

BTI 2008 | Uganda Country Report

Status Index	1-10	6.19	# 47 of 125	
Democracy	1-10	6.80	# 45 of 125	↗
Market Economy	1-10	5.57	# 60 of 125	➔
Management Index	1-10	5.77	# 39 of 125	

scale: 1 (lowest) to 10 (highest) score rank trend

This report is part of the Bertelsmann Transformation Index (BTI) 2008. The BTI is a global ranking of transition processes in which the state of democracy and market economic systems as well as the quality of political management in 125 transformation and developing countries are evaluated.

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Key Indicators

Population	mn.	28.8	HDI	0.50	GDP p.c.	\$	1,293
Pop. growth ¹	% p.a.	3.5	HDI rank of 177	145	Gini Index		45.7
Life expectancy	years	50	UN Education Index	0.67	Poverty ³	%	-
Urban population	%	12.6	Gender equality ²	-	Aid per capita	\$	41.6

Sources: UNDP, Human Development Report 2006 | The World Bank, World Development Indicators 2007 | OECD Development Assistance Committee 2006. Footnotes: (1) Average annual growth rate 1990-2005. (2) Gender Empowerment Measure (GEM). (3) Percentage of population living on less than \$2 a day.

Executive Summary

Uganda's transformation process has long presented a rather heterogeneous picture, given the notable disparities between the achievements in the political and the economic arenas. Contradictions are also reflected in the way various external observers characterize the country, which has been praised for its exemplary reform orientation by some and criticized as an authoritarian political regime by others. These ambiguities continued during the review period, albeit to a somewhat lesser extent than in years past.

Bilateral and multilateral donors of developmental aid consider Uganda to be one of the more successful countries in Africa in terms of its implementation of economic and social reforms, despite several obvious shortcomings. The country therefore continues to receive preferential support from many sources, such as high volumes of aid, generous conditions for credit and debt relief. It is beyond dispute that the government (which has been in power for 21 years) has achieved an extensive reconstruction and economic recovery following an almost complete economic collapse. The government has been relatively successful in liberalizing the economy and establishing the basic foundations of a socially integrated market economy. This has enabled the country to reach fairly satisfactory macroeconomic growth, achieving growth rates between 5 and 6% per annum, and to also make notable progress with respect to key social programs, although genuine and sustainable poverty reduction and structural changes remain rather limited. All these policies have been pursued since the early- to mid-1980s, and no fundamental changes have taken place since then. As such, there has not been any significant further advancement in the direction of market-oriented reforms during the period under review but rather a fairly consistent continuation of a policy framework that was already quite well-established. It is particularly noteworthy to stress that progress in the direction of a socially responsible market economy has consistently

been pursued largely in the absence of a parallel progress toward a genuine participatory democratic system. Despite the introduction of very important formal changes in the political system between 2003 and 2005, considerable elements of these fundamental contradictions persist.

As a result, political analysts have tended to reach fairly different verdicts on Uganda than the aid agencies and economic observers. Until recently, analysts have evaluated with some ambivalence Uganda's political role in a region continuously grappling with armed conflict. On the one hand, Uganda has promoted economic cooperation, particularly in East Africa, but on the other hand, it has been engaged in dubious confrontations with its neighbors such as the DR Congo, Rwanda and Sudan. Uganda has also proved unable or unwilling to negotiate a peaceful solution for its long-lasting internal conflicts with armed rebel movements, particularly the Lord's Resistance Army (LRA). All of these concerns have developed positively in 2005 and 2006. Given the peace agreement in southern Sudan and largely successful elections, which produced new governments in Burundi and DR Congo, the sub-regional constellation is much less belligerent than it has been for many years, providing Uganda with more opportunities for cooperation. A new round of peace negotiations with the LRA to finally end the war in the north got underway in mid-2006. While they were still stalled at the end of January 2007 and their outcome remains uncertain, they still offer by far the most promising chance for peace to date.

Observers have expressed concerns and frustration over the executive branch's continued manipulation of the political system, which precludes the return to an open and fully competitive multiparty political system. The National Resistance Movement (abbreviated as the NRM or simply the "Movement") has been in power continuously since 1986 without being challenged by open and fair political competition. It has not, for a long time, shown any inclination of changing the unique no-party political system it dominates. A relatively small group thus became entrenched in positions of control and power, and significant signs of widespread patronage have been a discernible feature for a long time.

Increasing pressure from both external and internal sources helped induce the constitutional changes introduced from 2003 to 2005. This period saw a formal re-introduction of a competitive democratic system, with the caveat that the two-term limit on President Museveni's exercise of power be abolished. Under a significantly altered constitutional framework, multiparty elections were held in February 2006. It is important to note that this political competition by no means took place on a level playing field but rather in the wake of clear advantages for the NRM over the country's fledgling opposition forces. In a formal sense, these elections were nevertheless an important step forward, as the behavior of all players in the new democratic era is now under scrutiny.

History and Characteristics of Transformation

Political and economic transformation in Uganda dates back to January 1986, when the National Resistance Movement (NRM), led by Yoweri Museveni, took power after a successful five-year guerrilla war, first against the government of Milton Obote II and then, in 1985, against a short-lived military regime. In its early years in power, the NRM made a serious effort to form a government coalition on as broad a foundation as possible, including representatives from all ethnic groups, regions and political orientations. However, new rebel groups (followers of the earlier regime, but also some without any discernible political concepts) have had to be fended off repeatedly over the years, until recently.

After Museveni assumed power, the activities of the old political parties founded before independence in 1962 were suppressed because of their alleged role in intensifying conflicts prior to the NRM's assumption of power. Although there was no formal ban on their continued existence, they were allowed only in a rather restricted fashion. Instead, a five-tier system of elected Resistance Councils (RCs), built upon rudiments created during the guerrilla fighting, was introduced as a mechanism for popular participation in the political process at the local level. The RCs were later renamed Local Councils (LCs) and continue to exist as the structures for decentralized local government. A surrogate national parliament, set up in 1989, was a mixture of elected representatives from the RCs and the historical core group of NRM leaders during the guerrilla era. The work of a constitutional commission dragged on considerably longer than foreseen and finally culminated in general elections for a Constituent Assembly (CA) in 1994. The CA's central debates related to the question of state-building, centering on questions such as whether a centralized or a federal system should be introduced and the fundamental question of whether to return to conventional multiparty pluralism or to continue with a unique "no-party democracy." In the former case, vehement demands for federalism from traditional Baganda circles did not prevail. The new constitution, which went into effect in October 1995, initially adhered to the Movement system for the first general elections in 1996, without a general liberalization of party-related activities. It did stipulate, however, that a referendum should be held every five years for the population to choose between a continuation of the Movement system or a return to a multiparty system. In the formally free but not entirely fair 1996 elections, Museveni was elected president, and the NRM candidates won a clear majority in parliament. However, easily identifiable members of the old parties, other persons critical of the government and some non-conformist NRM followers also won some seats. In forming the government, it was felt that there was no longer any need to ensure a broad regional basis of representation. In 1997 the "Movement Act" made every Ugandan legally a member of the Movement. Although this decreed membership had little practical relevance for the majority of people, the Movement was thus legally installed as the dominant political organization

with party-like structures akin to a disguised one-party system. With this, any democratically oriented political transformation had come to an end for the time being. Another referendum in 2000 again confirmed the existing system. The somewhat-disputed elections of 2001, which were marred by heavy-handed attacks on the emerging opposition, nevertheless brought an undeniable victory for Museveni as president and for the Movement's dominance in parliament. After long controversial debates about the need to legally regulate the status of political parties, the "Political Parties and Organizations Act" (PPOA) was passed in May 2002. Due to the extremely restrictive nature of its regulations, it was rejected as utterly unsatisfactory by all opposition groups.

The political and constitutional discussion gained new momentum in early 2003 when Museveni suddenly advocated a full opening-up of the system for all political parties and when a less restrictive PPOA offered a genuine basis for the official registration of a plethora of old and new parties, including the NRM, which had become a party. By the end of 2004, Uganda had again entered into a still-uncertain new era of competitive politics, with the formal return to a multiparty system still left for a referendum and the controversial question of lifting the two-term limit on the presidency unresolved. The economic transformation also began when the NRM took power, essentially starting from square one with a largely destroyed economy. An initial 10-point program, previously conceived by the NRM to rebuild the country, was largely oriented along Museveni's earlier socialist ideas. However, given reality and the concrete challenges facing Uganda, there was a definite swing toward a very pragmatic, free-market orientation as early as 1987. Since then, this has been fully supported by a wide range of international donors, including the IMF and the World Bank, with considerable development aid.

Slowly but surely, the economic reform process has developed over the last two decades. Important elements of this transformation have included: macroeconomic stability and fiscal discipline, the privatization of state-owned enterprises, the facilitation of local entrepreneurs, attracting foreign investors (including the return of the Asian business community expelled by Idi Amin in 1972), debt reduction (which was one of the first beneficiaries of the HIPC initiative), decentralization, diversification of the manufacturing sector, promotion of enhanced regional cooperation and improvement of available human resources via improvements in the education and health sectors. Many of these measures were carried out under the obvious influence of donor institutions, but Museveni also considers himself to be an important promoter of structural changes and of an overall modernizing dynamism in society and in the economy. Relatively speaking, Uganda has thus gained the reputation of being one of the more successful reform-oriented countries in Africa with a good performance record, despite various inconsistencies and specifically with recurring charges of systemic corruption.

Transformation Status

I. Democracy

During the period under review, the political system has (albeit in a purely formal sense) made significant progress toward becoming a competitive democracy with unrestricted opportunities for political parties. This followed practically two decades of a unique no-party-system (albeit with elections) characterized by the overwhelming dominance of a former guerrilla movement, which had been converted into an all-encompassing political machinery. The new constitutional and political framework is, however, still seriously flawed in that it favors the ruling authorities and does not provide a fair “level playing field” for all political actors. The military continues to be an influential background factor outside and even inside all existing formal structures. Nevertheless, there are definitely viable elements of political participation at the local level, and there is a discernible and growing willingness to accept the legitimacy of different players within a more open political system.

1 | Stateness

The basic elements of nation-state identity do not fully exist throughout Uganda. While state monopoly on the use of force is unequivocally enforced in the central parts of the country, it was seriously challenged for many years by rebels and guerrillas of various political (or pseudo-political) shades and by “traditional” nomadic warriors active in many parts of the country. The strongest and most long-lived rebel group is the LRA, which terrorizes the civilian population of its own Acholi people in the north. Despite its reference to the Bible’s Ten Commandments, it cannot be considered a Christian fundamentalist group. It has its roots partially in Alice Lakwena’s possession cult, which included a number of soldiers who had served under the Obote II government in the early 1980s. Despite great and ongoing efforts in the past 20 years, the Ugandan army has not succeeded in defeating the LRA, partly because the LRA was able to withdraw across the borders to Sudan and the DR Congo to hide and regroup. Various attempts at offering an amnesty and bringing about a negotiated peace agreement have not come to fruition in the past. The latest such move since mid-2006 shows much promise for a solution (not least owing to a severely weakened position of the LRA after the establishment of the Government of Southern Sudan). While

Monopoly on the
use of force

this process continues to drag on and experience repeated setbacks (as of January 2007, there was no conclusive end in sight), the security situation in the affected northern areas has already greatly improved. On Uganda's western border with the DR Congo, another rebel group called Allied Democratic Forces (ADF) had been active since the mid-1990s and had posed a threat to state power since that time. By 2001 the ADF had been largely contained, but it has still not been fully eliminated, largely due to cross-border links into the DR Congo. The state has always struggled, with limited success, to control the northeastern Karamoja region, where nomadic warriors use modern weapons for more "traditional" crimes, such as cattle rustling and robbery. In the central and most-densely populated parts of the country, the state monopoly on the use of force is by and large established. Levels of violent crime and the feeling of insecurity in Kampala and other Ugandan cities tend to be considerably lower than that in many other African countries.

There is fundamental consensus among all population groups about who qualifies as a Ugandan citizen. There is no sign of any secessionist movements. Perceptions of identification with the present state authorities vary, but no population group is formally denied basic aspects of citizenship. Ethnic groups in the north, such as the Acholi and the Langi, consider themselves excluded from the central state to a large degree because of historical factors such as economic neglect, repressive military actions in the course of the fight against the LRA, forced resettlement into fortified camps as well as a lack of genuine political representation in the present day. Large and influential factions of the Baganda, the largest ethnic group in the very center of the country, are still demanding a special federal status in recognition of their history as a separate kingdom. In this sense, their loyalty to the Ugandan state is split.

State identity

The state is formally secular to the greatest possible extent and maintains a clear separation between churches, religious institutions and the state, although religious movements such as sects, independent churches, and Muslim groups can have an important influence on the population's political behavior toward the state and its organs. The authority of the state is not drawn into question by any religious leaders.

No interference of religious dogmas

The state's administrative structures are generally present throughout the country, with some territorial limits, but they are operative to very different degrees. In the central parts, they are relatively good and generally visible, but they are clearly much more limited in border regions, particularly in the north and northeast. Corruption and a lack of civilian monitoring of the arbitrariness of the security forces represent real restrictions for an effective functioning of the state authorities in the eyes of the population. In pursuance of a policy of decentralization, the responsibility and decision-making for a whole range of regular state activities is being shifted from the central government level to lower

Basic administration

administrative and political levels, with a main focus on the districts, whose numbers have been greatly increased, producing a commensurate reduction in their average size.

2 | Political Participation

Based on the constitution of 1995, general elections are, in principle, accepted as the method for deciding political rule. The right to vote and to stand for political office apply to all citizens, although the right to be a candidate for political office is partially limited by formal minimum educational requirements. Separate presidential and parliamentary elections were held in 1996 and 2001 under the so-called “Movement system” prevailing at the time, in which individual candidates competed for office without official party affiliations and severe restrictions were placed on any activities of political parties, though these were not completely forbidden. These general elections were clearly not completely free and fair (the elections in 2001 were demonstrably more lacking in this respect than those in 1996), given that the overall framework did not allow a “level playing field” for all competitors. Despite this, by and large they were carried out correctly and probably did end up expressing the general will of the majority of the people. The last general elections (presidential and parliamentary) in February 2006 were held in a significantly changed and improved constitutional environment. Old and new political parties were free to register and to field their candidates. The opposition was allowed to operate in a (largely, but not entirely) unrestricted fashion during the election campaign, as evinced by the fact that opposition candidates were often harassed by state authorities and also by the fact that Museveni’s strongest challenger, Kizza Besigye, was for several crucial weeks held in police custody under dubious, trumped-up charges. The ruling establishment profited greatly from the use of state resources and facilities, in contrast to a weak opposition. The elections were nevertheless by and large performed in a manner commensurate with international standards of conduct. Election observers testified to a clear improvement over the previous elections but noted persistent shortcomings with regard to generally accepted international standards. The elections can thus be characterized as largely free but not as fair as they should have been, given the very uneven conditions for the government and the opposition forces. In the presidential election, Museveni obtained 59.3% of the vote, while Besigye gained 37.4%. In the parliament, the NRM secured a large majority of (211 out of 332) seats, with most of the 41 “independent” candidates in fact also being NRM adherents who had lost during the internal pre-election primaries.

The current government (elected by a clear popular majority, despite some shortcomings in its democratic legitimacy) does have the effective power to govern in practically all parts of the country, notwithstanding some limitations in

Free and fair
elections

Effective power
to govern

the war zones in the north and among the nomadic groups in the thinly-populated, semi-arid northeast. There are no veto powers or political enclaves under the influence of competing groups. Despite formal democratic structures, there is, however, still a small circle of leadership within the NRM and the top ranks of the military that wields the real power in Uganda. The military is still represented in parliament by 10 officers only elected from within the army ranks. President Museveni's real power still depends on his military affiliation in addition to his electoral success. Parliament has won itself a certain amount of control over the executive branch, but it is constantly being confronted with barriers in this pursuit.

The right of free association and assembly by independent political or civil society groups had until recently been exercised in a very ambivalent and sometimes precarious way. This was, of course, particularly the case for the severe restrictions on the activities of political parties until 2005. It is only since that time that the political space has been fully opened up for the largely unrestricted registration and functioning of political parties, albeit with elements of harassment during the election campaign. In principle, opposition groupings and NGOs are allowed to operate freely, but they are subject to adherence to legal provisions that can easily be interpreted by state authorities in such a way that group activities are considered detrimental to the interests and security of the state. This situation leaves room for an element of arbitrariness in controlling independent groups, but a whole spectrum of rather lively and critical groups is nevertheless allowed to exist and to operate.

Association /
assembly rights

Freedom of speech and of the press are not always respected consistently, but expression is tolerated to a fairly large extent. Surprisingly critical public discussions and statements in the media, including private FM radio stations, are normally the rule of the day, but from time to time massive intimidation campaigns are also carried out by state authorities, though they have not been able to muzzle all critical voices. An outstanding example is the newspaper "The Monitor," which has in the past occasionally been shut down (at times by extra-legal authorities) but has been able to continue with a consistent editorial line openly critical of the government. All in all, the political climate is characterized by a carefully balanced fusion of relatively open and independent discussion, on the one hand, and of nevertheless keenly-felt control (and sometimes even intimidation) on the other.

Freedom of
expression

3 | Rule of Law

Completely destroyed during Idi Amin's dictatorship in the 1970s, the rule of law was only marginally re-established under the following regimes in the early 1980s. After the NRM's assumption of power in 1986 in the wake of a successful

Separation of
powers

guerrilla war, it took several years to gradually rebuild the structures and institutions of a state based on the rule of law. It is against this background that the present (significantly improved) situation must be judged. Attitudes espoused by some in the military, who have attempted to remain above the codified law, stem from this history of their successful “bush war,” and civilian authorities sometimes have difficulty in containing them. The usual separation of powers between various state bodies is generally accepted and, to a large extent, practiced. However, military and security forces are – to a considerable degree, but not completely – beyond the control of the civil courts. A conspicuous case illustrative of this issue is the high-level tug-of-war that took place between the highest civilian and military courts in late 2005 to determine their respective authority for judging alleged cases of treason by former members of the military, including the leading opposition presidential candidate Besigye. By and large, the formal checks and balances between the different state branches are normally adhered to, although sometimes checkered by a personal tendency of the president to overstretch his formal authority.

The judiciary is professionally competent (though somewhat less so at the lower levels), institutionally differentiated in various levels and can operate quite independently. Its highest levels have on several occasions shown an astounding degree of professionalism and independence in the face of strong political pressure in several hotly debated political cases, such as legal challenges to elections, the constitutionality of laws, and the treason trial against Besigye. Relatively more problematic are cases of corruption as well as a lack of competence and experience in the lower echelons of the judiciary system.

Independent
judiciary

The handling of both widespread corruption (Uganda is consistently listed by Transparency International as being quite notorious for this ill) and the abuse of authority by office-holders is inconsistent. A whole range of regulations and institutions to fight these vices is in place. There have been prominent cases in which investigative committees (e.g., for large segments of the police and military) have led to severe sanctions. Some such committees have even been backed by a parliamentary majority against corrupt ministers, who were subsequently dismissed. But at the same time, there are also very considerable political and procedural limitations for all-out and consistent measures in that regard against all well-connected personalities. It is nevertheless the case that not even prominent individuals are universally shielded from prosecution. The constitution does not establish any genuine accountability on the part of the president toward the parliament.

Prosecution of
office abuse

Civil rights are not systematically abused, but the impartial and correct prosecution of abuses by state organs quite often has practical limitations. The most blatant public abuses have been linked to the long-lasting fight against guerrillas and rebels, particularly in the north. Members of the security forces

Civil rights

who commit attacks on suspicious persons and civilians are seldom brought to justice and are protected by their peers, although there are also occasional exceptions to this rule, to the extent that even military members convicted of crimes have been executed. There are some structural weaknesses in protecting women's civil rights against violence consistently, though there is no discrimination of specific ethnic or religious groups. Local human rights groups do exist but have limited opportunities to raise their concerns publicly. There is some international concern that same-sex sexual relations are punishable under laws against sodomy.

4 | Stability of Democratic Institutions

Despite massive restrictions that, until as recently as 2005, went hand-in-hand with the prohibition of an open political party plurality, democratic institutions (such as parliament, judiciary, local councils and the administration) played a very substantial role in all public affairs of the country even before 2005 and were largely capable of performing their functions effectively. These institutions have formed a valid foundation for all the different endeavors and forces pushing for an eventual full restoration of a legitimate democratic system. With the unrestricted legalization of political parties and with the 2006 elections (despite their undisputed deficiencies), this has now been achieved. While the parliamentary and institutional interplay between government and opposition forces has yet to establish a routine, in principle, the institutions perform their functions quite satisfactorily.

Performance of
democratic
institutions

Despite the sharp criticism from the opposition and its rejection of the most recent elections (including a legal appeal against the validity of the election results), all relevant political actors inside Uganda do in fact – although grudgingly – accept the entire set of democratic institutions that derive their formal legitimacy from these elections. The current public institutions at the central and local level (some of the latter are even controlled by opposition forces) do generally appear to be stable, and they have the potential to become gradually stronger. The existing institutions are, however, not accepted as legitimate by the remaining active rebel groups (the LRA and others) and by those political adversaries operating from exile. Many of the political and civil-society opposition groups active inside the country vehemently challenge the validity of the NRM's continued power, but they accept the legitimacy of the prevailing constitutional and legal framework.

Commitment to
democratic
institutions

5 | Political and Social Integration

Until recently, the political system was characterized by the government's obstruction of a normal functioning multiparty system, notwithstanding the continued legal existence of well-rooted old parties such as the Democratic Party (DP) and the Uganda People's Congress (UPC), which were founded even before the country's independence in 1962, while the dominant Movement had evolved from the NRM liberation struggle of the 1980s. The NRM's self-image stems from its history, but since then it has virtually become a monopoly party with a predominantly pragmatic-opportunistic membership, which in turn held widely divergent ideological positions (including on the key question of changes to the de facto no-party system). Despite many years of near-total suppression, the DP and the UPC remained alive with a surprising resilience and were reactivated with the general liberalization of the political system between 2003 and 2005. Besides a host of smaller new parties, a major new grouping, the Forum for Democratic Change (FDC), was founded in 2004 as an umbrella group. Its membership was mostly constituted of disenchanted former members and followers of the NRM, but it also included politically motivated critics of the prevailing system. This was the situation as the political process geared up for the first genuine pluralistic elections in many years in 2006. These elections established an emerging party system that may potentially be capable of articulating and aggregating different existing societal interests, including certain regional and ethnic affiliations. In the 2006 elections, the NRM won a clear majority (particularly among rural voters), while the FDC was established as the primary opposition force (with strong support among urban voters) and the DP and UPC remained as lesser, but nevertheless surviving political players. Other smaller parties were not able to attract any significant numbers. Given that only one election has taken place, this constellation of parties cannot yet be characterized as being stable, socially rooted and widely accepted, but it has at least the potential to form a relatively solid foundation for a new democratic political system.

Party system

The landscape of associations and interest groups is not very distinct, but it has gradually become more differentiated in recent years. This is equally true for entrepreneurial interests, chambers of commerce, trade unions, farmers' cooperatives and representatives, women groups, etc., all of which exist but had relatively little ability to assert themselves in the political realm until now. All of these groups had and have links to the Movement/NRM as the dominating political force, and they also try to use the parliament as a forum for lobbying for their respective special interests. It remains to be seen to what extent the changed, more pluralistic political landscape will also widen the scope for the pursuit of such groups.

Interest groups

It is difficult to discern true attitudes toward democracy. In view of a very lively culture of public debates, particularly in urban environments, it can, however, be assumed that public opinion is generally in favor of democracy. The population's participation level in elections has been relatively high. Limited public opinion polls indicate that the people do express an informed and complex picture of their political preferences and take an active interest in having a real political choice. The Uganda surveys for the third round of Afrobarometer polls – which measure attitudes toward democracy in 18 African countries – were conducted in April 2005, just before important constitutional changes and the return to a multiparty democratic system were put into place. At this time, 61% of Ugandans expressed support for democracy (while this was equivalent to the African average, it gave the country a ranking of only 12 out of 18). Rejection of one-man rule was advocated by 91% (ranking first of all 18 countries surveyed), rejection of military rule by 76% (ranking 9th) and rejection of a one-party state by 57% (ranking 15th). Support for multiparty competition was low with 54% (ranking 17th), but 76% (ranking 3rd) expressed the belief that the president must obey the law/courts. 49% (ranking 12th, equivalent to the African average) rated Uganda as being largely democratic, and 51% (ranking 9th, above average) were satisfied with the way that democracy worked. The quality of elections was judged as generally free and fair with only minor problems by 67% (ranking 12th, equivalent to African average).

Consent to
democratic
norms

Autonomous organization in civil society is relatively well-developed, although significant regional and ethnic differences exist. Some of the larger ethnic groups can fall back on strong traditions of elaborate and effective social organizations. Social self-organization represents a substantial development potential and provides a basis for creating social capital, mainly for activities at the local level. Uganda can boast a high number of successful ventures of this type. The relationship between the government and NGOs/CBOs is inconsistent and varies from support for socioeconomic development tasks and control attempts in the case of more politically leaning activities that the authorities perceive to be potentially critical of their position.

Associational
activities

II. Market Economy

Uganda has made considerable progress in carrying out economic reforms toward free-market elements since the late 1980s, after the most urgent needs for reconstruction and stabilization had been completed, following many years of neglect and economic decline due to political turmoil. Since at least the mid-1990s, the country has been considered by the majority of outside observers, including most donor institutions, to be one of Africa's greatest success stories in

this respect. Nevertheless, significant deficits in several policy areas, particularly regarding consistency in implementing declared policies, still remain and there is constant need for further improvement. While many reform initiatives were undertaken during the 1990s, no significant further impetus has been discernible during the period currently under review.

6 | Level of Socioeconomic Development

Macroeconomic indicators show Uganda's general level of economic development to be relatively low in comparison with the rest of the world (despite fairly solid and consistent growth rates for a considerable number of years, albeit from a low absolute level) but about average in the context of sub-Saharan Africa. Social exclusion is rather prominent both quantitatively and qualitatively, and it is structurally fairly entrenched due to a blend of geographical, historical, cultural and political factors. The northern parts of the country, in particular, are very much disadvantaged (economically, ecologically and for politico-historical reasons). There is traditional gender inequality, though there are some possible exceptions for the advancement of women. It is generally quite difficult to move up in society from a poor peasant background. Social classes are mainly determined by land ownership, by continued relevance of traditional societal stratification and increasingly by modern education. About half of the population lives below the national poverty line, with many rural people still relying on a semi-subsistence type of agriculture. Progress on widespread poverty reduction has been slow and uneven. For this reason, genuine freedom of choice for all citizens in accordance with a normal distribution curve does not exist.

Socioeconomic
barriers

Economic indicators		2002	2003	2004	2005
GDP	\$ mn.	5,836	6,250	6,817	8,724
Growth of GDP	%	6.3	4.7	5.5	6.6
Inflation (CPI)	%	-0.3	7.8	3.3	8.2
Unemployment	%	-	3.2	-	-
Foreign direct investment	% of GDP	3.2	3.2	3.3	3.0
Export growth	%	11.5	8	6.2	4.4
Import growth	%	15.2	1.1	5.1	20.2
Current account balance	\$ mn.	-362.0	-354.3	-191.8	-259.1

		2002	2003	2004	2005
Public debt	\$ mn.	3,577.8	4,190.4	4,460.8	4,250.3
External debt	\$ mn.	3,993.3	4,575.0	4,789.6	4,462.6
External debt service	% of GNI	1.2	1.4	1.5	2
Cash surplus or deficit	% of GDP	-3.7	-3.8	-	-
Tax Revenue	% of GDP	11.8	11.9	-	-
Government consumption	% of GDP	15.3	14.8	14.7	14.4
Public expnd. on edu.	% of GDP	-	-	5.2	-
Public expnd. on health	% of GDP	2.4	2.2	2.5	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	2.4	2.4	2.3	2.3

Sources: The World Bank, World Development Indicators 2007 | UNESCO Institute for Statistics | Stockholm International Peace Research Institute (SIPRI), Yearbook: Armaments, Disarmament and International Security

7 | Organization of the Market and Competition

The fundamentals of free-market competition are guaranteed in a general form. Formerly dense bureaucratic regulations and direct state intervention have been continually and fairly consistently reduced and dismantled over the years. Efforts have been made to provide new regulatory frameworks for the functioning of liberalized sectors of the economy, but the rules of the game are not always fully consistent. Occasional ad hoc interventions by powerful politicians can never be fully ruled out. A thriving informal sector operates largely outside any institutional framework but nevertheless in accordance with free-market rules of its own.

Market-based competition

The limited size of the national market has resulted in at least partial monopolies and oligopolies for certain products and in certain areas. There are, therefore, severe structural limitations to the effectiveness of the state's anti-monopoly policies, which are nevertheless attempted in principle. The economy will be gradually exposed to more competition due to the effects of the new East African Customs Union, which went into force in January 2005, but with a five-year grace period for Uganda.

Anti-monopoly policy

In general, foreign trade has been liberalized to the greatest possible extent. Membership in both the East African Community (EAC) and the Common Market for Eastern and Southern Africa (COMESA) is relevant for any customs

Liberalization of foreign trade

and other regulations regarding the foreign trade regime. The privatization of formerly state-owned enterprises has been pursued quite vigorously for a number of years, but has yet to be completed due to difficulties in finding suitable solutions for the remaining difficult cases of state assets.

The traditionally weak and inefficient finance and banking sector has long been a particular problem area and an impediment to any broad-based economic development, particularly in the more remote rural areas. Various reform efforts (including the privatization of the Uganda Commercial Bank and the institutionalization of rural credit facilities) were slow to provide positive results, but at last there is now some noticeable progress. The UBC was sold to Stanbic of South Africa in 2001 and has a wide branch network in the country. Several international banks, all of which are located in Kampala, operate freely and play an important role in the country's banking sector.

Banking system

8 | Currency and Price Stability

The government has quite consistently adhered to the key elements of its macroeconomic goals, including inflation control, a realistic exchange-rate policy and a disciplined budget policy. The Ministry of Finance and the Central Bank enjoy relatively strong positions vis-à-vis the financial demands of the individual ministries and departments, but they are nevertheless occasionally subjected to overriding political pressures. Both the average inflation rate and the exchange rate have been held relatively stable over a considerable number of years.

Anti-inflation /
forex policy

The government is clearly keen to develop and maintain a stable macroeconomic policy. As a result of this consistent policy and as a reward, Uganda had been the first country to qualify for significant debt relief as part of the HIPC initiative in the late 1990s. The fiscal situation regarding domestic revenue generation (quite low even by African standards) continues to be rather precarious and necessitates a continued heavy reliance on the influx of financial aid resources. Almost half of government spending is still financed by external donors. Macroeconomic management of the economy has nevertheless been repeatedly praised by the IMF, World Bank and other donors over the years. This is the case even despite occasional disagreements, such as controversies over what constitutes an acceptable or adequate level of military spending in view of the anti-guerrilla war in the north.

Macrostability

9 | Private Property

Property rights and rules for the acquisition of property are clearly established in principle. There are, however, still problems and disagreements regarding the

Property rights

practical implementation of existing regulations. This is especially true for the acquisition and ownership of land, where differing groups have differing perceptions of the relevant laws and legal practices. Conflicts resulting from these disparities continue to be part of everyday life and serve as a reminder that a complete conversion to private property ownership of all land would run counter to tradition and create serious controversies. The judicial and administrative practices of ensuring existing property rights are often quite flawed.

As a result of the determined economic reform policies, private enterprises and individual entrepreneurs have become the unequivocal mainstay of the Ugandan economy. In some sectors, parastatal institutions and enterprises still exist and perform a relatively important role. The privatization of all state companies has taken much longer than originally foreseen and has encountered a number of obstacles, but it is proceeding nevertheless. The existence of some oligopolies cannot always be avoided due to structural constraints.

Private
enterprise

10 | Welfare Regime

As is the case in most African states, social safety nets supported by the state do not exist for the vast majority of the population. Basic provisions for social risks, such as health insurance and pensions, exist for only a relatively small group of permanent government employees and for employees of a few large firms, but even these benefits are fairly limited in scope. Otherwise, all such problems continue to be handled in a traditional manner within the solidarity systems of the extended family and village networks. This system is, however, undergoing some very rapid changes as a result of increasing rates of urbanization and mortality due to AIDS and other factors. Traditional networks are less and less reliable as a fallback in the case of need, especially as a result of changed urban lifestyles. Due to these factors, social safeguards are considerably worse than in previous periods for large segments of the population. No viable modern replacement is in sight.

Social safety nets

Equality of opportunity does not exist at all, but there are at least some signs of improvement in that direction. There are significant differences in the volume and quality of public services between major cities and rural areas and also among various geographical parts of the country, with undisputable neglect in the north. The situation has long been worsened considerably by the repercussions of the armed conflict in which at least 1.6 million people have been internally displaced. The 1997 abolition of fees for primary schools drastically broadened access to elementary education and benefited girls, in particular. There are indications that the poorer segments of the population have more than proportionately gained from the expansions of the health and education sector programs of recent years, although the quality of service remains a serious problem. Despite efforts on the part of the state to create equality of opportunity, social and regional origins

Equal opportunity

continue to play a very important role in determining one's life chances. Quite successful by way of international comparison has been the campaign against AIDS, which was undertaken in a determined and open fashion without being hampered by the fright of prevailing taboos. As a result, the HIV infection rate declined from 18% in 1990 to 6% in 2004.

11 | Economic Performance

Economic growth (as measured by absolute GDP and per capita income) was consistently higher than the African average since about the mid-1990s, with unavoidable fluctuations reflecting the high share of the agricultural sector and the dependence on climate-related factors. In recent years, it has been very close to the continental average. This relatively satisfactory growth pattern has clearly been the result of a determined pursuit of reform policies and of undertaking structural adjustments, albeit with intermittent inconsistencies and setbacks. There was some reduction in the poverty level throughout most of the 1990s, but poverty has seen a recent resurgence, which can be attributed largely to a fall in agricultural export prices, particularly coffee, in the early years of the present decade. The recent and current macroeconomic data do portray a somewhat ambiguous picture, with the average GDP growth rate (around 5-6%) still being considerably too low to induce sufficient structural changes in the economy so as to create more employment opportunities and lower the prevalence of poverty. The dimensions of the challenge become clear when one takes into account that Uganda has one of the youngest populations in the world, such that the present figure of almost 30 million is expected to triple in less than 50 years. The inflation and exchange rates have been held relatively stable and currency reserves have grown, but there have not yet been any improvements in the high structural trade and current account deficits and in the continued dependence on the inflow of high volumes of external aid. The tax ratio remains disappointingly low, amounting to only about 13% of GDP, and external debt is again growing after early generous cancellation under the Heavily Indebted Poor Countries (HIPC) initiative. The diversification and modernization of production in the economy is still at a very early stage. As such, Uganda remains highly vulnerable to changes in world market prices of its main export commodities (coffee, tea, cotton and fish) and of its crucial imports, particularly oil.

Output strength

12 | Sustainability

Politicians and society as a whole have been fairly slow to understand and consider the value of environmental concerns. Nevertheless, a few gradual changes and some activities by NGOs with a particular focus on the environment are observable. With regard to fishing on Lake Victoria, which in recent years has

Environmental
policy

become a very important new source of income and foreign exchange earnings, fundamental economic and hygienic improvements were brought about under massive pressure from the EU in the form of a temporary ban on fish imports. Some agricultural producers are slowly beginning to introduce improved ecological standards in the hope of obtaining better prices. Much controversy has been raised about protecting the environment of the Nile River against plans for the construction of more dams for power generation in view of very severe power shortages. In general, environmental concerns tend to be given much less attention than aspects of growth promotion.

The vital importance of education and of the improvement of human capital resources in general is well understood by the government and by the president personally. Museveni's main campaign promise in the 1996 election was that of free universal primary education. Subsequently, similar efforts were made to significantly increase secondary and tertiary enrollment. The populace also subscribes to the high value of formal education, for which parents are willing to go to great lengths in the (often illusory) expectation of a better future for their children. There are several public and private universities, some of which are religious. Also, there exists a broad spectrum of specialized educational and research institutions, though most suffer from a fairly poor quality of services due to the severe lack of adequate funding and qualified staff. Advanced, modern R & D facilities are almost non-existent. The Ugandan education system is probably decidedly above-average in the African context but nevertheless insufficient by international standards.

Education policy
/ R&D

Transformation Management

I. Level of Difficulty

The structural difficulties for the new NRM government when coming into power in 1986 were extremely high due to the almost complete devastation of the country and the breakdown of most modern structures. But, as a result of the relatively successful rehabilitation and recovery since then, the structural constraints for the present review period can no longer be assessed as severe, though the situation undeniably remains difficult. The material infrastructure in most parts of the country (with the exception of the north) is in relatively good condition by African standards. While the landlocked situation is a clear disadvantage that leads to high cost levels, the country's relatively compact geography is an advantage compared to much larger territories. Both the education and health services are probably somewhat above-average in the African context, and the staggering prevalence of the AIDS pandemic during the 1980s and 1990s has largely been contained. The AIDS prevalence rate, estimated at 18.3% in 1992, was brought down to around 6% by the year 2000, though it increased slightly in recent years, to an estimated 7.1%. Rural poverty is still structurally embedded in many areas, though unevenly, across the country. On balance, it can be stated that Uganda is confronted with the structural deficits that plague all African countries, though this is no longer true to an extraordinary extent. By and large, the existing difficulties are not insurmountable.

Structural
constraints

Moderately strong traditions of civic engagement do exist in most parts of Uganda, with variations between different ethnic groups. This is quite a positive factor for the local mobilization of economic and social development activities. There is also a wide spectrum of modern-type NGOs pursuing very many different goals. Social trust mostly rooted within homogenous local/ethnic bases, but at least in the metropolitan Kampala area these boundaries are transcended. Civil society groups can be quite outspoken, and the general climate (despite occasional government threats and intimidation) does allow a rather lively and controversial public discourse.

Civil society
traditions

The memories of the violent past, the persistent violent conflict in the north the deep-seated perceptions of relative marginalization of some groups and the

Conflict intensity

entrenched domination of others remain important factors for the social and political life of the nation. The Movement had attempted to create an ideology of national unity and to overcome all earlier ethnic/regional cleavages, but this has not really succeeded. The popularity of the old political parties (DP and UPC), which have preserved their particular ethnic, regional, and religious leanings, has apparently survived surprisingly well, although at a reduced scale, as is evident from the results of the 2006 elections. This indicates the continuing strength of such societal differentiations. The dominance of the NRM and the long-orchestrated suppression of any openly partisan political activities had until recently prevented a return to the old style of confrontational political conflicts. But this cannot any longer be fully ruled out, given the country's return to an open multiparty system that features the old parties along new ones such as the FDC and the NRM, which was converted into a political party and registered as such. Despite modernization and urbanization, ethnic and religious identities and affiliations continue to be of primary importance for large segments of the population. On top of this there is a fast-growing social differentiation between groups that are benefiting from the opportunities offered by the liberalized, market-based economic policies and the much more numerous groups that are largely excluded from these new opportunities. There are also significant disparities between major towns and rural areas and between different geographical parts of the country. It is still unclear to what extent these different ethnic, regional, religious and social cleavages can or will be mobilized in the near future, given the new context of unfettered open political competition.

II. Management Performance

Although the following sections providing an assessment of various aspects of national management/governance are supposed to focus exclusively on the two-year period 2005 and 2006, it is always pertinent to keep in mind a much longer perspective. This is important insofar as it stands to provide an understanding of the country's difficult and violent history since independence, which remains highly relevant as a background for assessing the difficulties, problems and contradictions of present public management issues. The memories of the past still affect behavior and attitudes in many ways, although it has now been 21 years since the NRM took power and has since been able to maintain relative stability, at least in most parts of the country. Narrow-minded partisan confrontation among important decision-makers is perceived by many as having been the main reason for the misery of the past, and this provides at least a partial explanation for the long reluctance to return to a political system that could exploit existing ethnic and religious cleavages.

14 | Steering Capability

In addition to managing the day-to-day political situation, the government (and particularly the president) is clearly pursuing some longer-term strategic goals as well. These goals, however, often take a back seat to short-term needs and tactical opportunistic considerations typical of politicians. The strategy for the economy focuses strongly on economic diversification, modernization of production methods (including agriculture), improvement of human capital resources, strengthening the potential of private enterprise, attracting foreign investors and eventually reducing dependence on foreign aid (while attracting as much as possible for the time being). The available financial and human resources needed to realize these essentially sensible goals are, however, very limited. The political strategy, on the other hand, has clearly for long been geared toward maintaining the dominance of the NRM and preventing a return to an orthodox dissected party landscape and avoiding the corresponding danger of a revival of parochial and potentially conflict-enhancing electoral fights on the basis of a mobilization of ethnic and/or religious affinities. From a normative point of view, this policy, which was stubbornly pursued for a long time, was clearly not geared toward a “conventional” party-based, formal democracy. The return to a competitive multiparty system in 2004/05 was in fact not due to changed convictions, but it came largely in response to increasing pressure by external donors. President Museveni cited the worry about foreign investment as his main reason for changing his mind about the liberalization of the political system. The one-sided election campaign in 2006, which fell short of ensuring a fair “level playing field” for the opposition, clearly manifested the determination of the present leadership to maintain its supremacy by all means. The leadership is thus pursuing its priorities quite rigorously and cleverly, even against strong external and internal opposition and with full knowledge of many observers’ criticism and disapproval. This can be seen as a sign of strength, even if the democratic credibility of the goals is seriously in doubt.

Prioritization

The government does generally pursue and implement its own strategic goals quite effectively. This is true not only for the economic reforms aimed at creating increasingly liberalized market-based economy but also for the well-controlled and orchestrated process of allowing a return to a formal multiparty democracy that satisfied all external demands while cleverly manipulating the process in such a way (i.e., by taking full and one-sided advantage of the vestiges of all state organs) as to ensure that the dominance of the present holders of power could be maintained. In May 2005, a revised Poverty Eradication and Action Plan (PEAP) as the Ugandan variant of a PRSP was published as a result of close consultations with IMF, World Bank and other donors. When the IMF’s most recent PRGF expired in early 2006, discussions

Implementation

started for a new arrangement under a Policy Support Instrument (PSI), since Uganda was no longer seen as being in need of a conventional PRGF and was viewed as having graduated from the category of a PRGF client state.

The political leadership in general (and, above all, President Museveni) has many times proved to be very flexible and capable of responding cleverly to any new exigencies, either internal or external. This has brought about significant and largely successful socioeconomic changes to the country and has maintained the longest period of political stability for Uganda in its more than four decades of post-independence history. It has not, however, necessarily promoted the normative values of a “classical” competitive, party-based democracy. In response to the long-lasting conflict with the LRA rebels and to various confrontations with neighboring countries, the leadership has – albeit sometimes only after a long period of stubbornness – proved itself to be generally flexible and able to learn from mistakes.

Policy learning

15 | Resource Efficiency

The government makes moderately adequate use of available financial and material resources, at least in comparison to many other African countries. There is, however, no question that considerable shortcomings still exist, such as considerable political patronage and widespread corruption. The state administration, nevertheless, is endeavoring to implement modernized management practices and financial systems, better-educated and trained employees, and managerial autonomy for specific tasks, decentralization and the promotion of local government. All of this is still far from being truly efficient, but it is a tangible improvement over previous periods in the country. Reform plans can, for the most part, be implemented only partially, and the implementation will most of the time go much more slowly than originally planned and intended. The range of public services surely remains far behind objective needs and expectations of the people given the very limited availability of resources, but some moderate improvement has clearly been seen in a number of areas, including education, health care, water supply, transport and communications. The privileges and the high expenditures for the military – considered to be unavoidable from the point of view of national security – are, however, an obvious wasteful drain on the economy. The number of people in the military as well as in the general state bureaucracy is excessive, their pay and also efficiency generally low. The effectiveness of the continued drive for more decentralization (although, in principle, a positive development) remains doubtful.

Efficient use of assets

The government tries to coordinate conflicting objectives and interests but only with somewhat limited success. The Ministry of Finance and the Central Bank

Policy coordination

do have a relatively strong role as watchdogs, guaranteeing the financial accountability of all public departments and acting as arbitrators in the delicate allocation process of scarce resources for different purposes. Nevertheless, many politically motivated compromises (depending on the relative strength of different actors) are often made, thus contravening a supposedly “objective” balance between different purposes and interests. This is particularly the case in very different regional strongholds of key politicians, whereby the northern groups are severely underrepresented. To a significant extent, the military is able to exert enough pressure to remain outside the “normal” political bargaining process for public resources and to avoid sanctions and repercussions in the wake of constant and uncontrolled over-expenditures. As such, the military still maintains a somewhat special role in the overall coordination of government priorities and policies. Clashes between different state agencies or politicians are often solved by the personal intervention of the president, who tends to take an active interest in many affairs normally outside of the scope of his office.

Despite fairly elaborate formal control mechanisms, corruption continues to be a major problem. The battle against corruption is often circumscribed by political considerations and exigencies. The cultural heritage tends to strengthen cronyism and political patronage while impeding objective state actions and strict sanctions for misconduct. On balance, the record with regard to controlling corruption is quite ambivalent. While there have been, on the one hand, many investigations into corrupt practices (including those alleged to have been committed by the police and the military) and subsequent dismissals or other actions in proven cases, there is still a widely prevalent perception that, in a lot of other cases, no stern action is taken and corruption is implicitly allowed to continue to a significant extent right up to the highest political levels.

Anti-corruption
policy

16 | Consensus-Building

There is arguably a vague general consensus among most political actors on the goal of building a kind of market economy best characterized as a mixed economy with sizeable state elements. There is still no genuine consensus on what kind of democracy is desired, since many NRM hard-liners – although they had to accept the re-introduced multiparty system – still argue for the value of a participatory, all-embracing no-party democracy. Such hard-liners deny any justification for conventional political parties to operate freely, while the more liberal members of the NRM are in favor of a multiparty system, as are the rest of the country’s politicians. The recent return to a formal multiparty system was, in fact, due to the government’s giving in to increased external pressure rather than to a genuine acceptance of the virtues of such a system (at least as far as some elements of the NRM leadership are concerned). The various armed rebel groups

Consensus on goals

do not have any recognizable political ideology. Rather, their activities are based almost exclusively on a very fundamental rejection of the government.

The pivotal conflict over political reforms had until recently taken place primarily within the ranks of the NRM, though it was influenced by a relatively free public debate as well as pressure from donors. A group of hard-liners within the NRM had long resisted any opening of the prevailing power structure. Cleavages stretching back into the 1960s and 1970s (ethnic, regional, religious and those related to the old party patterns) continued to play an important role. While the system in place since 2005 formally allows unrestricted operation of registered political parties, the underlying disagreement over the virtue of a conventional party-based democratic system has yet to be fully overcome. A core group of NRM hardliners are still convinced of the superiority of its Movement system and will try by all means to perpetuate its dominance and exercise of power. As such, a genuine consensus around the democratic system has still not been reached among all political leaders. In this respect, the Ugandan situation is characterized by the fact that the potential anti-democratic veto actors are located at the very center of the present government power structure, which includes much, but not all, of the military leadership. Conversely, the groups advocating for further democratic reforms are still in a much weaker position outside of the power structure.

Anti-democratic veto actors

In its official public statements, the political leadership tries to prevent cleavage-based conflicts from escalating and espouses national unity and reconciliation. In reality, however it has not succeeded in making much progress on this front. In the eyes of its adversaries (internally and externally based political opposition and guerrilla groups), the NRM government is still clearly perceived as pursuing only the interests of its own followers, while more or less completely neglecting the aspirations of other groups, particularly in the war-ravaged areas of the north. As a result, the leadership has largely failed to promote social capital at the national level. But it is a very different matter with regard to the existence and promotion of social capital at the regional and local levels. It is at these levels, which are characterized by an ethnically largely homogenous population and the continued validity of traditional solidarity patterns, that social capital does play an important role in containing cleavages that may arise, also in respect to “modern” economic activities and new types of societal relationships. The government is trying to promote such values with its decentralization focus, but it fails to contain the obvious inter-regional and ethnic cleavages in the nation as a whole.

Cleavage / conflict management

It is difficult to issue a clear judgment on the political leadership’s attitude toward the participation of civil society in political and socioeconomic issues. Officially, it goes to great lengths to advocate the participation of civil society groups in furthering the social and economic development of the country at all

Civil society participation

levels. But such participation of civil society is largely perceived as being of a “technocratic” and non-political nature. Indeed, when it comes to issues of a more narrowly political nature, the authorities are often quite suspicious of civil society groups and tend to exercise as much control as possible.

There have been attempts to find ways of reconciliation regarding the acts of injustice that had been perpetrated by pre-1986 governments, but they did not produce a new start or an actual reconciliation of all national groups. Similarly, no generally accepted approach has been found and pursued to deal with the atrocities and injustices committed by all sides – rebels as well as government forces – in the long regional wars against the different guerrilla groups, some of which are still ongoing. For years, an official amnesty has been offered to members of rebel forces willing to surrender. This offer has actually been taken up in many cases, in which such former rebels are subsequently fully integrated and even given posts in the government’s armed forces. Nevertheless, this has not been enough to overcome all suspicions and to end the conflicts. It is important to note in this respect that many hardships and atrocities committed by government soldiers against civilians in the course of the wars are never brought to justice. Although justice has been delivered in a number of cases, the local population perceives that this is not the case often enough.

Reconciliation

17 | International Cooperation

The government works closely with all bilateral and multilateral donors in regard to its economic and development policies, as Uganda depends greatly on receiving development assistance from external sources. Practically all donors have long considered Uganda an above-average success story. Its economic reform policies have been implemented relatively consistently and largely in accordance with prevailing international practices and advice, notwithstanding occasional clashes with donors, which show a considerable degree of independent thinking. In the realm of socioeconomic policies, the government is perceived internationally as being willing to make good use of external support. The fact remains, however, that this has had no noticeable impact on moves toward political reforms.

Effective use of support

The government is generally regarded by the international donor community as a credible and reliable partner in most areas of its economic and social development policies, despite occasional clashes and disagreements over the consistency of the implementation of agreed programs and its seriousness in combating corruption. The question of credibility is quite a different matter regarding political reforms aimed at consolidating a genuine pluralistic democracy. Donors had for quite a long time pushed the government to abolish the Movement system, but until 2003 the Ugandan leadership more or less

Credibility

completely refused to undertake such steps. The political authorities eventually complied with donor demands, but they have not really proved to be credible and reliable partners in this respect in view of their heavy-handed and one-sided conduct during the 2006 elections. The donors, however, have also not been very consistent and insistent on this issue, given the country's satisfactory economic progress and its strategic role in a region burdened with a great deal of conflict and turmoil.

The government's relationship to neighboring countries varies greatly and is somewhat ambivalent. On the one hand, intense and serious efforts have always been undertaken to strengthen regional cooperation in the context of the EAC, the COMESA and the Inter-Governmental Authority for Development (IGAD). In the context of these organizations, Uganda has proved to be a reliable and supportive member. On the other hand, Uganda has been directly and heavily involved in the two wars in the DR Congo and was engaged in serious conflicts with Rwanda and Sudan for a number of years. This situation has significantly improved during the recent review period, and formerly strained relations with neighboring states are presently relatively good or at least acceptable. Regional policy on the whole fluctuates greatly between pragmatic economic cooperation (based on the calculation that this is in the country's best interest) and attempts to be politically influential or even attain political supremacy in the sub-region.

Regional cooperation

Strategic Outlook

The National Resistance Movement (NRM) is likely to remain politically dominant in the near and medium-term future. In contrast to the last two decades, however, this should take place within a context of a formally liberalized multiparty system with open competition between different political parties and without a further continuation of the various armed rebel activities.

This generally positive scenario will nevertheless pose considerable challenges in terms of creating a more consensus-orientated political climate in which voices of critical opposition are not intimidated and genuine pluralistic competition between varying political ideas is permitted. In the economic sphere, no major changes in the current policies are foreseeable. As such, the country seems likely to continue its quest to attain a relatively free market economy, but it will continue to fall short in terms of reaching social equality goals and in bringing about significant structural economic changes or improvements.

After years of defending its unique no-party system in the face of both internal and external pressures, the government has finally succumbed and has fulfilled the formal requirements for the return to a conventional democratic, multiparty system. The circumstances of changing the constitution and rescinding the two-term limitations for presidents (to allow Museveni to run for a third term), combined with the conduct of the 2006 elections in which lopsided opportunities gave the incumbent government an advantage over the opposition, did not augur well for the dawn of a new democratic era in which truly pluralistic competition among different players is to be facilitated.

If Uganda is to meet true democratic standards, it is essential that a level playing field for all political actors be attained; but this is still by no means guaranteed. There is a relatively high likelihood that the NRM's key leadership (including high-ranking military officers) would not hesitate to continue employing unfair practices of control and intimidation against all opponents if they feel that the opposition is gaining an upper hand against the entrenched power authorities. On the other hand, the continued frustration of the different opposition groups' aspirations may provoke these groups to employ unlawful means of expanding their power. New tensions could emerge and potentially entail violence, as there is much at stake and both sides continue to take a confrontational stance. Nevertheless, one year after the elections, the government and the oppositional ranks appear to have struck a political compromise in which neither appears inclined to at least visibly escalate the

confrontation, though the government occasionally demonstrates is far superior strength and its full control of the security apparatus.

It is therefore absolutely crucial for the international community – both donors and conventional diplomatic channels – to be much stricter and more vigilant in their insistence and pressure on both the government and the opposition forces to observe the “normal” rules of open and unrestricted political competition. Attention should also be given to the rule of law and the conditions allowing the judiciary to perform its functions without interference. To date, such an attitude has unfortunately not consistently been the case among donors, due both to the country’s good economic performance and with respect to the fragile peace situation in the north of the country. Even after the first multiparty elections have taken place, the entire political process will have to be continually monitored very carefully if Western governments want to maintain their own credibility in dealing adequately and correctly with Uganda.

Regarding the continuing problem of the existence of different guerrilla movements (most importantly, the LRA), it is essential for the international community to insist even more strongly than it has in the recent past that a durable peace solution be found involving all relevant actors. This should be coupled with firm donor promises for a substantial reconstruction program for all those areas that have been heavily devastated by this ongoing conflict. In the long run, only this will help to bridge the developmental disparities and the historical mistrust between different parts of the country. Securing the complete cessation of all rebel activities throughout the entire territory needs to be given the highest priority in the immediate future. Peace negotiations between the LRA and the government have been dragging since mid-2006, but despite various expressions of optimism, no real breakthrough is in sight. One of the reasons for this is that the international arrest warrants issued against the top five LRA leaders by the Hague International Criminal Court in 2005 are taken seriously by the rebel leadership. It is also important to note that there are traditional reconciliation procedures already in place among the Acholi that may fulfill the requirements of modern justice.

With the 2005 peace agreement in southern Sudan, the election processes and installation of new democratically legitimized governments in both Burundi and the DR Congo, as well as continued progress in strengthening the EAC, harmonious and conflict-free neighborly relations within the East African and larger Great Lakes subregions appear to be in better shape than they have been for years.

With respect to economic policies, it can be realistically projected that the relatively liberal and market-oriented course that has already been pursued for well over a decade will continue to be followed with some consistency and

determination. Clearly, shortcomings will continue and there will be some resistance to this course from those advocating direct governmental intervention. Continued external assistance is by and large justified, but continuous careful monitoring remains necessary if further progress is to be made on key issues such as containing corruption, reducing military expenditures, promoting genuine structural changes in the economy and ensuring a social balance of all public-sector programs.