made in its fight against the AIDS pandemic, HIV prevalence has slightly increased in recent years.

Infrastructure deficits are gradually being overcome. The road network, though still inadequate, has improved. The education and health infrastructures do not

Structural  
constraints

7





comprehensively reach the local level throughout the country. Electricity supply, a necessity for industry and a welcome boon for a growing number of households, has become somewhat more regular. Serious deficiencies exist with regard to the supply of safe drinking water and the provision of adequate sanitation.

There is an abundance of conventional civil society traditions, if one takes customary self-help schemes or church activities into account. Yet these are slowly receding. In the more modern sense of the term, civic engagement is a relatively new and mainly urban phenomenon, but is spreading. Numerous NGOs deal with various developmental, humanitarian, environmental or human rights issues, though much of this commitment appears to have its substratum in foreign funding.

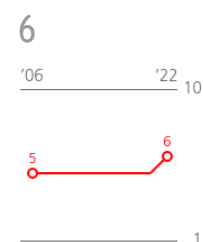
Dissatisfaction with the present government, especially among the young and the well-educated urban population, has continued to increase in the reporting period. Frustration over corruption, nepotism and the intensified crackdown on dissent has increased the potential for public protest. The 2021 national elections further radicalized parts of the population, who increasingly see attempts at constructive engagement through organized civil society and political parties as futile. As a result, there is a growing risk that this frustration will translate into more radical forms of protest and popular resistance.

More traditional forms of mobilization are present as well. This social capital bears fruit in local neighborhood activities or in assertions of group identity. For instance, the king of Buganda is still to a certain degree able to foster social cohesion in his ethnic group, though this also risks antagonizing other Ugandans. In general, however, most citizens are not inclined or able to actively participate in the political process through civil society engagement. An apolitical attitude is common among the urban middle class who feel they have too much to lose if they rile the government.

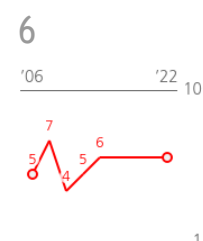
The variety of cultures and languages, social traditions and religious affiliations is a marked characteristic of Uganda. After long periods of violent conflict, the country has not experienced any internal armed conflicts for more than a decade. However, the region as whole remains volatile and the country is not immune to the spillover effects of conflicts in neighboring countries, namely South Sudan and the Democratic Republic of the Congo.

Ethnic tensions are present but have in the recent past mostly been limited to local issues. Despite its vocal fight against any form of sectarianism, the government tends to instrumentalize such tensions at the local level in order to strengthen its own position. Uganda's government under President Museveni has consistently pursued an approach of ethnic emancipation by creating separate constituencies and districts and acknowledging separate kingdoms for (marginalized) ethnic groups. During the 2021 elections, ethnicity became a more prominent factor, although it was not used as a key tool for political mobilization. The government and opposition repeatedly

#### Civil society traditions



#### Conflict intensity





accused each other of instrumentalizing aspects of ethnicity in their campaigns. The growing frustration over corruption, nepotism and authoritarianism tends to generate negative sentiments in the northern, eastern and central parts of the country toward ethnic groups from western Uganda, who are perceived to dominate government and administration structures.

The question of land ownership remains highly contentious and has occasionally led to violent clashes at the community level. The exploration of oil and other natural resources has in the recent past further increased the risk of conflict related to land, while forced evictions of local residents from areas demarcated as wildlife reserves have led to protests and occasional violence.

The largest conflict risk at national level stems from the growing mistrust in the ruling government, and rising frustration over authoritarianism, corruption, unemployment and economic stagnation, coupled with a significant youth bulge. The disillusionment of large parts of the younger generation due to political exclusion and a lack of economic opportunities pose a large for unrest. This undermines social cohesion and can reinforce radicalization, especially among the urban poor. The developments during the 2021 election have further contributed to this risk.

The 2021 elections saw a series of human rights abuses and escalating violence as security forces applied a heavy-handed approach and used excessive force against opposition actors and their supporters.

## II. Governance Performance

### 14 | Steering Capability

The long-term development ambitions for the country are laid out in the Uganda Vision 2040. It projects a transformation of Ugandan society “from a peasant to a modern and prosperous country within 30 years.” The overall vision translates into concrete implementation designs in five-year National Development Plans (NDPs). The third plan (NDP III) - formulated with the goal of “increased household incomes and improved quality of life,” was adopted by parliament in January 2020. The plan sets the objective to reach middle-income status, a 2020 goal from the previous plan (NDP II) which was missed. Experts remain skeptical whether this objective is attainable in the current five-year-period ending in 2025.

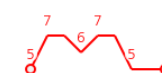
The NDP goals are at times jeopardized by the de facto short-term orientation of many policy measures, as government actions often follow a logic of regime survival. The majority of employees in the civil service are driven by the desire to amass wealth through the projects they oversee. The costs of a substantial state apparatus and

Question  
Score

Prioritization

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system to ensure political loyalty, as well as corruption, are likely to constitute the main hindrance to the achievement of long-term objectives. Factors such as poor absorption of funds, financial indiscipline, inconsistent resource allocation and implementation, as well as corruption in various government departments, are all a result of a system designed to ensure political loyalty. The socioeconomic impact of the COVID-19 pandemic will make the goals of NDP III even more difficult to meet. While the government responded to the crisis by promising some short-term measures, including supplementary budgets and emergency funds for supporting businesses affected by the pandemic, the overall structure of the national budget remained largely similar for the financial year 2020/21. Major adjustments to long-term plans were not expected at the time of writing.

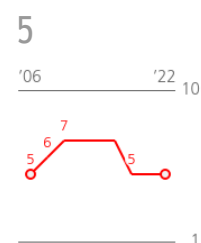
The president continues to articulate his view of economic modernization, seeing the export of raw materials both as a cause and a symptom of “backwardness.” In recent times, the president has consistently emphasized that major infrastructure projects such as road construction should take priority over all other investments. He argues that human development will follow infrastructure development, while critics point to a neglect of public investment in areas such as health and education.

Strategic economic priorities and their implementation tend to be in line with market-oriented policies. The process of deepening and strengthening democratic structures appears to be regressing however.

There is a prevailing perception in Uganda that while the government has the capacity to formulate adequate policies, implementation is frequently inadequate. Moreover, in some areas the government lacks the political will and commitment to implement policies. In the civil service, there is substantial knowledge and professionalism. The fundamental limitation, however, remains pervasive corruption at all levels. Another hindrance is the strong factor of patronage practices and the widespread tendency to reward political loyalty rather than performance, both of which frequently undermine official hierarchies and sanction mechanisms. The structures of public administration tend to be bloated and are often inefficient.

Policy areas in which criticism over poor or inconsistent implementation has been particularly prominent include health, education and agriculture. Examples in the agricultural sector are the National Agricultural Advisory Services (NAADS) and Operation Wealth Creation, comprehensive government programs designed to transform agriculture for rural development. Both have been shrouded in controversy over inefficient and inconsistent implementation, biased contract awarding procedures and the fact that the national army (UPDF) was assigned the role of lead implementing agency. Similarly, the implementation of the Youth Livelihood Program (YLP), meant to stimulate income-generating activities among young people, was criticized for serious implementation flaws due to a lack of coherence and coordination, corruption and politicized awarding criteria.

Implementation

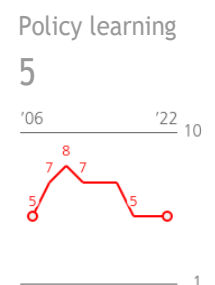


Faced with the threat posed by the COVID-19 pandemic, Ugandan authorities undertook a swift response. Health protection and lockdown measures were implemented in a rigid and mostly consistent manner. However, critics observed that the implementation of pandemic-related regulations was highly politicized and provided an excuse for a crackdown on opposition activities through selective application. In addition, the implementation of support measures to alleviate the impact of the crisis on vulnerable groups was criticized as slow, inconsistent and patchy: only reaching a small proportion of the population.

Though depicting himself as the major driver of reform, in certain respects the president blocks progress. Despite his focus on modernization, his political style frequently resembles an old-school authoritarian attitude.

Museveni's government has become exceedingly pragmatic when it comes to economic and fiscal policy. The original intention of "following an economic strategy of mixed economy" as articulated at the beginning of Museveni's tenure, quickly gave way to heeding the advice of the international financial institutions and other development partners. The measures the latter recommended were usually swiftly implemented. Independent advice provided by academic experts and others in the field were given scant attention. In the political realm, advice from international donors, national academia or NGOs was rarely welcomed. Unsurprisingly, policy learning has been fairly inconsistent. One example is the constant expansion of an already bloated administration (including the creation of districts) which experts have continuously criticized. It remains to be seen whether the recent cabinet decision to merge and realign numerous government agencies will bring about the desired results and address the wastage of public funds, which would make it a successful example of (much delayed) policy learning.

While President Museveni has long been hailed for his pragmatism in leadership, he is increasingly perceived as a hindrance to adaptation and learning. In its first two decades, the president's party, the NRM, followed the path of establishing a no-party democracy. It found expression in the "movement system," an innovation at the time; and indeed, this policy enabled stability to return to Uganda. However, internal demands and donor pressure ultimately led to a return to multiparty politics. Despite lip service being paid to multiparty democracy, the degree of its acceptance by the NRM remains low. Favoring a patrimonial system and a winner-takes-all attitude are deeply rooted in Uganda.



## 15 | Resource Efficiency

The incorporation and co-optation of diverse political interests, buying support and rewarding loyalty with handouts and positions, is deeply entrenched in the leadership approach of Museveni and the NRM and rooted in the historical characteristics of ascension to power. As a result, public administration has become bloated and constitutes a considerable strain on the financial resources of the state. Competitive recruitment and performance-orientation are often undermined by short-term political considerations by the ruling party. One obvious indicator is a grossly oversized cabinet of 80 people. In addition, there are well over 100 well-paid, mostly functionless presidential advisers.

In a bid to increase efficiency and service delivery and to enhance accountability, Uganda adopted a decentralized system of government, but this initiative appears to have completely lost its original course. The local government system has been turned into an ever-expanding network for patronage and clientelism, for example, through the creation of new districts. There were 33 districts at the time the NRM took power. The number had risen to 135 districts by 2020. Furthermore, the president appoints resident district commissioners to represent him in all districts, who tend to interfere in what should be the business of elected local governments.

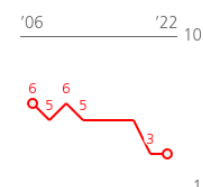
Essential services such as health, education and the judiciary remain significantly understaffed and underfinanced. Yet security agencies, namely the military and the various intelligence services, as well as Museveni's State House, enjoy generous funding. Uganda has a relatively strong track record of budget transparency. Moreover, it has experienced a significant surge in classified budgets, with a striking tendency of supplementary budgets that mostly benefit the State House and the military.

The allocation of a supplementary budget in light of the COVID-19 pandemic has generated significant criticism regarding the government's budget priorities. The security sector received the lions' share of the budget – rather than the Ministry of Health as the lead agency in the fight against COVID-19. In general, a questionable scramble for additional public resources became apparent during the process, as different ministries and agencies assumed similar responsibilities in order to get a share of the supplementary budget.

At the beginning of 2021, the cabinet resolved to merge over 180 agencies, commissions and authorities, with the aim of realigning functions and preventing the duplication of roles, reducing the salary bill and addressing the wastage of public funds. Public debt rose in the period under review and is projected to continue rising due to ongoing ambitious infrastructure investments as well as the lasting effects of the pandemic (state debt stands at 37.25% of GDP). The fiscal balance stood at -6.7% of GDP in late 2019.

Efficient use of assets

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Ugandan politics are characterized by a strong president who has to balance the diverse interests represented within the ruling party. In the end, however, the president is the one who calls the shots and, though sometimes with considerable difficulty, is able to keep the parliament in line. Neither the vice president nor the cabinet have much of a role of their own. More important is the government's informal hub of power, made up by the top army brass and the president's family.

The powerful position the constitution accords to the president and the way in which the incumbent exercises (and frequently oversteps) his role serve to ensure that disagreements and conflicting priorities and actions within the government are not too problematic. For the day-to-day running of public affairs, the finance ministry and the Bank of Uganda are well suited to their tasks and do play a useful coordinating role.

Uganda's initial response to the COVID-19 pandemic was swift and generally well-coordinated by the responsible Ministry of Health, which demonstrated fairly strong leadership. However, with time more and more inconsistencies became apparent, especially as President Museveni resorted to personal directives with little prior consultation and ad hoc communication. Swift implementation was often a challenge as presidential orders had to be translated into practicable regulations after they had already been announced, and they were expected to come into force with immediate effect.

Institutional arrangements for containing corruption exist. The Auditor-General is charged with auditing and reporting "on the public accounts of Uganda and of all public offices" (Article 163 of the constitution) and presents annual audit reports to parliament. An Inspectorate of Government has been given wide powers "in respect of cases involving corruption, abuse of authority or of public office" (Article 230).

A division of the Ugandan High Court operates as the arm of the judiciary for combating corruption. Parliament's Public Accounts Committee, headed by an opposition member, has the mandate to examine government expenditure. Public procurement is regulated. Adequate legal instruments and institutional mechanism to deal with fraud in its different forms are in place, including the Anti-Corruption (Amendment) Act, 2015, which provides for mandatory confiscation of the property of persons convicted of a corruption offense.

Day-to-day reality is a far cry from this legal situation. Anti-corruption institutions are plagued by weak capacity and inefficiency, generally performing poorly. Public perception in Uganda is that corruption is deeply entrenched in society. The Uganda National Governance Baseline Survey of 2014 revealed that 95% of the population felt that corruption was a problem. In daily life, people often have to pay bribes even to see the completion of simple administrative acts. The more prominent corruption cases occasionally make national and even international headlines; the disappearance of donor funds has in the past led to the suspension of budget support by development partners.

#### Policy coordination

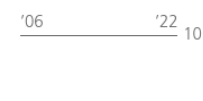
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#### Anti-corruption policy

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In December 2018 President Museveni launched a new anti-corruption unit (ACU) operating out of his office. It is supposed to receive and act on complaints related to corruption. Citizens are encouraged to report corruption to the ACU through a secure phone line and online platform. Since its establishment, the unit has courted headlines by carrying out publicized arrests. In 2019, the unit publicized the arrest of some Bank of Uganda officials. At the time, the arrests captured public attention since Ugandans felt that the Bank of Uganda was corrupt yet untouchable. The government has since withdrawn the case.

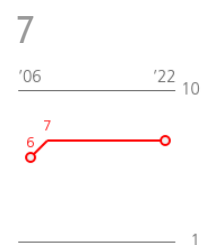
**16 | Consensus-Building**

The government pays lip service to multiparty democracy. Legitimate opposition meetings are disrupted by government functionaries and opposition supporters are arrested and held in jail without trial for indefinite periods of time. Freedom of assembly has been curtailed. The president has called protesters terrorists and publicly justified the extrajudicial murder of opposition supporters. The president has also repeatedly lashed out against international voices from “the West,” rejecting what he calls “lectures” on democracy.

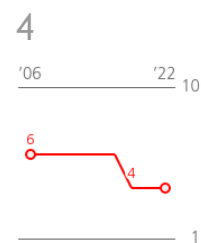
There is wide agreement between all relevant actors over the goals of development. The market economy and market mechanisms are generally accepted as the avenue to achieve these goals. There is occasional nostalgia for elements of the former mixed economy, with its important parastatals.

The government is an anti-democratic actor, using several anti-democratic tactics to remain in power. Gerrymandering is used by the NRM to keep its majority in parliament. Despite a facade of democracy, the government uses its majority to block electoral reforms that would provide a fairer democratic playing field. Even the Supreme Court was ignored when it ruled in 2016 that the attorney general should propose laws to parliament that would reform Uganda’s election process. Another directive by the Supreme Court in 2019 on this same matter was also ignored. The most important holder of veto power is the president, who uses money and the army to bolster his position. The army has 10 specially elected representatives that routinely vote with the ruling NRM party, but also supports President Museveni in more informal ways such as the arrest and torture of opposition figures. President Museveni’s political power is reliant on the armed forces, particularly with the Special Forces Command.

Consensus on goals



Anti-democratic actors



Despite its cultural and religious diversity and the variety of conflicts experienced in the past, Uganda has in recent years been generally successful in containing societal cleavages. The ending of the threat posed by the Lord's Resistance Army (LRA) in the north of the country led to an easing of internal tensions, though a strong feeling of marginalization still persists among northerners. Ethnic conflicts (often clashes over resources) are generally defused by government interventions that achieve a sometimes fragile compromise. However, the government is not always consistent in its approach, and is at times criticized for exacerbating ethnic conflicts when it pursues divide-and-rule strategies.

There is a strong tendency in parts of the country, and especially among opposition supporters, to accuse the government of favoring the western region, the president's home. To date, the potential for anti-western-region sentiment has not manifested politically, partly because the region has produced some of President Museveni's most vocal opponents.

The Inter-Religious Council, together with other civil society umbrella bodies, launched a national dialogue process that aimed to promote peace and address political tensions by seeking consensus on key national goals and values. However, this process was overshadowed by a widening polarization between the supporters and opponents of Museveni's regime. Constructive political dialogue across the political divide has become difficult. The developments during the 2021 election campaign have further contributed to the political tensions and are likely to contribute to a more confrontational style of political competition within and outside the formal institutions.

Protests by unemployed youth indicate widening social cleavages. A growing sentiment of political exclusion and lack of economic prospects, especially among the young urban population, are likely to be a key source of tension and conflict in the years to come.

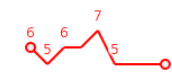
President Museveni demonstrates a fairly traditional understanding of non-state actors in society. He interacts with businesspeople and peasants, listens to religious and cultural leaders and consults with his fellow soldiers. He is less inclined toward an exchange with the more modern elements of society, even though many came into being only as a result of Uganda's transformation during his tenure.

Agenda-setting and decision-making over major issues at least in the initial stages is conducted in the inner circles of power, which include the army and the NRM leadership, without much attention being paid to the views of NGOs, academia or media. At the same time, the government is keen to involve various civil society actors in development issues, encouraging their commitment and participation. It is less prone to heed civil society concerns over human rights or on political topics. In some cases, the government may even ignore requests by civil society organizations to be included in the agenda-setting and policy-formulation process. The government's response to the COVID-19 pandemic has been dominated by a repressive approach driven by state (security) institutions, with little effort to actively involve civil society actors.

Cleavage /  
conflict  
management

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Civil society  
participation

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Ugandans preserve conflicting - and at the same time selective - memories of their past. These include the atrocities committed against the local population by the Obote II government’s army, comprising many Acholi soldiers, when pursuing the guerilla force led by Museveni in the Luwero triangle north of Kampala. These also include crimes perpetrated against Acholi by the present government’s army in the course of action against the LRA. President Museveni publicly acknowledged that excesses were committed by rogue elements of his army.

The activities of the LRA cut deep wounds into Acholi society, which will take considerably longer to heal. One way of healing was the use of traditional reconciliation efforts in the local community. Peacebuilding efforts have been systematically brought forward by the Acholi Religious Leaders Peace Initiative (ARLPI) since 1997. In 2015, the amnesty clause of the Amnesty Act, reinstated in May 2013 for two years, was extended for two more years. Its purpose is to induce mainly LRA fighters (now chiefly active in the territory of the Central African Republic) to surrender; it does not apply to the top leaders.

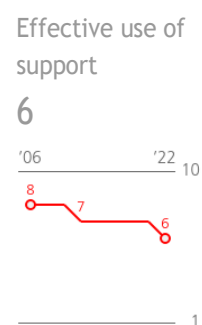
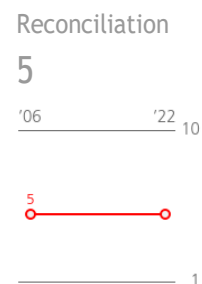
While the Amnesty Act and non-governmental initiatives like the ARLPI played a positive role, there was no effort on the part of the government to establish a truth and reconciliation commission, despite calls to this effect from civil society actors. Similarly, proposals by some prominent voices from churches and civil society, as well as some politicians, for some form of a national dialogue on unity and reconciliation have not to date led to any concrete initiative.

**17 | International Cooperation**

Uganda has for decades been among the top recipients of aid in Africa. Despite growing apprehension about corruption and democratic backsliding, donor density remains high. There are international multilateral and bilateral donors, as well as a multitude of NGOs active in the field. The country has been open to suggestions put forward by donors and has adopted many policy measures prescribed by international financial institutions.

Uganda has been lauded as a pioneer in adopting the Agenda 2030 and incorporating the Sustainable Development Goals (SDGs) into its national development plans. According to the Ugandan government more than 70% of the SDG targets have been adapted to the national context. Uganda’s performance toward achieving the SDGs, however, has been fairly weak. The 2020 Sustainable Development Report ranks Uganda 142 out of 166 with a score 53.49. The report identifies major challenges and stagnation or even regression in the progress toward 12 out of the 17 SDGs in Uganda.

The previous National Development Plan (NDP II, 2016 - 2020) included the objective of achieving middle-income status by 2020. This objective was missed but





was kept in the current five-year plan (NDP III) with the new horizon being 2025. In the more recent past, Uganda's relationship with international donors has become increasingly complicated and the effectiveness and aims of aid have been questioned. Contributing factors have been multiple corruption scandals and reports about diversion of funds, temporary suspensions of aid, delays in the implementation of donor-funded projects, contested priorities in the national budget, as well as President Museveni's increasing focus on prestigious (sometimes questionable) infrastructure projects funded by China. Critics also raise concerns about the country's deteriorating democratic credentials and the role aid plays in the government's systems of patronage.

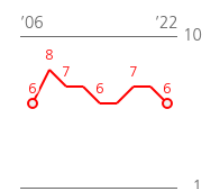
In light of the challenges of the COVID-19 pandemic, Uganda sought the support of international donors and secured \$491.5 million in emergency financing from the IMF in May 2020 under the Rapid Credit Facility. In June 2020, the World Bank approved a \$300 million budget support operation under the Uganda COVID-19 Economic Crisis and Recovery Development Policy Financing, which supported reforms to provide immediate relief to individuals and businesses most affected by the pandemic.

Uganda is a member of the United Nations, Commonwealth and Organization of Islamic Cooperation. In addition, Uganda is party to practically all major human-rights instruments of the UN. The country has largely been seen as a reliable and consistent partner in the recent past, upholding most of its international commitments and complying with international agreements. Concerns have repeatedly been raised regarding Uganda's ability and willingness to fully implement its commitments according to the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment. Though it became a party to the Rome Statute of the International Criminal Court (ICC) in 2002 and played host to the ICC Review Conference in 2010, Uganda has become a vocal critic of the ICC due to its alleged preoccupation with Africa and has threatened to quit the organization.

Uganda's relationship with Western donors has certainly become more complicated in the past decade as President Museveni increasingly concentrated on Chinese investment and repeatedly ranted about strings attached to aid from Western partners and what he considers undue "Western interference." Aid flows from the West were, however, rarely affected. Museveni knows his trump cards very well: Uganda is still seen as a grantor of stability in a volatile region and a reliable ally in military cooperation. The country's prominent role with regard to regional security and its constructive involvement in military missions makes it a valued partner in the region. In international peacekeeping efforts, Uganda has taken the lead in Somalia, its military contingent providing the bulk of the AU Mission (AMISOM). Ugandan involvement with AMISOM has also demonstrated the country's close political and military links with the United States. In addition, Uganda is lauded for its progressive refugee policy as the country hosts the largest number of refugees in Africa. The

#### Credibility

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greatest number of refugees is from South Sudan and Uganda receives significant humanitarian assistance to deal with the influx.

The developments around the 2021 elections have further strained Uganda's relationship with Western donors. The United States and the EU raised serious concerns about the credibility and integrity of the election and condemned the brutality of security operations against opposition supporters. The U.S. Department of State threatened to take targeted action against "Ugandan individuals found to be responsible for election-related violence or undermining the democratic process," while the European Parliament adopted a resolution calling for sanctions against individuals under the new so-called EU Magnitsky Act. The Ugandan government responded by harshly rejecting interference in Uganda's domestic affairs.

From its early days, the NRM strongly emphasized Pan-Africanism, regional integration and cooperation. This is reflected in Uganda's participation in the East African Community (EAC), one of the few regional economic communities where the country's membership fees are almost fully paid up. President Yoweri Museveni has for years pushed for political integration of the EAC, but neighbors are not enthusiastic about this project.

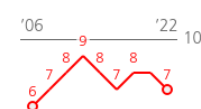
Uganda is also a member of the Common Market for Eastern and Southern Africa (COMESA) and is currently ranked among the top five members regarding the volume of intra-COMESA trade. The country plays an active role in the Intergovernmental Authority on Development (IGAD), a bloc of eight countries from eastern Africa and Horn of Africa, particularly focusing on issues of regional security and migration. Uganda also engages actively in the partnership of Nile riparian states under the Nile Basin Initiative (NBI) and is among those that have ratified the African Continental Free Trade Area.

Relations with neighboring countries have been turbulent during the reporting period. In 2019, tensions between Uganda and Rwanda escalated, with both sides accusing the other of destabilization efforts, which led to a closure of the border with heavy costs in terms of lost trade on both sides. Trade relations with Kenya have also been strained, especially since Kenya effectively banned Ugandan milk products from entering its market in 2020. Kenya and Tanzania are accused of targeting cargo trucks with Ugandan number plates for higher road use charges. The closure of borders because of the COVID-19 pandemic further undermined trade within the region and contributed to tensions as the EAC members failed to develop a coordinated response to the crisis.

The lasting crisis in South Sudan continues to pose a substantial challenge to Uganda, especially since the influx of refugees has become a heavy burden. Diplomats describe the relationship between the two countries as "cordial." Uganda supported South Sudan's government during its recent civil war and helped broker a fragile peace, but there have also been repeated border disputes and violent incidents between Ugandan and South Sudanese soldiers, with mutual accusations of incursions into the other's territory.

Regional  
cooperation

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## Strategic Outlook

In the reporting period, both economic and political development trajectories in Uganda appear to be off track. While the first can be corrected in the mid-term, through a return to determined and consistent policy implementation, the latter appears to be more like a downward spiral with Uganda stuck on a path toward open authoritarianism.

The COVID-19 pandemic and the subsequent lockdown had severe economic consequences that will be felt for a considerable time. In Uganda, lockdown measures may have contributed to the containment of the spread of the virus at an early stage but they also caused immense economic damage that cost many livelihoods. The Ugandan government will need to carefully review its rigid approach and develop smarter, more targeted intervention strategies for future crisis management. Equally, it will have to develop stronger mechanisms for assisting vulnerable groups and providing support to the many people who earn their income in precarious conditions outside the formal economy.

The Ugandan government must undertake all measures available in order to work toward a quick recovery. A prolonged economic recession would lead to a fatal decline into poverty for many more Ugandans and make the prospects for the young generation even gloomier than they already are.

The National Development Plan provides a good compass for Uganda's ambitions, but its priorities need to be reassessed and reconfigured in light of the pandemic. It does not suffice to simply extend the horizon for the ambitious goal of middle-income status. The government must invest in protecting the most vulnerable sections of the Ugandan population. There is also a need to implement policy that would protect and support investment by the increasing number of Ugandan youth heading to the Middle East to provide low skilled labor services. Fundamental transformation should include investment in a healthy and skilled population. A modernized and strengthened education system that focuses on critical thinking and creativity and places more value on vocational training and technical skills must be one component of addressing this challenge. Uganda needs a robust industrialization strategy and a focus on modernizing agriculture toward greater productivity and value-addition.

The government needs to pay close attention to its rising fiscal deficit and the increase in public debt. It needs to identify a sustainable strategy for funding economic transformation. This includes meaningful engagement with development partners in line with long-term development plans, as well as attracting FDI, strengthening domestic demand and generating more government revenue. This cannot be successful without reducing waste and inefficiency in the public sector, and curbing corruption.

Uganda's demographic challenge requires more work too, as its high population growth makes poverty reduction more difficult. Trust and confidence in the government is at an all-time low.

Repression during the 2021 elections led to increased disillusionment within and outside the country. The political situation in Uganda, characterized by extreme polarization and authoritarianism, poses the largest obstacle to lasting stability and development. There is an urgent need for a political dialogue with a goal to transition to a truly civilian government, where security forces serve the population and not whoever is in power.

Western donors have traditionally been fairly passive in light of political repression and human rights violations in the country. With the events around the 2021 elections the tone became noticeably harsher, but tangible consequences remain vague. Multilateral and bilateral donors should take an uncompromising stand on issues such as corruption, rule of law and civil rights. As President Museveni and his inner circle appear to be increasingly immune to advice, the international (Western) partners may need to consider applying more direct pressure, including sanction mechanisms.