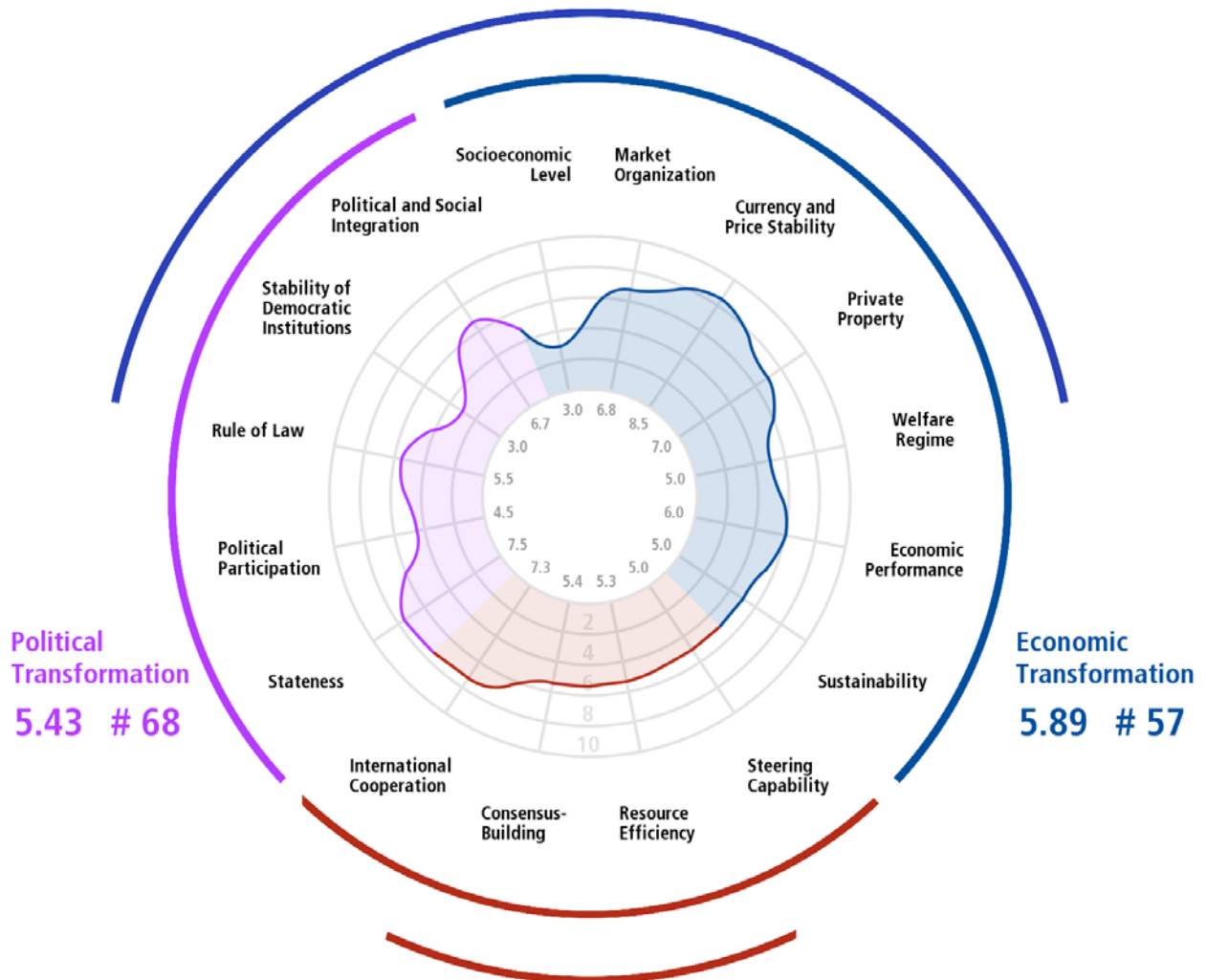


Uganda

Status Index

5.66 # 59

on 1-10 scale out of 129



Political Transformation
5.43 # 68

Economic Transformation
5.89 # 57

Governance Index

5.31 # 52

on 1-10 scale out of 129

This report is part of the Bertelsmann Stiftung's Transformation Index (BTI) 2018. It covers the period from February 1, 2015 to January 31, 2017. The BTI assesses the transformation toward democracy and a market economy as well as the quality of political management in 129 countries. More on the BTI at <http://www.bti-project.org>.

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Key Indicators

Population	M	41.5	HDI	0.493	GDP p.c., PPP \$	1849
Pop. growth ¹	% p.a.	3.3	HDI rank of 188	163	Gini Index	41.0
Life expectancy	years	59.5	UN Education Index	0.491	Poverty ³	% 66.6
Urban population	%	16.4	Gender inequality ²	0.522	Aid per capita \$	40.6

Sources (as of October 2017): The World Bank, World Development Indicators 2017 | UNDP, Human Development Report 2016. 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

Uganda's fundamental political and socioeconomic conditions remained intact during the period under review (February 1, 2015, to January 31, 2017). However, international, regional and local conditions became less comfortable. Internal political stability was maintained, though at a price. The economy "performed reasonably well in a complex environment," according to the IMF. Oil production, believed by some to be the answer to all economic problems, had not yet started by the period's end.

The presidential and parliamentary elections held on February 18, 2016, along with their aftermath, overshadowed the period's other events. The political temperature rose over the course of 2015 in anticipation of the voting. While opposition parties failed to unite, the incumbent head of state enjoyed the unmistakable support of all the security forces and the ruling party, the National Resistance Movement (NRM). Intimidation and chicanery, familiar ploys used by the state apparatus against critics, were again in evidence. Eight candidates stood for president, including Yoweri Kaguta Museveni (NRM), who has been at the helm since 1986; former Prime Minister and NRM Secretary-General Amama Mbabazi, running as an independent; Kizza Besigye Kifefe, running on behalf of the main opposition party, the Forum for Democratic Change (FDC); and five others. The incumbent won with 60.62% of the vote, while Besigye received 35.61% and Mbabazi 1.39%. The voter turnout rate, with 10.3 million of 15.3 million registered voters voting, was 67.61%. Objections to the elections raised in the courts were rejected. The parliamentary elections saw a resounding victory for the NRM camp. Though Museveni's new term of office runs to 2021, the question of succession continues to be a popular subject of speculation, with the name of his son being frequently mentioned.

Unstable conditions in parts of the Great Lakes region, notably the situation in South Sudan, also affected Uganda. Events in Burundi generated a new influx of refugees, with others arriving from the Democratic Republic of the Congo. However, South Sudan ultimately became the biggest country of origin, with Bidibidi in Yumbe district, opened only in August 2016, becoming the

fastest-growing refugee settlement worldwide. During the review period, Uganda became the African country hosting the highest number of refugees (with the total reaching 925,000 by December 31, 2016), ahead of Ethiopia.

Uganda's international reputation corresponds to its role as an active member of international and African organizations and as an effective regional power. In principle, it is also considered a trustworthy and committed partner as far as its pursuit of economic transformation and reforms is concerned. This image has been tarnished by recurrent corruption scandals, followed in turn by the suspension of aid by donors as either individual or joint actions. The mechanisms for addressing this major obstacle to social and economic progress are in place, and some success has been evident. However, there has also been considerable evidence leading observers to question whether the political will to combat corruption in all parts and echelons of the government is genuine.

There has been less ambiguity concerning international confidence in Uganda's democratization process. Though the 2016 elections were not marred by large-scale violence, their circumstances and conduct did not allay the doubts which have grown over years.

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. The brief multiparty era had been ushered in by the British just before the end of their colonial rule. Obote and his Uganda People's Congress (UPC) government in January 1971 were overthrown by a military coup, 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 Mwalimu 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. FRONASA had its origins in Pan-Africanist and anti-imperialist thinking popular among intellectuals.

Following the fall of Kampala in April 1979, various armed and civilian actors returning from exile took over the government under the auspices of the Tanzanian army. 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. Museveni threatened to “go back to the bush” if the elections were skewed by UPC followers, who dominated the administration.

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). It is widely held that the Democratic Party (DP) was the true winner of the vote; nevertheless, DP took up the few seats in parliament it had been allocated. Barely two months after the perceived election fraud, Museveni started a guerilla campaign against the Obote government; other groups took up arms as well. In mid-1985, Obote for the second time was toppled by his own army. 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. However, a new dimension – with potential effects on the economic, social and environmental spheres – has been added with the imminent exploitation of massive crude-oil and natural-gas deposits.

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 continues to exercise full control over the whole territory and wields a monopoly on the use of force. Sporadic local challenges to its authority occurred, but were recklessly quashed.

The deterioration of the regional security situation in the period under review had an impact on Uganda through an unprecedented influx of refugees fleeing the turmoil in South Sudan, as well as in the east of the Democratic Republic of the Congo and in Burundi. It also led to the involvement of the Ugandan army in securing the return of Ugandan citizens to their home country, and for a certain period, in militarily supporting the Kiir government in Juba.

Of the internal conflicts, that with the Lord's Resistance Army (LRA), which previously used to torment mainly the Acholi people in northern Uganda, has long since been externalized. Remnants of the LRA still active in the Central African Republic are being pursued there by Ugandan soldiers backed by U.S. logistical and intelligence support. The situation in the arid northeastern region of Karamoja continued to improve, though clashes involving nomads from the Kenyan side of the border occasionally occurred.

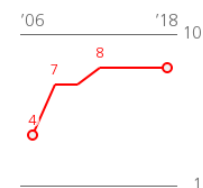
The Allied Democratic Forces (ADF), originally an assortment of various anti-government groups including adherents of the fundamentalist Tabliq faction of Ugandan Muslims, were once active in the western part of the country. This group eventually established itself outside the Ugandan confines on the eastern side of the Rwenzori mountain range and reemerged as a player in the violent culture in the east of the Democratic Republic of the Congo. The ADF is described by the Ugandan authorities as having links to Islamists and as a potential threat to the country's west.

The Rwenzori region became the scene of major violent clashes in mid-2014 and late 2016, claiming about a hundred lives in each of the cases. In 2014, an attack on police and civilians in Bundibugyo was apparently perpetrated by activists of the Bakonzo

Question
Score

Monopoly on the
use of force

8



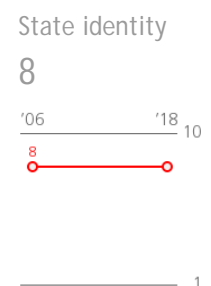
ethnic group trying to impose their kingship on their neighbors, the Baamba people. By contrast, at the end of November 2016, the activities of a Bakonzo militia deemed suspicious by the state led to a violent clampdown by government forces. Talks of a “Yiira Republic” including the Congolese Bakonzo, along with the king’s hesitancy in responding to President Museveni’s demands, eventually resulted in an attack on the king’s residence, which was burned down, and in his arrest. This also revealed the limited success of Museveni’s intention to strengthen traditional institutions as a factor of social cohesion (apart from the fact that in the case in point, the kingship lacks historically serious credentials). However, the underlying causes such as the perceived neglect of the area and the way land disputes there have been handled by the authorities cannot be overlooked.

The threat posed by international terrorism, present ever since Uganda’s “7/11,” the bomb attacks in Kampala committed by al-Shabaab adherents on July 11, 2010, remains a major countrywide challenge. Uganda still is seen as a target due to its role as a key contributor of troops to the African Union Mission in Somalia (AMISOM). Terror alerts are periodically issued by the police. Another kind of challenge to the state’s monopoly on the use of force are incidences of mob justice.

Conventional border disputes involving Uganda and its neighbors do exist, though they are currently of limited relevance. South Sudan claims a stretch of land on the Ugandan side of the boundary. The tiny islands Rukwanzi in Lake Albert and Migingo in Lake Victoria are a bone of contention between Uganda and the Democratic Republic of the Congo and Kenya, respectively. They have an economic dimension, since the Albertine Graben holds large deposits of crude oil and natural gas, whereas the waters around Migingo are rich in fish.

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 for independence of a particular area. Calls for secession by Buganda or the north are occasionally made, but are usually seen as outlandish.

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. In pre-colonial times, powerful empires such as Bunyoro-Kitara and Buganda existed. Other societies had no kings or rulers, based instead on a segmentary pattern; for example, ethnic groups in the north and the Bakiga of the southwest were organized along clan and lineage structures. Britain, the colonial power, used Buganda to subdue the other parts of what was then called the Uganda Protectorate, rewarding it at the expense of Bunyoro and giving its aristocracy a prominent position. At independence, the special status of Buganda was preserved, while the three other kingdoms and a number of districts were confined to minor roles. Following the violent dethronement of Buganda’s ruler



in 1966 by the government, all kingdoms were abolished in 1967. However, they were reinstated in 1993.

By doing so, President Museveni intended to preserve the cultural heritage, foster social cohesion and add legitimacy to his rule. Kings and other cultural leaders were strictly confined to a cultural role and barred from participating in partisan politics. They do not exercise any administrative, legislative or executive powers of government, not even on the local level. All the same, they are de facto political players. It even was attractive to create new “traditional” institutions based on questionable historical credentials.

The neo-traditionalists of Buganda, Uganda’s heartland, assembled under the banner of “federo,” which at least some of them do not take to mean federalism. Rather, this term appears to be a cipher for regaining a once-dominant position. Though the debate takes place within the framework of the republican constitution, it looks as if some discussants pay only lip service to it, being aware that the comprehensive autonomy demanded would impair any Ugandan central government. After all, the major economic and administrative activities take place in this part of the country.

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 national motto reads “For God and My Country,” indicating strong attachment to the religions introduced since the second half of the 19th century, namely the Anglican, Roman Catholic and Islamic faiths. (The traditional cults long adhered to by a majority of the people are usually not considered religions.) Even contemporary political rhetoric frequently draws on the Bible.

Nonetheless 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 highly significant role, and all political actors take this into account. Freedom of religion is a protected right along with the freedoms of conscience, expression, movement, assembly and association (Article 29).

Among the Christians, evangelical and Pentecostal groups have emerged as serious competitors to Catholics and Anglicans; they have risen to prominence and wield considerable political influence. Parts of the government and especially the so-called first family maintain close links to evangelical circles, internationally as well as domestically. The president’s daughters and wife are active pastors in a Pentecostal church. Prominent evangelical preachers frequently call for support for the president and the ruling party.

No interference of religious dogmas

8



1

The Muslims are divided by factionalism. In general, they have no extremist leanings, but fundamentalist Tabliqs once contributed to the ranks of the ADF and in the period under review, a few Muslim clerics were murdered, possibly due to internal strife.

Originally the political parties in Uganda had a religious background, the DP being seen as the expression of political Catholicism and the UPC as the party of the Anglicans. This has largely become a historic reminiscence.

Christians and Muslims mostly live together peacefully. They also share a common position on some social issues, such as homosexuality. Attempts to sharpen existing colonial legislation barring same-sex relationships were applauded by religious leaders but eventually proved futile.

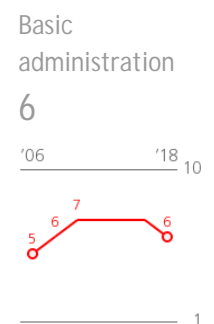
The basic administrative structure of the state is in place and is supposed to provide essential public services. These are more efficiently provided in the center of the country and in some of the towns that host district administration headquarters. Access to services largely depends on the distance citizens have to travel to reach them. Many villages are not well connected to the road network, and reliable transport is often unavailable.

Access to courts and corresponding judicial services is in theory present everywhere, but in practice diminishes considerably at the local level, mainly due to limited awareness and the long travel times required. The judicial system still suffers from major human-resource gaps, and case handling is slow. At times, cases relating to land, family conflicts (including domestic violence), and major offenses such as rape are handled at lower levels lacking the jurisdiction or competence to do so. Moreover, the lower courts and the police are frequently considered to be corrupt.

Government health services cover the whole country, but mostly under deplorable conditions. Health centers frequently do not have required medication or hand it out only after a bribe is offered. Those who can afford it tend to prefer commercially-run clinics and private schools. Significant knowledge gaps among teachers and health workers and a high incidence of absenteeism among both detract from the adequacy of service delivery. Though universal primary education is guaranteed, there is an extremely high dropout rate from these schools. Many government schools, especially in the rural areas, suffer from understaffing, inadequate facilities and a lack of teaching materials, all factors which significantly affect education quality.

Access to suitable sanitation facilities remains limited. Current figures show hardly any improvement over the past years. In 2015, the percentage of the population with access still stood at 19%, far behind the worldwide average of 68%. Access to adequate water sources improved, reaching 79% in 2015 (raising from 65% in 2005), though not yet attaining the international average of 85%.

Modern communication systems have developed quickly. Cell phones are ubiquitous; by the end of 2014, there were 52.4 mobile-cellular subscriptions per 100 inhabitants.



The proportion of individuals using the internet is estimated to have increased to 17.7% in 2014 (from 14.7% in 2012).

The 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 revenues and resource allocations, a lack of technical capacities, and high levels of corruption.

2 | Political Participation

Elections are regularly held on the national level as well as for the lower echelons of government. Universal suffrage is guaranteed. According to the constitution (Article 59), every Ugandan citizen 18 years or older has the right to vote. The citizen's "duty...to register as a voter for public elections and referenda" is stated as well, but voting is not compulsory. Voters are able to choose among different, clearly identifiable political parties. Elections to parliament are based on first-past-the-post majority voting in the 290 constituencies (2016). Voters also choose a female representative for each district (112). In separate procedures for each of the groups concerned, five representatives are elected to represent youth, persons with disabilities and workers, along with 10 soldiers to represent the army. This representation of "special interests" tends to compromise the equipollency of votes. The legislative body also includes "ex-officio" members without voting rights (ministers without seat in parliament).

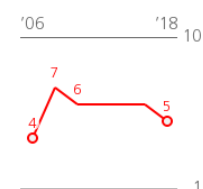
Confidence in the electoral process has steadily declined. The country's electoral body, the electoral commission (EC), is appointed by the president pending parliamentary (i.e., majority party) approval, leading to doubts concerning its independence. Demands to appoint a credible EC were heeded neither before nor after the 2016 elections.

The president is elected "by universal adult suffrage through a secret ballot" (Article 103 of the constitution). The last nationwide elections for the office of president as well as for parliament took place concurrently on 18 February 2016, with the incumbent Museveni winning the presidential race as expected. Out of the 427 seats in parliament, the ruling NRM held 294 (68.8%), but its majority reaches well beyond this figure, given that most "independent" members of parliament are in fact government-leaning.

In view of the interlacing of NRM party and state structures, there was again no level playing field during the 2016 campaigns, which featured heavy interference by security forces including blockades of opposition rallies and arbitrary arrests of opposition politicians.

Free and fair elections

5



The excessive use of force by the police, justified as “preventive” measures, created an intimidating atmosphere around the elections. Media coverage of the elections was also subject to considerable state interference, with disproportionately more space allocated to the incumbent president and the ruling party.

Voting day saw delays and irregularities. Following the closure of the polls, the police acted violently to suppress opposition supporters, including the FDC leadership. Vote counting and result verification was not undertaken in an adequately transparent manner. Though it is widely held that there was no all-out rigging, doubts regarding the credibility of the exercise persist.

Democratically elected legislators and office holders have to a large extent the effective power to govern. Even so, Uganda’s political reality is a blend of democratic processes and outright authoritarian interventions. Power is very much concentrated with the president. Yet President Museveni is bent on ensuring that the desires of different stakeholders, who see their interests best served by supporting the ruling party, are brought into balance.

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 Major General Muhoozi Kainerugaba. The major general led the well-equipped and well-paid 10,000-strong Special Forces Command, the core of the 50,000-strong Uganda People’s Defence Force (UPDF), until he was appointed senior presidential advisor for special operations in January 2017. This is seen by some observers as a means of grooming him to eventually succeed his father.

Since Museveni is essentially in charge of the army, conflicts between the military and the executive are not openly visible. The de facto alignment between the executive and the military is not in line with the constitutional order.

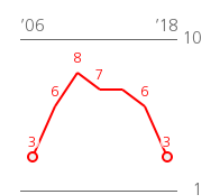
Other groups, such as religious and cultural institutions, operate well under the authority of the elected leadership. But certain cultural institutions (particularly the kingdom of Buganda) exercise a certain level of problematic influence over the decisions of elected representatives, mainly in parliament and in local government.

The constitution guarantees the “freedom to assemble and to demonstrate together with others peacefully and unarmed” and the “freedom of association which shall include the freedom to form and join associations or unions, including trade unions and political and other civic organizations” (Article 29). In practice, authorities did not attach much importance to these principles when faced with political and social unrest.

The demand that organizers of public meetings and demonstrations secure “police permission,” as opposed to the legally stated requirement of “notifying the police,” is effectively an infringement on the freedom of assembly. This pretext was used by

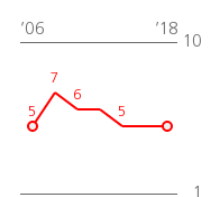
Effective power to govern

3



Association / assembly rights

5



security agencies to block or dissolve public meetings mainly by the opposition. Arbitrary arrests of demonstrators have been used as a police tool, though it ought to be noted that their ranks have in the past included participants engaging in violence.

Ahead of the 2016 elections, campaign activities were largely conducted peacefully. However, opposition candidates faced unequal application of the rules, enforced by the police, as well as widespread chicanery. The generally blatantly massive police presence, along with that of a new auxiliary force called “crime preventers,” seen by many as a militia in the service of the ruling party, contributed to an environment fraught with intimidation.

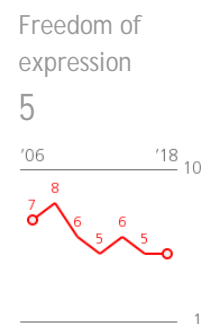
A large variety of NGOs exists. In general, they can work freely and cooperate with foreign partners, who usually provide substantial financial assistance. At the local level, however, NGOs tend to shy away from political topics for fear of crossing lines with the political establishment and indeed their activities are closely watched by the state.

The 2016 Non-Governmental Organizations Act, signed into law by the president at the end of January 2016, imposed “special obligations” on NGOs, for example to “not engage in any act that is prejudicial to the interests of Uganda and the dignity of the people of Uganda.” Civil-society activists have raised fears that this provision may be used selectively against NGOs that engage on political topics and express criticism toward the government.

The constitution provides for freedoms of expression and of the press, and Uganda’s media scene continues to be quite lively. In the field of broadcasting many private FM stations arose from the liberalization process, some owned by politicians. Although television, including private stations, has a strong role in urban areas, the vast majority of Ugandans access news and other information via the radio.

Traditional print media in English and in various Ugandan languages thrive as well. They range from papers offering in-depth analyses to tabloids. The major English-language papers are the Monitor and the New Vision. The former, which usually covers government actions critically, belongs to the Aga Khan’s East African Nation Media Group. The latter was founded (and is still partly owned) by the government, but cannot be regarded simply as its mouthpiece. The 2016 World Press Freedom Index of Reporters Without Borders ranked Uganda at 102 (of 180 countries), down eight places relative to the 2014 index.

The media situation is marked by ambiguity. Freedom of expression is still generally allowed, and reporting is often surprisingly open and critical. At times, an independent stand may be outweighed by the business interests of the media houses, which tend to remain on good terms with the state (still the major advertiser). Thus, the plurality of opinions is somewhat compromised, though still evident and in place.



The freedom still enjoyed, however, does not necessarily correspond to responsible reporting or the application of quality criteria and ethical standards, especially in the case of FM stations and tabloids.

In the course of 2016, the freedom of the press in Uganda was undermined by increased government interference with media outlets covering political events, as well as by the growing prevalence of bribery in the media sector. The police and other security organs remain the most significant violators of the rights of journalists. Cases of harassment of journalists increased particularly around the elections.

There is a significant difference between urban and rural areas, Kampala's liberal climate being far from typical for the whole country. Locally, more supervision and harassment of journalists has been observed.

Ambiguity also is evident in the government's attempts to monitor the media closely through various bodies, and in its sporadic efforts to win over or cajole journalists.

The fast-growing social media have been difficult to control; during and after the 2016 elections, access to these services was temporarily blocked by the government.

3 | Rule of Law

The institutional differentiation of the organs of the state, their division of labor in accordance with their functions and the provision of checks and balances are constitutionally provided for. But they are quite often overstepped, usually by the president, and there are serious doubts as to whether the concept has been fully internalized by the political actors.

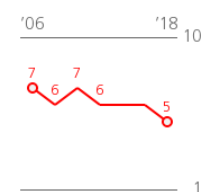
The legislature, the executive and the judiciary are defined in separate chapters of the constitution. The separation of powers is accepted as a principle. The cabinet consists of the president together with the vice-president and the ministers appointed by the president with the approval of parliament.

The constitution accords wide powers to the president; it also provides legal procedures for his or her removal (Article 107). Yet, in day-to-day practice, the president frequently exceeds his constitutional powers with impunity. Since most substantial public positions are subject to presidential appointment, there are limits to the independent exercise of such offices.

Parliament, though dominated by the ruling party, does not necessarily work in a rubber-stamp fashion. But the president's control over the ruling party and its legislators persists.

Separation of powers

5



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 the laws. Judges are appointed by the president on the recommendation of the Judicial Service Commission, and with the approval of parliament.

The constitution mandates the Uganda Law Reform Commission to study and constantly review all acts and other laws with a view to making recommendations for their systematic improvement and reform.

The law faculty at Makerere University, the Law Development Center and professional associations like the Uganda Law Society have a tradition of seeking to enhance the sector's professionalism. Initiated in 1999, the Justice Law and Order Sector (JLOS), a sector-wide approach to planning and budgeting as well as to program implementation plus monitoring and evaluation, comprises 17 institutions in the fields of administration of justice, law and order. Among the tasks of JLOS is to improve access to and the administration of justice which is hampered by inadequate funding and staffing.

Some of the lower courts are believed to be disposed to bribe-taking and yielding to political influence. In rural areas citizens usually perceive judicial institutions as treating people according to their social status or political affiliations. The judges at the higher levels of jurisdiction, however, are able to use their legal powers to rein in the government, even if some might be susceptible to pressure from the head of state.

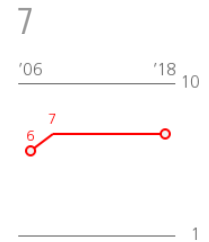
The law allows for the trial of civilians in military courts under certain circumstances. Disposal of justice in such cases is prone to extralegal considerations.

Interference by the executive in judicial processes does occur at times, though not systematically. The chief justice has repeatedly called on the president to stop court raids by the military and the police. This was in reaction to a number of incidents in which suspects were arrested within the precincts of courts by armed security men.

Controversy frequently surrounds the deputy chief justice, a senior member of the ruling party, who is notorious for his pro-government decisions and misuse of judicial powers. His actions have to some extent undermined the independence of the judiciary. In early 2017, he issued a court order, deemed irregular by legal experts, blocking a parliamentary debate on excessive bonus payments to government officials. This caused a stand-off between parliament and the judiciary.

In theory, Uganda is well-equipped with institutions designed to ensure the proper functioning of public institutions and oversee civil servants and office-holders. In line with the provisions of the constitution, the Inspectorate of Government (Chapter 13), the Leadership Code of Conduct (Chapter 14) and the office of the Auditor-General (Article 163) were established. Later constitutional amendments provided for the

Independent
judiciary



Prosecution of
office abuse

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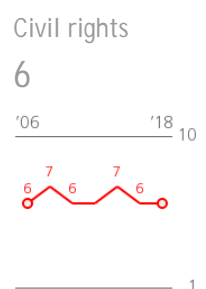
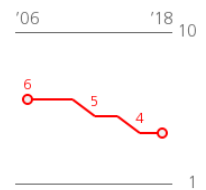
independence of the Auditor-General, the creation of special courts to deal with corruption-related offenses and the (still pending) creation of a Leadership Code Tribunal. Recent legislation includes the 2013 Anti-Money Laundering Act, and the 2015 Anti-Corruption (Amendment) Act, providing for mandatory confiscation of the property of persons convicted of a corruption offense.

Corruption allegations have been publicly leveled against numerous stalwarts of the ruling party, over the years ranging from cabinet ministers and a former vice-president, to civil servants and army officers. Corruption cases have typically centered on diversion of government funds (e.g., payment of ghost employees, fraudulent contracting in connection with infrastructure schemes or military purchases, freehand awarding of tenders in the districts), often at a considerable level. Though some people relatively high in the public-service hierarchy have been convicted, there is a widely held belief that the top actors accused of corruption enjoy impunity. Attitudes toward corruption constitute a societal problem as well, illustrated by the fact that local leaders show solidarity even in obvious cases when one of their flock or ethnic group is under investigation.

While prominent cases do lead to public outcry, the day-to-day corruption encountered rarely triggers consequences. Major corruption cases may feature prominently in the media and attract adverse publicity but attention spans seem to be rather short. The media, generally lacking the skills and priorities for long-term investigative journalism, quickly move on to other topics. As a result, even major corruption scandals quickly disappear from the headlines, and the social stigma of being involved in a corruption scandal is rather weak and inconsistent.

Though the police forces and parts of the judiciary are seen to be among the most corrupt institutions, they are rarely subject to investigation. This also applies to public servants such as medical personnel, who make their services – intended to be accessible to everybody – dependent on bribery or the receipt of favors in return. Ugandans suffer individually and collectively under these conditions, yet concrete occurrences are rarely reported. Ugandans are resigned to petty corruption, be it in traffic control or whenever a certain service is needed.

The constitution devotes its Chapter Four to the “protection and promotion of fundamental and other human rights and freedoms” and spells out the human rights in some detail. Besides civil rights, the chapter includes economic, social and cultural rights. As supervisory body, the Uganda Human Rights Commission (UHRC) is charged also with the investigation of complaints concerning human rights violations, visiting jails and monitoring “the government’s compliance with international treaty and convention obligations on human rights.” The UHRC submits an annual report to parliament, with the police usually cited prominently as having infringed on personal liberties. The provisions this body makes for the redress of human-rights violations brought before it are not always honored by other authorities.



Women in many fields still are disadvantaged, despite efforts by government (including positive discrimination, such as by the rules on the representation of women in elected bodies) to counter negative attitudes. In rural areas, women are largely treated like second-class citizens; domestic violence and marital sexual abuse are usually considered to be private issues rather than human-rights violations.

There is no systematic discrimination against any ethnic or religious group. When delineating protected areas in western Uganda, however, Batwa hunters and gatherers were deprived of their traditional environment and left without appropriate remedy for a long period of time. In January 2017, plans were announced for a center to assist albinos.

There have been rare instances in which members of the Asian minority, quite influential in business, have become targets amid urban popular protests. On the other hand, there are allegations of discrimination or mistreatment by employers or supervisors of Indian or Chinese origin. There is also resentment against Chinese migrants engaging in petty trade.

Sexual minorities have no specific legal protection. Homosexual acts are punishable by law (dating from colonial times). LGBTQI persons continue to face social discrimination. Some government officials have publicly fueled homophobic sentiments. A provision in the 2007 Equal Opportunities Commission Act that could serve to deny LGBTQI people legal recourse in cases of discrimination was annulled by the Constitutional Court in November 2016.

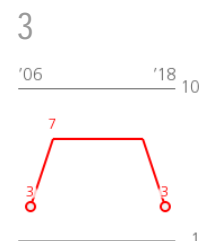
From the outset, Uganda has taken part in the African Peer Review Mechanism, which reaches beyond human rights issues. It also reports to the African Commission on Human and Peoples' Rights. The country, being party to all core human-rights instruments concluded under the auspices of the United Nations, underwent the Universal Periodic Review process in the field of human rights in Geneva in November 2016 (as previously in October 2011).

4 | Stability of Democratic Institutions

Democratic institutions exist from the village up to the national level. By and large, they perform as designed and in accordance with constitutional and other legal stipulations.

Yet the peculiarities of the Ugandan political set-up led to a certain degree of friction. The fact that President Museveni and the NRM have been in power since 1986 has resulted in the intertwining of the ruling party with the state apparatus. Moreover, the president does not always follow the proper channels when pushing through his decisions. The structures of governance do overlap in some areas.

Performance of democratic institutions



In each district, a resident district commissioner (RDC) is appointed by the president to represent the central government, reminiscent of the colonial “Bwana Diisi” or district commissioner. The functions of the RDC, as redefined in a 2005 constitutional amendment, are mainly “to monitor the implementation of central and local government services in the district” and “to act as chairperson of the district security committee.”

At the local level, interference by RDCs is not the only challenge. Though decentralization is one of the major features of the country’s system of governance, local institutions are financially dependent on the central government. Authoritarian tendencies are often stronger on the local than on the national level; opposition parties often do not get the opportunity to engage effectively in local governance. Many elected leaders on the local level demonstrate some lack of understanding of their roles and responsibilities, and many lack both knowledge of procurement rules and the capability to draft or read a budget effectively. This has serious effects on the performance of local councils and thus for local governments in general.

On the national level, the inspectorate of government, the Auditor-General, the parliament’s public accounts committee and other institutions partly cover the same field.

Parliament and higher courts repeatedly have asserted their independence and provide for the presence of checks and balances in a system dominated by a strong executive.

Democratic institutions created under the 1995 constitution continue to receive a certain level of acceptance by the relevant political actors. The same holds true for the multiparty system, even though many NRM members and heavyweights treat other parties as a mere nuisance. Tolerance of divergent political views often is lacking, especially in the rural areas. The existing institutions, nevertheless, are seen as the framework in which the political will of the people can find expression.

Though people regard elections as the proper way to choose their leaders at all levels, trust in the actual working of the electoral process is low. However, the assertion by 2016 opposition presidential candidate Kizza Besigye that he is the “people’s president” who won 52% of the vote lacks credibility.

The effective veto holder remains the army leadership.

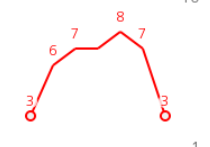
5 | Political and Social Integration

Toward the end of the colonial era, a number of political parties emerged. The biggest forces were the DP and UPC, both of which sought a nationwide following. In Buganda, the kingdom which had received preferential treatment by the colonial power, the Kabaka Yekka movement was created as the political expression of local-monarchy supports. Allegiance to the DP and UPC, as well as to the kingdom in

Commitment to democratic institutions

3

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Party system

7

Buganda, proved to be more deeply rooted than expected. The DP and UPC still exist, though their clout has diminished considerably. Loyalty to the king is still present among many Baganda. Nonetheless, during its decades in power, the NRM was fairly successful in portraying the old parties as backward and sectarian, and as responsible for the post-independence malaise. It was able to entrench itself as a dominant, even hegemonic force with strong roots in society, and with organizational structures present at all levels. The opposition parties are characterized by a low degree of institutionalization and coherence, and weak structures.

The biggest challenge to Museveni's rule emerged from within in the form of the FDC, which was originally composed of former close associates. The FDC consolidated as the strongest force in the opposition camp. In 2016, it won 36 of the 427 seats in parliament (8.4%). The DP had 15 legislators, and the UPC six. However, the parliamentary opposition faced an NRM camp consisting not only of the 294 declared party members, but also including government-leaning independents and the military MPs who had no formal party affiliation.

While on the surface the NRM ideologically is based on Museveni's ideas and "vision," it comprises an assortment of political tendencies, economic interests and personalities. It is knit 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. Though deploring the democratic deficiencies of Museveni's rule, opposition parties do not offer substantial programmatic alternatives.

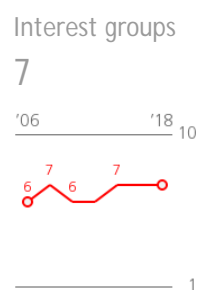
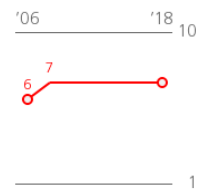
Voters, if not directly bribed, tend to lean toward the ruling party, expecting tangible local improvements. Thus, the success of parties depends on their effective power as perceived by the voters. Overall, parties rely more heavily on personalities than on programs or ideologies.

Political polarization is high at election time, particularly in the capital city, which again proved to be a stronghold of the opposition.

Civil society developed late. There are industry associations, business community groups, professional and cooperative organizations. NGOs have emerged in the fields of development, human rights and charity work. Some appear to be completely dependent on foreign funding.

More conventional associations include the various still-powerful 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 moderation role in times of political conflict.

The kingdom of Buganda is able to rely to a certain extent on deep-rooted structures and to generate public support for its demands in its part of the country. At times, these amount to a challenge to national cohesion. Though other kings and cultural



leaders are in a much weaker position, loyalties to them at times can be instrumentalized to create conflict.

NGOs active in the field of human rights, gender issues, or combating corruption have become vocal and continue even in the face of chicanery by government and its numerous security agencies. The state increased its regulatory powers with passage of the 2016 Non-Governmental Organizations Act.

While labor organizations existed even during the colonial period, contemporary unions are in a weak bargaining position. Although the “workers” have specific representation in parliament, they are of little political relevance.

In general, the different interest groups lack the coherence and organizational capacity necessary to exert much influence on the political process. Political lobbying of individuals, informal groups and interests is most effective when directed toward political leaders of the ruling party.

Though the strength of the affirmative “demand for democracy” by Ugandans has decreased, they still prefer democracy to any other form of government (64%). A presidential dictatorship is rejected by 87% of the population, military rule by 80% and a one-party state by 73%. Such were the findings of the most recent Afrobarometer opinion poll (round six), with interviews in Uganda conducted in May 2015. Less than half the population (43%) considers the country to be “a full democracy” or “a democracy with minor problems,” or is “satisfied” with the way democracy works. A few years earlier (round five, 2012), slightly more than half the population (52%) made this positive assessment. The figures thus point to disillusionment, as well as to a generally positive attitude toward democracy that does not necessarily translate into action.

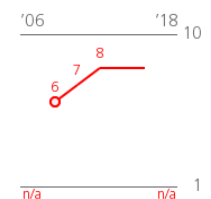
However, these polls cannot be taken entirely at face value, as rural Ugandans in particular still harbor some uncertainty regarding the details of democracy and the role of actors in a democratic state.

The 2015 Afrobarometer figures show relatively low and decreasing levels of trust in democratic state institutions such as local government councils (53%), courts of law (56%) and parliament (60%), while trust in the president had increased to 79% (from 59% in 2012).

Support for the multiparty political system has continued to increase since its reintroduction in 2005, yet the level of trust in opposition parties has decreased.

Approval of
democracy

n/a



n/a

Traditional community-based institutions still exist and contribute to social cohesion at the local level, based on mutual trust and reciprocal support. These include credit and saving societies, burial-funding associations or church lay committees. However, voluntary work outside a religious framework has become rare, reflecting social change.

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.

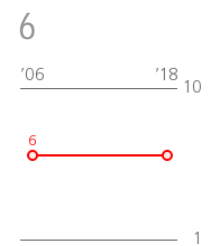
Modern associations such as NGOs active in the field of advocacy are thriving. They are not based on traditional allegiances, but rather on common objectives shared by the growing population sector of educated and relatively well-to-do people.

Solidarity within extended families has decreased as gaps within families have deepened. Members of the rising middle class often perceive the expectations of less-privileged kin as a one-sided dependency that works against their own advancement.

In the north, social capital has been eroded by decades of violence, particularly among the many people living in IDP camps.

On the whole, increasing urbanization and steady population growth have thrown traditional social systems off balance.

Social capital



II. Economic Transformation

6 | Level of Socioeconomic Development

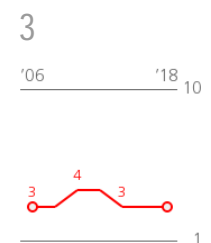
Uganda's record at the close of the Millennium Development Goals (MDG) endeavor was respectable, even if not all milestones were attained. The first of the MDG targets (i.e., to halve the proportion of people below the national poverty line) was accomplished before the 2015 deadline. The poverty gap was reduced all over the country, and there was notable reduction in under-five mortality.

The 2030 Agenda adopted by the United Nations in 2015 spells out the Sustainable Development Goals (SDG). Uganda has been a pioneer in the SDG process, being among the 22 states delivering voluntary national reports in July 2016 (Review Report on Uganda's Readiness for Implementation of the 2030 Agenda).

The UNDP's 2014 Human Development Index (HDI) places Uganda in the category of low human development (with a score of 0.483), with a rank of 163rd worldwide, behind Kenya and Tanzania and at par with Rwanda. In 2012, 65% of the population

Question
Score

Socioeconomic
barriers



lived on less than \$3.10 a day (32.7% being the international average in 2011). This is more than in Kenya, but less than in Tanzania and Rwanda. For the same year, the country's score on the Gini index, which assesses inequality (a score of 100 amounting to absolute inequality), was 41.0, demonstrating a higher degree of inequality than in Tanzania but less than in Kenya or Rwanda. Evidence suggests that the gap between a tiny, exceedingly rich segment of the population and the many poor is deepening. There is also a small but growing middle class in the urban areas, especially in Kampala.

The 2014 Gender Inequality Index, which measures disparities with regard to reproductive health, empowerment and the labor market, gives Uganda a score of 0.538, below the international average (0.414) and worse than Rwanda, but better than Tanzania or Kenya. This is just one indicator that Ugandan society is still deeply shaped by a patriarchal culture. There is a substantial gap between urban and rural women.

No specific exclusion on the basis of religion or ethnicity is observed, but the strong regional disparities which emerged at the beginning of last century and were exacerbated during the LRA period are receding only slowly.

Uganda's urban population in 2015 was 16.1% of the total. Thus, the vast majority of the population continues to live in the countryside, largely depending on subsistence farming. Their access to markets to sell their produce is limited. Yet with a few temporary and local exceptions, the country is not only able to feed itself but also to export agricultural products.

Economic indicators		2013	2014	2015	2016
GDP	\$ M	24879.1	27927.9	27856.4	25527.9
GDP growth	%	3.6	5.2	5.0	4.6
Inflation (CPI)	%	5.5	4.3	5.2	-
Unemployment	%	1.9	1.9	2.1	2.3
Foreign direct investment	% of GDP	4.4	3.8	1.9	2.0
Export growth	%	6.7	0.2	-3.5	6.9
Import growth	%	0.0	-6.4	10.6	3.5
Current account balance	\$ M	-1845.5	-2431.3	-2352.6	-

Economic indicators		2013	2014	2015	2016
Public debt	% of GDP	27.6	30.7	33.3	37.3
External debt	\$ M	8739.2	8952.3	9925.3	9947.0
Total debt service	\$ M	89.3	208.6	98.1	851.0
Net lending/borrowing	% of GDP	-	-3.9	-3.5	-
Tax revenue	% of GDP	11.1	11.3	10.2	-
Government consumption	% of GDP	7.9	8.3	9.0	6.1
Public education spending	% of GDP	2.2	2.2	-	-
Public health spending	% of GDP	2.1	1.8	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	1.7	1.7	1.6	1.6

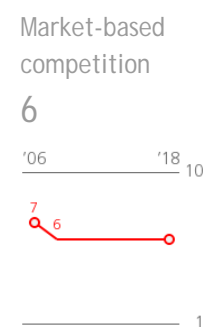
Sources (as of October 2017): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

Uganda took vigorous steps to liberalize its economy, soon after the avowed revolutionary Museveni assumed power in 1986. It agreed with the international financial institutions on structural adjustments aiming to restore fiscal discipline and loosen constraints on trade and the exchange rate. The Uganda shilling was among the first African currencies to become freely convertible.

Internal markets, including for foodstuffs, largely follow the law of supply and demand. Entry and exit barriers and regulations on investment are in place, but on the whole, they play no negative role. It is stated policy to present Uganda internationally as an attractive destination for foreign direct investment (FDI). Despite some limitations, the climate and the legal framework are favorable toward FDI, with ever more originating in Asia.

In the World Bank's Doing Business 2017 report, which reflects the situation as of June 2016, Uganda's ranking improved to 115th place, up from 135th in 2014. This ranking was behind Rwanda's and Kenya's, but ahead of Tanzania's. Among the reforms enacted was a measure making tax payments easier by allowing for tax returns to be submitted online, and another involving construction of a one-stop border post en route to Kenya, thus easing exports by reducing border-compliance time.



Imperfections affecting the markets are caused by a partial weakness of the institutional structure, the pervasive corruption and occasional political interventions. The operation of the state bureaucracy does not always prove helpful.

A very large informal sector, estimated to contribute about half of GDP and to involve about three-quarters of the workforce, is a major de facto part of the Ugandan economy. This reflects not so much an overregulated market, but the fact that this sector provides avenues available for income-generating activities that the relatively small formal sector remains unable to offer.

The government has been firm in safeguarding market operations, even when under popular pressure to resort to price fixing. There is heavy competition among powerful economic actors such as providers of mobile phone services. Former monopolies (e.g., in buying cash-crops from smallholders) were abolished. Nevertheless, there are instances of oligopolies or limited monopolies; some prices may be fixed by major players or cartels. The Consumer Protection and Competition Bill, which was eventually split into separate Consumer Protection and Competition bills, has not yet been enacted, as there might be a necessity of harmonization within the East African Community (EAC) and the Common Market for Eastern and Southern Africa (COMESA).

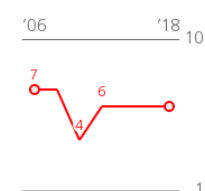
Uganda's role in international trade is affected strongly by the fact that it is a landlocked country situated far from the ports of the Indian Ocean. The colonial-era division of labor made it a supplier of raw materials, mainly coffee, tea and cotton, which are still among the country's leading export products. In the trade pillar of the DHL Global Connectedness Index 2016 (measuring cross-border flows of trade, capital, information and people for 2015) Uganda was ranked at 122nd place out of 140, lower than Kenya (107) and Tanzania (121) but ahead of Rwanda (134).

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, with a rate of 10% for intermediate goods and 25% for finished goods. COMESA and EU countries are major exporting destinations. EAC countries that belong to COMESA apply a preferential tariff on imports from other COMESA countries.

The most recent Trade Policy Review Report by the WTO Secretariat of the EAC countries dates to late 2012. Its findings that "regulatory constraints, and trade taxes (import tariffs and export taxes) that promote non-competitive industries" still constituted an impediment to exports, largely continue to hold true. Uganda's most tariff-protected sector was agriculture, with "tariff bindings cover(ing) 15.9% of all its tariff lines." The least tariff-protected sector was mining and quarry activities, including petroleum products. The WTO review indicated that there is still room for

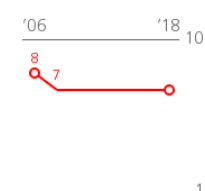
Anti-monopoly policy

6



Liberalization of foreign trade

7



improvement, urging the EAC countries “to pursue their trade liberalizing reforms, to improve their multilateral commitments on goods and services and their business environment with a view to enhancing transparency and predictability and attracting investment.”

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 banks work in compliance with the international standards. The 2016 Financial Institutions (Amendment) Act provides for Islamic banking services, as well as for agent and branchless banking. It also enabled the Bank of Uganda (BoU), the central bank, to revise minimum capital requirements for commercial banks in line with EAC decisions and to implement Basel III capital buffers.

In 2016, there were 25 licensed commercial banks and five licensed credit institutes. Out of the 30, two-thirds (20) were foreign-owned. Financial products offered are mainly short term, and high interest rates are common throughout the banking sector.

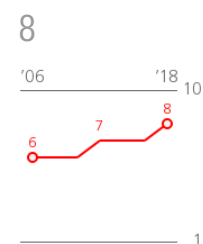
In 2015, the ratio of bank capital and reserves to total assets stood at 13%, lower than Kenya’s 14.4% and Rwanda’s 14.1%, but better than Tanzania’s 10.8%, and comparing favorably to the 11.3% average for the (relatively few) countries covered by the statistics. In the same year, nonperforming loans amounted to 5.1% of all loans, demonstrating a better performance than Rwanda (5.8%), Kenya (6.0%), Tanzania (6.3%) and also the average (6.7%) of the countries covered. The situation has since deteriorated, however, as the nonperforming rate reached 7.7% in September 2016. The quite high net-interest margins enjoyed by the commercial banks has allowed them to recoup some of their losses resulting from bad debts.

One commercial bank, the Crane Bank, reached a nonperforming rate of more than 20% and thus fell into insolvency, prompting the BoU to take it under statutory management in October 2016, since it was seen as “systemically important.” At the end of January 2017, the BoU transferred this entity to the Development Finance Company of Uganda Group (DFCU Bank).

Supervision of the financial sector is exercised by the BoU. The supervised financial establishments are banks as well as non-bank institutions such as foreign-exchange bureaus, money remitters and microfinance deposit-taking institutions. But the BoU does not supervise insurance companies or brokers, leasing companies or development banks.

Savings and credit cooperative organizations, known as SACCOs, provide the rural population and groups such as soldiers or teachers access to microfinance. The widely used cell-phone-based mobile-money services offer another avenue open to the poor.

Banking system



The other side of the financial landscape includes the Uganda Securities Exchange and the Capital Markets Authority, which was established to regulate this industry “with the overall objectives of investor protection and market efficiency.” The Uganda Bankers Association and the Uganda Institute of Banking and Financial Services additionally offer training and consultancy services.

The BoU exercises its responsibilities with a high degree of independence.

8 | Currency and Price Stability

Inflation control and exchange-rate policies pursued by the central bank remained in line with overall government economic policy. In this setting, they were exercised with a very high degree of professionalism and independence. Professor Emmanuel Tumusiime-Mutebile, governor of the BoU since January 2001, was reappointed at the end of 2015 for another five-year term. He is widely perceived as standing for a prudent fiscal and economic policy that has continued to win praise by the IMF.

The average annual inflation rate for the calendar year 2015 was 5.2%, up from 4.3% in 2014. This was less than Kenya’s (6.6%) and Tanzania’s (5.6%), and also below the 5.7% average for the countries covered by the pertinent statistics, but higher than Rwanda’s (2.5%). No serious inflationary pressures were experienced during 2016, even though the annual headline inflation rate (which includes food crops, fuel and electricity) for the year ending December 2016 rose to 5.7% compared to 4.6% for the year ending November 2016, largely due to seasonal fluctuations for the price of foodstuffs. The BoU’s 5% inflation target was kept and appeared to be realistic.

The easing of inflationary pressures allowed the BoU to reduce the central bank rate (i.e., the lending rate to banks), which stood at 17% in October 2015 and at 13% in October 2016, to 12% in December 2016.

The exchange rate of the national currency, the Uganda shilling (UGX), is determined by a free-float status in the interbank foreign-exchange market. The BoU intervenes only when short-term fluctuations cause problems. There are no restrictions on making payments or transfers for current international transactions. Partly due to the strengthening of the U.S. currency, the shilling depreciated by 17.5% against the dollar during 2015. In 2016, however, the degree of real effective exchange-rate depreciation was lower. In September 2016, on a year-on-year basis, the shilling even appreciated by 7.8% against the dollar.

The level of international reserves remained adequate during the review period, corresponding to approximately four months of imports.



The real effective exchange-rate index (2010=100) placed the shilling at 105.6 in 2015, better than the 108.0 average for the countries for which information was available, and better than the indicators for 2014 (114.3) and 2013 (110.9).

Having been one of the first African countries to adopt economic liberalization and market-friendly policies about three decades ago, Uganda has generally implemented a consistent policy, enabling it to maintain macroeconomic stability.

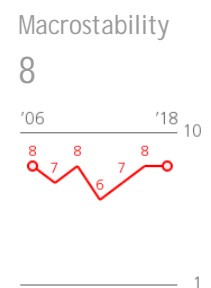
According to the IMF Executive Board early in January 2017, when it concluded its seventh review under the current Policy Support Instrument (PSI, a mechanism that concentrates on advice and monitoring), Uganda’s “economy has performed reasonably well in a complex environment.” Program performance under the PSI was seen as “mixed,” with “lower than expected nominal growth and election-related spending” resulting “in missed revenue and deficit targets.” Nevertheless, structural reforms went ahead “albeit with many delays.” The 2015 Public Finance Management Act reformed fiscal and macroeconomic management and created the Charter for Fiscal Responsibility, to be approved by parliament, which is slated to determine fiscal deficit and public-debt levels consistent with the preservation of macroeconomic stability.

The current-account deficit in 2015 was \$2.3 billion, slightly down from the 2014 sum of \$2.4 billion, but higher than the \$1.8 billion of 2013. In 2015, Rwanda’s deficit was lower (\$1.1 billion), and Tanzania’s higher (\$3.3 billion). In the same year, public debt amounted to 34.4% of GDP, up from 31.2% in 2014 and 27.7% in 2013. The 2015 figures compared favorably to Kenya (51.3%), Rwanda (37.3%) and Tanzania (36.5%).

External debt in 2014 totaled \$5.1 billion, up from \$4.8 billion the year before. Debts incurred by Kenya and Kenya were considerably higher (\$16.2 and 14.4 billion respectively), while Rwanda’s commitments were only \$2.0 billion. The total debt-service payments in current US dollars in 2014 were \$98.5 million, a notable increase from \$82.0 million in 2013. Kenya and Tanzania in 2014 had to pay more (\$1.2 billion and 251.8 million), but Rwanda less (\$56.7 million). The cash deficit improved to 2.1% of GDP in 2012, down from 3.2% in 2011 and 3.4% in 2010.

General government final consumption expenditure in 2015 totaled 9.6% of GDP, a figure surpassed by Kenya (14.5%), Tanzania (14.3%) and Rwanda (12.3%). In the same year, total reserves reached \$2.9 billion, a decrease from the \$3.3 billion held in each of the previous two years. Reserves in 2015 remained less than those held by Kenya (\$7.5 billion) and Tanzania (\$4.0 billion), but surpassed Rwanda’s (\$1.0 billion).

The budget deficit for the 2015/2016 financial year was estimated at 6.4% of GDP. External financing of the 2016/2017 budget was projected to be 24.8% of the total, comprising mainly concessional and non-concessional loans plus some grants.



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.”

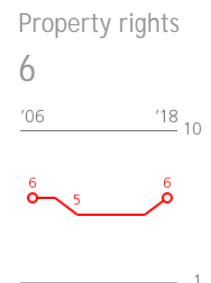
Courts and judicial procedures are well established, though not always very effective. There is no discrimination against foreign nationals, except restrictions concerning the ownership of land.

The standard “doing business” situation used as a yardstick by the World Bank (procedures and time involved in registering property), requiring 42 days in Uganda, is below the average (47 days) of the countries covered by the survey for 2016. Yet the number of procedures to be carried out (10) is in notable excess of the average (six). The Ugandan performance is in marked contrast to Rwanda (12 procedures / three days), though better than Tanzania (67 / eight) and Kenya (61 / nine).

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. The 2013 Industrial Properties Act, in force since 2014, provides for “the promotion of inventive and innovative activities,” in part through the establishment of a register of industrial property rights.

Disputes over land are common in Uganda. They reflect legal inconsistencies as well as different local concepts of landownership. The Land Amendment Act of 2010 was supposed to give more security to tenants and at the same time to safeguard the interest of owners but has proved to be a limited success. The national land policy of 2013 states that the origin of conflict over land was often to be traced to colonial policy, which in effect created “multiple and conflicting tenure rights and interests often overlapping over the same piece of land.” Women in practice do not have equal rights to land, and laws effectively protecting their land, inheritance and property rights are lacking.

With the discovery of oil and other natural resources, additional conflicts over land emerged, mostly in Bunyoro. These have centered on 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.



After economic liberalization, the private sector has become the main driver of the economy; as such it is fully accepted by all political actors. The legal framework for its operation is in place though there are sometimes deficiencies when it comes to its application.

Privatization of most parastatals was effected, though at times under opaque circumstances and largely without contributing to the creation of tangible new employment opportunities. The disposal of some establishments (e.g., Uganda Railways and Nyanza Textiles) proved ruinous.

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. 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.

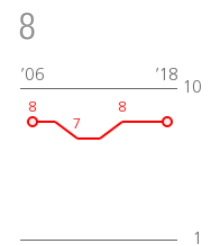
The World Bank's Doing Business 2017 report ranked Uganda at 115th place, a shift of only one place since the year before. This report identifies the bureaucratic and legal hurdles an entrepreneur faces when attempting to incorporate and register a new firm. For 2016, it recorded a duration for this process in Uganda of 26 days, requiring a total of 13 procedures, in excess of the international average (22.8 / 7.3). This was again quite different from the Rwandan performance (4.0 / 5.0) and even from the Kenyan (22.0 / 7.0), though close to the Tanzanian result (26.0 / 9.0).

According to the Global Entrepreneurship Monitor (GEM) 2015, Uganda is the most entrepreneurial country in the world, with 28% of adults owning or co-owning a new business. However, 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.

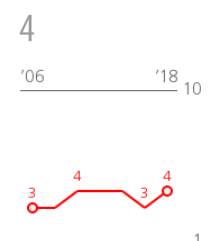
10 | Welfare Regime

Health care can be deemed a basic element of social safety in countries like Uganda. Expenditures on public health, which in 2004 consumed 2.3% of GDP, had fallen to 1.8% of GDP by 2014, below the 3.2% global average, and lagging behind Kenya (3.5%), Rwanda (2.9%) and Tanzania (2.6%). This highlights the fact that the state's actual commitment to the provision of free-of-charge nationwide high-quality health services is somewhat at variance with the reality on the ground. Service delivery indicators published by the World Bank in 2013 revealed major knowledge gaps among health workers as well as a high incidence of absenteeism. Rural health centers are usually understaffed and often lack or refuse to dispense the proper medication. People frequently turn to church-run clinic or private practitioners, or visit traditional

Private enterprise



Social safety nets



herbalists or even sorcerers. But new government initiatives target primary health care among other sectors, and in March 2016, the Ministry of Gender, Labor and Social Development launched an Integrated Early Childhood Development policy, which is geared toward enhancing prenatal and postnatal care as well as health and nutrition education and care.

Life expectancy at birth in 2014 was at 58.5 years, a marked improvement over the 50.7 years 10 years earlier, but still about 10 years lower than the average of countries covered. Neighbors Tanzania (64.9 years), Rwanda (64.0) and Kenya (61.6) had better data.

The modern social-security networks are able to reach only a fraction of the population, largely civil servants (who receive pensions) and private-sector employees who (jointly with their employers) are required to contribute to a fund for their retirement pay.

Most people still have to rely on traditional structures, mainly their extended family and the local community. But these traditional systems are increasingly losing their ability to cover the needs of all the elderly, being overstretched due to changing life situations and the very high population growth rate.

Those who cannot rely on family structures usually have no social-security net. In 2011, a pilot transfer program (Social Assistance Grants for Empowerment, SAGE) was started in 14 districts, under which rather small cash grants are given to the elderly and other particularly vulnerable groups. An evaluation of two years of operation (2012 to 2014) released in April 2016 found that the SAGE program achieved its core objectives of supporting beneficiary households' basic consumption and assuaging poverty, but had no significant impact on areas beyond basic consumption.

The Parliamentary Forum on Social Protection, launched in early 2014, was reinstated by the newly elected parliament in October 2016. Parliament Speaker Rebecca Kadaga pointed out that there was a tendency in society to neglect old people instead of giving them the special attention they needed, particularly in the case of those who lived on their own.

The constitution guarantees equality and freedom from discrimination (Article 21). It even provides for positive discrimination, enabling parliament to implement “policies and programs aimed at redressing social, economic, educational or other imbalance in society.”

The rights of women, enshrined in Article 33, explicitly allow for “affirmative action for the purpose of redressing the imbalances created by history, tradition or custom.” In public life, women are visible. In the 10th parliament elected in 2016, one-third of the members are women. Parliament is headed by a female speaker. Most female members of parliament were elected to seats reserved for women (one per district),

Equal opportunity

6

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and each of the special interest groups (for youth, persons with disabilities, workers and the army) had two women among their representatives. Only a few female candidates won seats in the regular constituencies. According to an IMF Working Paper (July 2016), Uganda even provides one of the “two most successful initiatives” of gender budgeting in sub-Saharan Africa, integrating the issue into the budgetary process and influencing fiscal policies (the other country named was Rwanda).

A number of women occupy outstanding positions in government, and some women are prominent in the civil service and in business. The situation of educated urban middle-class women shows marked contrast to that of their rural counterparts. Rural women in practice still face discrimination when it comes to property or land rights. Domestic violence was long regarded as an issue undeserving of much attention. Labor-force statistics indicate that women in fact make up half of the total working population.

The Gender Parity Index (GPI) indicates that there is parity between girls and boys in primary schools, girls being in a moderately weaker position in secondary schooling (GPI 0.9) and in tertiary education (GPI 0.8). At the primary level, gross enrollment data suggest that the relevant age cohorts receive schooling in their entirety. Education in secondary schools covers 27.6% of each cohort, while only 4.5% of each cohort attends tertiary institutions. It should be noted, however, that the reality is actually worse than the figures suggest. Schooling for an individual, particularly a girl, may end without completion of the full cycle; the dropout rate is quite significant.

Equality of opportunity may to a certain extent be compromised by political affiliation, leading to disadvantage for adherents of opposition parties. Individuals whose sexual orientation is not in line with the mood of the majority of the population face social ostracism, and occasionally even threats or violence, though the government claims that the state does not tolerate such discrimination.

Historical disparities between regions and social groups still are strong enough to influence an individual’s chances in life, at least to a certain extent. Yet the introduction of free primary and secondary education has allowed for the participation of hitherto neglected large sections of the population. Nevertheless, access to higher education and eventually job opportunities tends to become more difficult due to the poor quality of government schools, resulting in the allocation of the best opportunities to pupils whose parents can afford to pay for private educational institutions. Thus, tendencies toward social exclusion and to self-recruitment based on preexisting social-class membership appear to be on the increase.

11 | Economic Performance

The period under review saw a variety of international, regional and local developments with a bearing on Uganda's politics and economy. Those included the dramatic collapse of South Sudan, previously a major partner in (informal and formal) trade, and uncertainty not least among economic actors relating to the February 2016 elections. According to the IMF, the economy "has performed reasonably well" despite the complex environment. Growth slowed marginally during the 2015/2016 financial year. After a sharp depreciation in 2015, the national currency stabilized again, and the current account deficit was fully financed. The quantity of international reserves remained adequate.

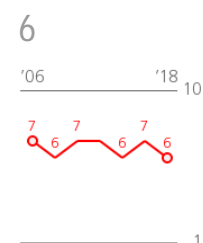
Unemployment and underemployment is a major feature of the labor market, with estimates of the youth unemployment rate as high as 80% (though this figure may neglect work outside the formal sector).

Uganda's 2015 per capita GDP (on a purchasing power parity basis) came to \$1,825 (as compared to Kenya's t\$3,083, Tanzania's \$2,667 and Rwanda's \$1,759). Absolute GDP reached \$26.4 billion, again surpassed by Kenya and Tanzania, but surpassing Rwanda. GDP growth was 5.0%, thus lower than Tanzania's (7.0%), Rwanda's (6.9%) or Kenya's (5.6%). The inflation rate reached 5.2%.

Foreign direct investment inflows amounted to 3.4% of GDP, outpaced by Rwanda (4.0%), but ahead of Kenya (2.3%) and Tanzania (1.8%). Gross capital formation came to 25.4% of GDP; here, Uganda did better than Kenya (21.2%), but was behind Tanzania (31.3%) and Rwanda (26.4%).

As indicated above in the analysis of the country's macrostability, this picture depicts overall sound output strength.

Output strength

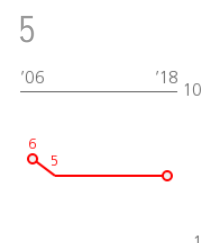


12 | Sustainability

Uganda's tradition of protecting distinctive features of its natural environment has found expression in the creation and maintenance of its vast national parks and game reserves. These have turned into a valuable asset for the tourism industry, and have become a major foreign-exchange earner. Gorilla tracking has become popular among high-spending foreign tourists. Designated forest reserves in 2005 comprised 1.3 million hectares.

Forests, totaling 4.9 million hectares, covered 20.4% of Uganda's land area in 1990. By 2010, only 2.6 million hectares of forest land were left, representing a 46.9% reduction in just two decades. The total deforestation rate per year was 1.8%. In 2013, only 11.7% of the country's land was estimated to be forested. Former forest land has

Environmental policy



been put to other uses, largely agricultural; charcoal and firewood consumption has also taken its toll on the environment. A sizable part of Mabira Forest, the last remaining tropical rain forest in East Africa, was cleared for large-scale sugarcane growing.

The government committed itself to a 22% reduction of carbon emissions by 2030. The 2015 Paris Agreement was ratified on September 21, 2016. The government has issued a number of environmental regulations, but as is the case with many other laws and regulations, implementation remains wanting.

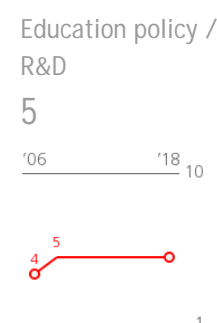
There is a growing degree of environmental awareness in civil society and the media. At the same time, the local population (who is not always addressed in a way that would make people favorably inclined to join and benefit from protection efforts) frequently exerts pressure to use protected land deemed suitable for cultivation or animal husbandry.

Renewable energy provided by hydroelectric installations serves to close much of the electricity supply gap. 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 country is affected by unpredictable weather phenomena (often considered as effects of global climate change) in the form of irregular rainfall, resulting either in drought or in flooding accompanied by landslides, for example, in the Mount Elgon area. In view of the biodiversity value of the Albertine Graben, oil exploration and future oil production is not only of political and social relevance but also raises serious environmental concerns.

In general, the government tends to prioritize perceived economic needs over environmental concerns (the reduction of wetlands for building purposes in the capital city being only a case in point).

Ugandans still cherish formal education, seeing it as prerequisite for personal advancement and associating it with white-collar jobs. Primary and secondary education is free, a historic achievement of Museveni's rule. Expansion of the education sector, however, took place at the expense of quality inasmuch as infrastructure and manpower are concerned. Moreover, parents still have to cover incidentals like teaching materials or school uniforms. The dropout rate is high; absenteeism among teachers is frequent. Parents who have the financial ability to do so prefer to send their children to private schools, even at the primary level. Public expenditure on education in 2013 amounted to 2.2% of GDP, considerably lower than the 4.2% average of the countries covered.



Parity between girls and boys does exist in primary schools and tends not to dwindle much at higher levels. But there is a high dropout rate among both sexes, with the rate among girls higher than that among boys.

Education in the past was basically the realm of the churches and the state. Now there is a variety of providers at all levels, some faith-based, others solely profit-oriented. Historically, the center of higher learning for the whole of British-controlled East Africa was Makerere College in Kampala, founded in 1922. Nowadays one finds a wide variety of tertiary educational institutions registered by the National Council for Higher Education (NCHE). At present, the NCHE lists seven public universities, spread around the country. The newest is the Soroti University of Science and Technology, founded in 2015 (though not fully operational yet). There are also close to 40 private colleges, some with a religious affiliation.

Makerere University in 2016 was placed fourth among the top 15 African universities by the Times Higher Education World University Rankings, being the only one of the first six that was not situated in South Africa. It was not spared from troubles, however. Beset with staff and student strikes and conflicts originating from various types of grievances, it was temporarily closed at the end of 2016.

Uganda also possesses a variety of agricultural, business and technical training institutions; however, the quality of some of these other bodies is doubtful, as is that in some private universities, their material and staff foundations being weak. Despite calls by the president for more practical orientation in the field of education, a major deficiency remains the lack of instruction geared toward blue-collar activities, along with a neglect of vocational training, both resulting from a disrespect for manual work that corresponds with a bias in favor of higher learning. Since educational institutions produce graduates whose skills often do not match the needs required, the labor market is only able to provide jobs for a small portion of them every year, thus contributing to rising youth unemployment rates.

Expenditures for research and development in 2010 amounted to 0.5% of GDP, close to the 0.6% average for the countries covered, but below the level of 1% recommended by the African Union. Applied research attracted five times more funding than basic research.

Governance

I. Level of Difficulty

Uganda is one of the world's least developed countries according to the United Nations' classification. It is also a landlocked country, and its remoteness makes it dependent on transit routes either through Kenya or Tanzania for most of its trade. Though the country is "gifted by nature" (as marketers boast), and has recorded notable progress in reducing poverty and hunger, its rural population, in 2015 comprising 83.9% of the total population, continues to rely largely on subsistence or semi-subsistence agriculture. Uganda has fertile soils and a favorable tropical climate which is moderated by high altitude and large water bodies, but it also is considered to be highly vulnerable to the effects of climate change, which have the potential to affect economic progress negatively.

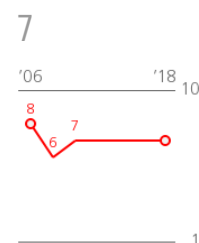
The formal industrial sector is small. Vocational training is not treated as a priority. Most school-leavers aspire in vain for employment in the modern economy. The youth unemployment rate was estimated at 78% in the Second National Development Plan released in 2015. In the document, a major obstacle was identified: "Uganda's labor market continues to face a shortage of requisite skills ... There was a mismatch between the curriculum at the tertiary institutions and the labor market requirements, which explains the high graduate unemployment rates on Uganda's labor market."

People have to make ends meet by working in the very large informal sector, which is well established as a de facto part of the Ugandan economy. The fact that this sector (as well as unregistered cross-border trade) remains largely untaxed also narrows the fiscal space available to the state.

In view of population growth, it is unlikely that the basic situation will change soon. Between the censuses of 2002 and 2014, the annual population growth rate amounted to 3%. Thus, the population total could reach 40.4 million by 2020, and 46.7 million by 2025. Uganda has one of the youngest populations worldwide. This results in a high dependency ratio of 124 (2014), burdening the breadwinners of the individual households. The total fertility rate is also among the world's highest, at 6.2 children per woman (2011). The unmet demand for family planning remains high.

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

Structural
constraints



years. As a cause of mortality, however, AIDS by far is surpassed by malaria, which poses dangers especially for children under five years of age.

Infrastructure deficits are gradually being overcome. The road network, though still inadequate, has improved. The education and health infrastructures, as stated before, do not satisfactorily cover the grassroots level. Electricity supply, a necessity for industry and a welcome boon for a growing number of households even outside the urban areas, 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, partly because of pervasive corruption and nepotism experienced or suspected, has occasionally led to public protest. Mainly politically inspired campaigns have faded out, but have the potential to resurge. Dissatisfaction particularly among some of the country's educated and professionals, particularly in the capital, is growing stronger.

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.

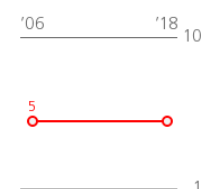
In general, however, most citizens are not inclined or able to actively participate in the political process through civil society engagement. An apolitical attitude is widespread, particularly among many of the urban poor (who have neither the time nor means to engage) and also the urban middle class (who feel they have too much to lose if they rile the government).

The variety of cultures and languages, customary agriculture practices, social traditions and religious affiliations is a marked characteristic of Uganda. Centrifugal forces are potentially significant, but their relevance has varied in different periods of the country's history. In fact, the area was plagued by violent conflict for a long time before political stability was achieved again. For the last decade, nothing close to an armed insurrection has taken place on Ugandan soil. Since 2014, however, a violent conflict has simmered in the west, taking hundreds of lives but remaining a local affair.

Despite internal peace and a new role as self-confident chief regional player, militarily as well as politically, the country has not been immune to the spillover of conflicts besetting its neighbors, namely South Sudan, the Democratic Republic of

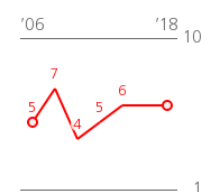
Civil society traditions

5



Conflict intensity

6



the Congo and Burundi (geographically nearby, though there is no common border). Moreover, largely due to the major part it played in AMISOM, Uganda faces threats from Islamist networks that materialized in the country's 7/11 event, the terrorist bombing attack perpetrated in Kampala on July 11, 2010.

Political polarization is strong during election periods. Demonstrators as well as journalists covering such events have been treated roughly by the police. In general, occasional loose talk from government and opposition notwithstanding, all politically relevant actors essentially accept the framework provided by the 1995 constitution and the institutions it created, notably the parliament and judiciary. Yet the credibility of the system declined both before and after the 2016 elections, which again demonstrated the lack of a genuinely level playing field. Strong demands for electoral reforms, specifically for making the electoral commission a genuinely independent body, have not been met.

The political parties possess a specific historical background with regard to region and religion, but are no longer either primarily or explicitly based on ethnicity or faith. Instead, all strive for nationwide support.

Ethnic tensions are present, but are mostly 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.

To some extent, ethnic tensions reflect cleavages between center and periphery or conflicts over resources, mainly land. Some cultural institutions have not always played a positive role. The Rwenzururu kingdom (recognized by the state only in 2009) of the Bakonzo ethnic group in the Rwenzori mountains attempted to make the acephalous Baamba people pay allegiance to it as well. Whereas clashes in 2012 resulted in the displacement of several hundred persons, a July 2014 attack by Rwenzururu supporters and subsequent reprisal killings caused the death of possibly more than 100 individuals. Suspicious activities by a Bakonzo militia believed to favor secession (and a linkage with Congolese Bakonzo to form a Yiira Republic) led to a confrontation with the government at the end of November 2016. This culminated in disaster, with possibly more than 150 dead, the arrest of the king and the burning of his residence.

Relations between Buganda and the other parts of the country are of enduring national importance. The necessary balance between justified local demands and the needs of the state as a whole is yet to be reached.

II. Governance Performance

14 | Steering Capability

Uganda's long-term development ambitions are laid out in the Uganda Vision 2040 presented by the president in 2013, with a view of arriving at a "transformed Ugandan society, from a peasant to a modern and prosperous country within 30 years." The design was laid out in the National Development Plan (NDP) of 2010. This was followed by the second in a series of six five-year plans leading to 2040. This NDP II, covering the period of the financial years 2015/2016 to 2019/2020, was launched by Museveni in June 2015. Its stated objective is to propel the country toward middle-income status by 2020 through strengthening its "competitiveness for sustainable wealth creation, employment and inclusive growth." It draws 42% of its proposed funding from the private sector.

As ambitious as the medium- and long-term goals may be, the new plan again is a well-prepared and comprehensive document. It was jointly launched with the United Nations Development Assistance Framework (UNDAF), covering the same period. There was close cooperation with the United Nations family in Uganda and other development partners in crafting the two documents. Thus, current international development principles and tools are duly incorporated. In the view of the UNDP, the UNDAF "is focused on achieving transformative results in the areas of governance, human capital development, and sustainable and inclusive economic development." Good governance is seen as a "precondition for achieving quality human capital," eventually driving "sustainable and inclusive economic development."

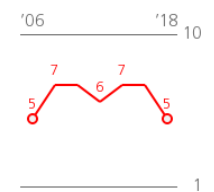
The mechanisms for the formulation and application of appropriate policies exist and are operational, including the National Planning Authority. The NDP goals at times are put in jeopardy by the de facto short-term orientation of many policy measures, as government actions often follow a logic of regime survival. This brings about a growing network of patronage and the tendency to reward political loyalty with handouts, contracts or positions, and has led to increasing unproductive expenditures and a bloated state apparatus and public administration. The costs of corruption are likely to constitute the main hindrance to the achievement of long-term objectives. Such costs include the diversion of funds as well as aid cuts by donors in response to such diversions. A realistic appraisal lends credence to the view that many of the objectives spelled out in Vision 2040 appear too ambitious.

The president continues to emphasize his view of economic modernization. Seeing the export of raw materials both as a cause and a symptom of backwardness, he has

Question
Score

Prioritization

5



for instance pushed for the future erection of a refinery (though of smaller capacity than expected) to be used for processing at least part of the crude oil extracted. 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 the infrastructural development, while critics see a neglect of investments in areas such as health and education.

Strategic economic priorities and their implementation are mostly in line with market-oriented policies. Progress toward fully democratic structures, however, is more difficult to detect.

There is a prevailing perception in Uganda that whereas government has the capacity to formulate adequate policies, their actual implementation is often inadequate. On closer inspection, it can be said that the government is indeed able to implement most of its policies, but in some areas lacks the political will and commitment to do so. In the civil service, there is substantial knowledge and professionalism. The fundamental limitation, however, remains pervasive corruption at all levels. The fight against this evil, proclaimed over and over again, has shown limited success and intensity. 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 often inefficient.

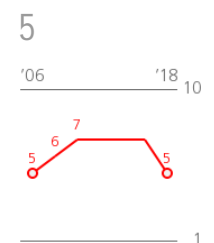
Policy areas in which criticism over poor or inconsistent implementation has been particularly prominent include health, education and agriculture.

Though depicting himself as the major driver of reform, in certain respects the president puts stumbling blocks in the way of progress. Despite his focus on modernization, his political style frequently resembles old-school authoritarian attitudes. It is also marred by his reluctance to accept the role of a civilian leader, demonstrating nostalgia for his days as a freedom fighter.

The government's perception (reflected in many documents and substantiated with the assistance of the United Nations Population Fund, UNFPA) that the very high rate of population increase could undermine economic progress, was for a long time not shared by the president and thus lacked his support. He eventually moved closer to reality, but this has not yet translated into a proactive stand. Local leaders occasionally still encourage people to produce more offspring.

Museveni's government is exceedingly pragmatic when it comes to economic and fiscal policy. The original intention of "following an economic strategy of mixed economy" (as enshrined in the 1985 NRM's ten-point program), which led to some initial experiments (including barter trade arrangements), quickly gave way to heeding the advice of the international financial institutions and other development partners. The measures they recommended were usually implemented in a swift and

Implementation

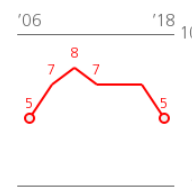


Policy learning

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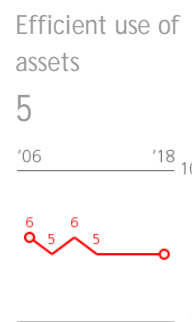
competent way. Independent advice provided by academic experts and others in the field was not given much attention. In the political realm, advice from international donors, national academia or NGOs was rarely welcomed.

In its first two decades, 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 allowed stability to return. But internal demands and donor pressure ultimately led to a return to the multiparty dispensation. Despite lip service being paid to multiparty democracy, the degree of its acceptance by the NRM remains low. Leanings toward a patrimonial system and a winner-takes-all attitude are deeply rooted.



15 | Resource Efficiency

Museveni, leading the first guerilla movement that won against an incumbent African government, sought to integrate other fighting forces into his army when he came to power early in 1986. Needing to shore up weaknesses in his own military and political base, he formed a “broad-based” government that included other political groups. Though it encompassed doubtful elements as well, the concept largely proved successful and can be seen as a precondition for the transformation processes that followed suit. This way of buying and sustaining support in various fields has been continuously refined and remains in operation.



One of the consequences has been a grossly oversized cabinet of 82 people (including 49 ministers of state). In addition, there are well over 100 well-paid, mostly functionless presidential advisors. Furthermore, the president appoints resident district commissioners to represent him in all districts, tending to interfere in what should be the business of elected local governments.

Though the distribution of perks and posts has a politically pacifying effect, heavy overstaffing in the political sphere constitutes a considerable strain on the financial resources of the state. At the same time, essential services like health, education and the judiciary remain significantly understaffed and underfinanced. Yet security agencies, namely the military and the various intelligence services, enjoy generous funding.

New administrative units were created in response to local demands. Yet the initial purpose of decentralization – to bring services closer to the people and to augment accountability – has apparently fallen by the wayside. In fact, the Auditor-General’s report for the financial year 2014/2015, focusing on local governments, identified a “need for an entire overhaul of the decentralization policy if there is to be any progress in ensuring effective service delivery.”

In August 2015, parliament sanctioned the formation of 43 new counties, effective retroactively from July 1 that year, pushing the number up to 249. Twelve towns became municipalities retroactively on the same date, and seven more attained that status on July 1, 2016. In September 2015, parliament approved the creation of 23 new districts, bringing the total from 112 (including Kampala which has special status) eventually to 135. Implementation is effected in stages. It started with four new districts on July 1, 2016, and the last seven are scheduled for July 1, 2019. In 1986, when Museveni took power, the total number of districts was 33.

Financial discipline at times takes a back seat to political considerations. Yet national budget planning and implementation as such appear to be transparent and oversight mechanisms are in place, enhanced by the 2015 Public Finance Management Act. On the local level, insight into the budgeting process is very limited. The procedures of awarding tenders and recruiting personnel do not always appear to follow value-for-money considerations, qualifications, effectiveness or efficiency.

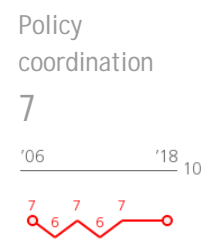
Public debt rose in the period under review and is projected to continue rising due to ongoing ambitious infrastructure investments. However, the government's assertion that the debt level is still sustainable has been backed by the IMF.

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.

The powerful position the constitution accords to the president and the way the incumbent exercises (and frequently oversteps) his role serve as a guarantee that friction within the government is not detrimental and that conflicting lines of action taken by different branches or departments do not become destructive. For the day-to-day running of public affairs, in their fields of competence the finance ministry and the Bank of Uganda are well suited for their tasks and do play a useful coordinating role.

The 2005 Political Parties and Organizations Act, amended in 2010, sets rules for party financing and establishes limits on donations as well as on party expenditures. Yet this is of limited relevance, given the close intertwining between the state and the ruling party. For the first time in 2015 and then again in 2016, the political parties represented in parliament received some modest funding from public coffers, with the ruling party as the biggest organization getting the lion's share.

One of the "duties of a citizen" is "to combat corruption and misuse or wastage of public property," as the constitution stipulates in Article 17. The Auditor-General is charged with auditing and reporting "on the public accounts of Uganda and of all



public offices” (Article 163) and presents annual audit reports to parliament. A separate Inspectorate of Government is given wide powers “in respect of cases involving corruption, abuse of authority or of public office” (Article 230). A division of the high court is operating as the arm of the judiciary for combating corruption. The parliament’s Public Accounts Committee, headed by an opposition member (deputized by an independent member of parliament), has the mandate to examine government expenditure. Public procurement is regulated. In December 2014, the prime minister launched a National Anti-Corruption Strategy for the five years to follow. 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. In daily life, people often have to pay bribes even to see the completion of simple administrative acts. A lawyer in a land title registration case might make provision for informal “facilitation” fees in a cost estimate. The more prominent corruption cases occasionally make national and even international headlines; the disappearance of donor funds has led to the suspension of budget support by development partners.

Though they definitely are weary of corruption, Ugandans have come to take corruption for granted, and they fatalistically pay its price in terms of cash and poor public services.

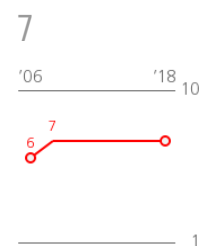
A general lack of transparency limits the ability of citizens and the media to expose corruption and call for accountability. Even though in 2011 the Ugandan government put in place regulations to implement the Access to Information Act (ATIA), which was passed by parliament in 2005, access to information held by government and other state agencies is still very limited. Especially at the local-government level, compliance with the ATIA is weak and inconsistent.

16 | Consensus-Building

Multiparty democracy has again taken root. On the surface, there is overall consensus on the value of democracy and democratic procedures. How deeply these beliefs are entrenched, is sometimes open to doubt. NRM stalwarts do not always appear to have a deep understanding of the division of powers, and at times there is a tendency by the president to show disrespect for parliamentary proceedings when the expected results are not easily forthcoming. The ranks of the opposition also do not appear to comprise solely flawless democrats.

There is wide agreement between all relevant actors over the goals of development. At the same time, the market economy and market mechanisms are generally accepted as the avenue to achieve these goals. There is occasional nostalgia for

Consensus on goals



elements of the former mixed economy, with its important parastatals. In fact, some privatization measures led to the deterioration of public services, including the decline of public transport facilities.

A good number of at least potentially anti-democratic actors were absorbed into the broad-based government installed after the NRM took power. Some armed opposition groups that subsequently fought against the government were eventually co-opted into the national army or benefited from amnesty. Others were eliminated or driven from Ugandan soil.

The most important holder of veto power is the army, though not in the legal sense. It exerts its influence even in the legislature, through the 10 specially elected army members of parliament, but more so in informal ways. President Museveni's political insurance continues to rest with the armed forces, particularly with the Special Forces Command, headed until early January 2017 by his son. The president's attachment to the army, of which he is the commander-in-chief, is frequently demonstrated.

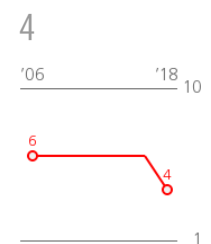
Outside government, but with some influence in society in the country's central region, are the potentially anti-democratic forces centered on the king of Buganda. Attempts to give the king a political role have run counter to further democratization. In the west, activities around the Rwenzururu king have led to local conflict and even bloodshed.

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 end of the LRA threat in the north caused a lessening of internal tensions, though a strong feeling of marginalization still persists among northerners. Tensions with the traditionalist elements in Buganda are not yet overcome, but their clout is confined to their home region.

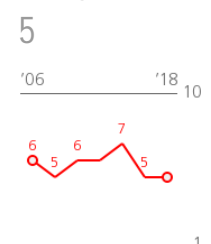
Ethnic conflicts (often clashes over resources) mostly are defused by government interventions which achieve a sometimes fragile compromise. However, the government is not always consistent in its approach, and is at times criticized for exacerbating ethnic conflicts when it pursues divide-and-rule strategies. In parts of the north, one finds resentment over the arrival of "balaalo," cattle keepers from western Uganda suspected of enjoying the support of army generals from the same ethnic group.

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. This perception is reinforced by the fact that many leadership positions in government and army are indeed held by individuals from there. To date, the potential for anti-western-region sentiment has not manifested politically, partly because both the presidential candidate and the leader of the main opposition party hail from that region as well.

Anti-democratic actors



Cleavage / conflict management



Different religions do not only coexist but even cooperate. The Inter-Religious Council of Uganda, established in 2001, embraces the major churches (Catholic, Anglican, Orthodox, and Seventh Day Adventist) and the Uganda Muslim Supreme Council. The growing and to some extent politically influential independent evangelical and Pentecostal churches are not members, but there is partial collaboration. Catholic, Anglican and Orthodox Christians also cooperate in the ecumenical Uganda Joint Christian Council, founded in 1963. Among Muslims one encounters different factions, with the “tabliqs” representing the conventional fundamentalist element. More than 10 senior Muslim clerics have been murdered since 2014, allegedly by Islamists.

There is a minimum of political exchange between the political actors of the NRM and the opposition parties through the Inter-Party Organization for Dialog, but this has had little real effect.

Protests by unemployed youth have indicated widening social cleavages. Industrial action by workers plays no significant role, given the weakness of the unions.

President Museveni demonstrates a fairly traditional understanding of non-state actors in society. He interacts with businesspeople and peasants, listens to religious or 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 the transformation effected during his tenure.

Agenda-setting and decision-making over major issues at least in the initial stages is done in the inner circles of power, which include the army and the NRM leadership, without much attention to the views of NGOs, academia or media. At the same time, government is keen to involve various civil-society actors in development issues, inviting their commitment and participation, yet is less prone to heed civil-society concerns over human rights or political topics. In some cases, the government even may ignore requests by civil-society organizations to be included in the agenda-setting and policy-formulation process.

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.

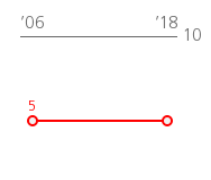
The activities of the LRA cut deep wounds into Acholi society, which will take considerably longer to heal. One way of healing was the use of traditional reconciliation efforts in the local community. Peacebuilding efforts have been systematically brought forward by the Acholi Religious Leaders Peace Initiative

Civil society participation
6



Year	Score
'06	6
'18	6

Reconciliation
5



Year	Score
'06	5
'18	5

(ARLPI) since 1997. The pardon granted to all rebels who had taken up weapons against the government since 1986 by the Amnesty Act, which became operational in early 2000, extended to more than 27,000 people, the largest number of whom were former LRA fighters. 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 on 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 side of 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 dialog on unity and reconciliation have not to date led to any concrete initiative.

17 | International Cooperation

Despite growing apprehension over corruption, 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 adopted many policy measures prescribed by the international financial institutions. The IMF continues to provide advice and monitoring, carrying out regular reviews under its Policy Support Instrument. The seventh review was completed in January 2017, with the IMF Executive Board concluding that “Uganda’s economy has performed reasonably well in a complex environment.”

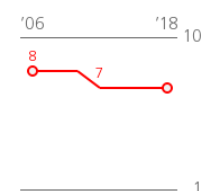
The second National Development Plan (NDP II) aims to prepare Uganda’s advance to middle-income status. The inputs required were agreed upon with donors, though NDP II appears highly ambitious and there is doubt among development partners as to whether even the more humble objectives of the plan will be reached.

The share of the national budget financed by donors has receded. This reflected misgivings about rampant corruption and the proposed legislation on homosexuality (which, however, has been off the shelf since August 2014).

Nevertheless, there is also cooperation between multilateral and bilateral donors and the Ugandan side on anti-corruption measures. Instruments intended to deal with corruption are abundant, along with public commitments to fight this evil. A cross-sectoral approach covering different government entities, the Accountability Sector, is in place with the mandate “to ensure transparency and accountability in delivery of public services to the people.” Some external support is provided through SUGAR (Strengthening Uganda’s Anti-Corruption Response), a British initiative partially financed through the European Development Fund, whose inception phase ran from May 2015 to April 2016. Among its tangible results was the increase in funding for

Effective use of support

7



some accountability institutions. SUGAR is intended to cover the entire anti-corruption chain, from audit and oversight to sanctions, with the overall objective of increasing the risks for those engaging in corrupt activities.

From its early days, the NRM put strong emphasis on Pan-Africanism, regional integration and international cooperation. It kept to this line for some time, for instance by training South African guerilla fighters during the final stages of the Apartheid era.

On the international level, apart from being a United Nations member, Uganda belongs to the Commonwealth and the Organization of Islamic Cooperation (having started its membership in what was then the Organization of the Islamic Conference in 1974, during Amin's rule). Foreign Minister Kutesa served as president of the 2014 to 2015 session of the United Nations General Assembly. The international respect Uganda enjoys is also demonstrated by international meetings and conferences that take place in Kampala, as well as visits by world leaders. Pope Francis visited in November 2015 (the third visit of a head of the Catholic Church, after Paul VI in 1969 and John Paul II in 1993), and Israeli Prime Minister Netanyahu came to Entebbe in July 2016 to commemorate the freeing of the hostages taken by Palestinian and German terrorists 40 years earlier.

The country is party to practically all major human-rights instruments of the United Nations. Its record underwent scrutiny for the first time under the Universal Periodic Review (UPR) procedure by the Human Rights Council in Geneva in October 2011; the second UPR took place in November 2016. Among the issues addressed by council members were the infringements on the right of assembly and inappropriate action taken by the security forces.

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.

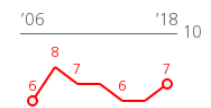
Though it became party to the Rome Statute of the International Criminal Court (ICC) in 2002 and played host to the ICC Review Conference in 2010, Uganda has become a vocal critic of the ICC due to its alleged preoccupation with Africa, and has threatened to quit. Museveni has denigrated the court as "a bunch of useless people."

Uganda's cooperation with most of the neighbors is intense, particularly with its fellow EAC members. Uganda promotes regional integration, for instance through the Northern Corridor Integration Projects Summits. These have aimed at fast-tracking integration and facilitating the global competitiveness of the region, but have been greeted with some reluctance by Burundi and Tanzania.

Events in South Sudan since late 2013 have raised severe challenges for Uganda. Its support for the government in Juba met with criticism by other actors; the ever-

Credibility

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Regional cooperation

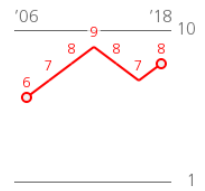
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increasing inflow of refugees has become a heavy burden, particularly since July 2016. Museveni's mediation efforts in the Burundi crisis, entrusted to him during an EAC emergency summit in July 2015, proved futile. In relations with the Democratic Republic of the Congo, the issue of repatriating ex-M-23 fighters in the Bihanga military camp in western Uganda remained unresolved.

Having changed from a dilapidated, war-torn place into a relevant regional player, Uganda takes its role in the EAC and the greater East African region seriously. It definitely is guided by self-interest, but also demonstrates that it is capable of acting responsibly.

Uganda is 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.

Uganda plays an active role in the Intergovernmental Authority on Development (IGAD), focusing particularly on issues of regional security and migration. It also engages actively in the partnership of Nile riparian states under the Nile Basin Initiative (NBI).



Strategic Outlook

Following the tumultuous period of the 1970s and 1980s, Uganda was by and large successful in regaining stability and achieving economic growth accompanied by poverty reduction. For those accomplishments to last, they must not be taken for granted; indeed, there is need to consolidate and expand them.

Internal stability cannot rely only on the presence of a strong security apparatus. Despite sometimes excessive use of force with violent clampdowns on protest by the security forces, the country has not slid toward a dictatorship unbound by any legal restrictions. The necessary checks and balances are in place, if frequently disregarded, and need enhancing. Ugandan and international civil-society actors as well as multilateral and bilateral donors face the challenge of driving this point home to state and ruling party actors through dialog. The intertwining between party and state administration, though no Ugandan peculiarity, and the military's de facto role, are not conducive to further democratization.

In the field of economic and social development, two major obstacles stand out. Uganda still has a high population-growth rate. Though the Second National Development Plan states "that our efforts to leave no one behind could be undermined by the fact that the increasing numbers pose a burden on the available resources, thus affecting service delivery levels," the necessary political thrust has not been forthcoming. This also reflects the deficiencies with regard to the status of (rural) women and the realization of their reproductive rights.

The other main stumbling block consists of pervasive corruption and the political patronage system, both of which have grown over decades. Corruption has evolved from a concomitant of life virtually into a mode of production. It might even increase further, given the expected oil bonanza. Though corruption will not disappear completely, there are avenues to contain it. Those include appropriate, performance-based remuneration for all public servants – from heads of department in ministries to hospital attendants and teachers – strict controls and tangible punishment. Multilateral and bilateral donors should continue to take an uncompromising stand in cases of misdeeds, and systematically support all existing mechanisms in the anti-corruption effort. The problems of capital flight and tax evasion ought to be addressed as well. In general, strengthening the organizational capabilities of the state (including tax collection and financial administration, local government) and creating transparency at all levels will enable the state to exercise its functions.

A key challenge is whether government policies will succeed in providing opportunities – especially in terms of employment – for the youth who make up the biggest part of the population. This closely relates to the aspect of education, where another hurdle yet to be passed is the poor state of vocational training. Here, the lack of a dual education framework is not the only issue; an outdated disregard for technical training and blue-collar work still seems to be present among

many of those taking up secondary and tertiary education. Government endeavors to strengthen and advance peasant agriculture should be encouraged and supported.

Industrialized countries serving as donors are invited to take up a frequently overlooked concern: to see to it that companies registered at home do no harm in Uganda, whether in regard to the environment, work standards or land rights.