

BTI 2010 | Uganda Country Report

Status Index	1-10	6.34	# 41 of 128	
Democracy	1-10	6.85	# 42 of 128	➔
Market Economy	1-10	5.82	# 60 of 128	➔
Management Index	1-10	6.07	# 29 of 128	

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

This report is part of the Transformation Index (BTI) 2010. 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 128 transformation and developing countries are evaluated.

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Key Indicators

Population	mn.	30.6	HDI	0.51	GDP p.c.	\$	1075
Pop. growth	% p.a.	3.3	HDI rank of 182	157	Gini Index		42.6
Life expectancy	years	52	UN Education Index	0.70	Poverty ²	%	75.6
Urban population	%	12.8	Gender equality ¹	0.59	Aid per capita	\$	55.9

Sources: UNDP, Human Development Report 2009 | The World Bank, World Development Indicators 2009.

Footnotes: (1) Gender Empowerment Measure (GEM). (2) Percentage of population living on less than \$2 a day.

Executive Summary

Uganda's transformation process has been characterized by a wide divergence between its positive economic growth and its lack of democratic reform. This contradictory picture is reflected in the strongly conflicting ratings that Uganda has received from various external observers (ranging from exemplary reform orientation to authoritarian political regime). These ambiguities continued during the present review period although to a somewhat lesser extent than before. Uganda still has not managed, however, to align its political reforms with its socioeconomic policies.

Bilateral and multilateral donors of development aid have for long considered Uganda as one of the more successful countries in Africa with regard to implementing economic and social reforms. The country continues to receive preferential support from many sources. This support includes high volumes of aid, debt relief and some inflow of FDI (Foreign Direct Investment). Without a doubt, Uganda's government (in power since 1986) has achieved extensive economic recovery after an almost complete economic collapse. It has been relatively successful in liberalizing the economy and establishing the foundations of a socially integrated market economy. This has enabled Uganda to reach a fairly satisfactory macroeconomic growth pattern of 6-7%. This growth has in turn enabled progress in key social programs, although structural changes and genuine and sustainable poverty reduction have been of a rather limited nature. The government began these economic reforms in the early 1990s. Since then, the Ugandan government has not made any fundamental changes in outlook and orientation. During the review period (2007 – 2009), Uganda has not made any significant advancement in the direction of market-oriented reforms. Instead, it has continued its quite well established policy framework without any major setbacks, apart from a continued failure to seriously control corruptive practices in the economy and society.

Advancement in the direction of a socially responsible market economy has occurred largely in the absence of a parallel progress toward a participatory democratic system. Political analysts tend to have different verdicts on Uganda than aid agencies and economic observers. Until recently, their judgments included a rather ambivalent evaluation of Uganda's political role in a region continuously burdened by armed conflicts (reflected in various confrontations with neighbors the Democratic Republic of Congo, Rwanda and Sudan). Analysts also criticized Uganda for its inability and/or unwillingness to find a negotiated peaceful solution for enduring internal conflicts with armed rebel movements (particularly the Lord's Resistance Army, LRA). Since 2005, however, and continuing in the current review period, these regional concerns have faded. The entire regional constellation is presently much less belligerent than before. Uganda, likewise, has developed a more cooperative perspective. Since the middle of 2006, the country has patiently held peace negotiations with the LRA despite the LRA leadership's frustrating practice of refusing to sign peace agreements after lengthy negotiations. In the meantime, the LRA's strength has declined significantly. Its remaining groups have fled into neighboring countries, thus for all practical purposes ending the rebel threat and war situation for the civilian population in the northern areas of Uganda. After many years of turmoil, life in this area is returning to normal. It is unclear whether the remnants of the LRA will at last be militarily crushed in their hide-outs in the Democratic Republic of Congo or whether they will continue to disturb the peace in the border triangle of the Central African Republic, the Democratic Republic of Congo and Sudan.

Analysts' most serious reservations about Uganda's political reform center on the ruling authority's continued obstruction of a return to an open and fully competitive multiparty system. The National Resistance Movement (NRM) and President Museveni have been in power since 1986 without being challenged by open and fair political competition. For a long time, they showed no signs of changing this model. A relatively small group had thus become entrenched in positions of power and reliant on the military for backing. Widespread patronage has been a discernible feature of Ugandan political culture for a long time. In 2004-2005, internal and external pressures forced Ugandan authorities to make constitutional changes, which formally re-introduced a competitive democratic system. Under a new constitutional framework, multiparty elections were held in early 2006. The elections between the ruling NRM and the fledgling opposition forces were by no means fair. Nonetheless, they represented a crucial step forward for the country's political transformation process. During the current review period, this new political situation has been further consolidated by the adherence of all political actors to the rules and regulations of the constitutional and judicial framework, even though the NRM has maintained its firm hold on all aspects of public life. Political parties, civil society groups, NGOs and the media can, for the most part, operate freely, but there is nevertheless a tacit understanding among all potential actors that the state is likely to intervene if its power were seriously challenged. Among opposition groups and within the ruling NRM, preparations are already underway for the elections in 2011, including canvassing for another presidential term for Museveni. In sum, Uganda has witnessed some meaningful, though limited, political transformation since 2005.

History and Characteristics of Transformation

The start of Uganda's political and economic transformation can be traced back to January 1986, when the NRM, led by Yoweri Museveni, took power after a successful five-year guerilla war first against the government of Milton Obote (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 of all ethnic groups, regions and political orientations. However, until recently the NRM had to contend with militant rebel groups (some followers of the earlier regime and some without any discernible political concepts). The government also suppressed the activities of the old political parties founded before independence in 1962 on the grounds that these parties had allegedly intensified conflicts prior to the NRM's assumption of power. The NRM, however, never issued a formal ban on their existence and allowed them to continue their activities in a restricted fashion. Instead of a party system, the NRM instituted a five-tier system of elected Resistance Councils (RCs), which built upon rudiments created during the guerilla fighting. This system allowed the populace to participate in the political process, at least at the local level. The RCs were later renamed Local Councils (LCs) and still exist as the structures for decentralized local government. A surrogate national Parliament, set up in 1989, contained a mixture of elected representatives from the RCs and the historical core group of NRM leaders from the guerilla era.

The work of a constitutional commission dragged on much longer than foreseen and culminated in general elections for a Constitutional Assembly (CA) in 1994. The CA's central debate related to the question of state building (centralized or federal system) and the fundamental question of which political system to use (return to conventional multiparty pluralism or continuation with a unique "no-party democracy"). In the end, vehement demands for federalism from traditional Baganda circles did not prevail. The new constitution, which came into effect in October 1995, initially adhered to the so-called Movement system for the first general elections in 1996 without a general liberalization of party-related activities. It did, however, stipulate that a referendum could be held every five years for the population to choose between a continuation of the Movement system, a return to a multiparty system or the introduction of "any other democratic and representative political system." In the 1996 elections, Museveni was elected president and the NRM candidates won a clear majority in Parliament. However, some identifiable members of the old parties, other persons critical of the government and a few non-conformist NRM followers also won seats. In forming the government, the NRM leaders decided against seeking a broad base of political and regional cooperation. In 1997, the Movement Act made every Ugandan legally a member of the Movement. Although this membership had little 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). Another referendum in 2000 again confirmed the existing system. The elections in 2001, which featured heavy-handed attacks on the emerging opposition, brought an undeniable clear victory for Museveni and the Movement.

In May 2002, the Ugandan Parliament passed the Political Parties and Organisations Act (PPOA) after long controversial debates about the need to legally regulate the status of political parties. Opposing groups rejected it, however, because of the act's highly restrictive regulations. In early 2003, the political and constitutional debate gained new momentum when Museveni suddenly advocated a full opening of the system for all political parties. Museveni's call was reflected in the passage of a less restrictive PPOA, which created a genuine basis for the official registration of a plethora of old and new parties (including the NRM now turned into a party). By the end of 2004, Uganda had finally entered into an uncertain new era of competitive politics. Only in mid-2005, however, and by way of another referendum did Uganda formally legalize the return to a multiparty system. At the same time, parliament lifted the constitutionally defined presidential two-term limit thus allowing Museveni to run again as candidate (for his third term) in the February 2006 elections. Under a significantly altered constitutional framework, these multiparty elections were held under very uneven conditions. State authorities subjected the fledgling opposition forces to various forms of intimidation. In a formal sense, the constitutional changes and the elections were nevertheless been an important step forward. Museveni and the NRM were again safely confirmed in power, but they now faced a broader spectrum of opponents within a more open political environment. The opposition was able to operate more freely and gained new confidence, although they were still dwarfed by the all-encompassing dominance of the NRM.

The economic transition also began when the NRM took power. The NRM essentially started from square one with a largely destroyed economy. An initial 10-point program, previously conceived by the NRM to rebuild the country, was still largely oriented along Museveni's earlier socialist ideas. Given the concrete challenges facing Uganda, the NRM leadership swung toward a very pragmatic free-market orientation as early as 1987. This was fully supported by a wide range of international donors, including the IMF and the World Bank, with considerable development aid.

The economic reform process has developed gradually during the last two decades. Important elements of the transformation have included macroeconomic stability and fiscal discipline, privatization of state-owned enterprises, encouragement for local entrepreneurs, attracting foreign investors (including the return of part of the Asian business community expelled by Idi Amin in 1972), debt reduction (as one of the first beneficiaries of the HIPC initiative), vigorous decentralization of state activities, diversification of the manufacturing sector, promotion of enhanced regional cooperation, and improvement of available human resources (education and health sectors). Many of these measures were carried out under the obvious influence of donor institutions, but Museveni also considers himself an important promoter for structural changes and overall social and economic modernization. Uganda has gained a reputation of being one of the relatively more successful reform-oriented countries in Africa with a good performance record despite various inconsistencies and recurring charges of a high level of systemic corruption.

Transformation Status

I. Democracy

During the review period, the political system has in a purely formal sense not seen any major changes, while this had been the case in the previous period (constitutional referendum in 2005 and general multiparty elections in February 2006). These elections had been the culmination of the return to a full-fledged conventional competitive democracy with theoretically unrestricted opportunities for political parties, after almost two decades of a unique no-party-system (albeit with elections) characterized by the overwhelming dominance of a former guerilla movement turned into an all-encompassing political machinery. The present political framework is, however, still seriously flawed in favor of 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 of all existing formal structures.

1 | Stateness

The state monopoly on the use of force exists in most parts of the country and during the review period has significantly improved in formally contested regions. For many years, rebels and guerrillas of various political (or pseudo-political) shades had seriously challenged this monopoly in some sizeable parts of the country. "Traditional" nomadic warriors also threatened state sovereignty. The strongest and longest lasting rebel group is the LRA, which terrorized the civilian population of its own Acholi people in the north. For almost 20 years, the Ugandan army despite great efforts was unable to defeat the LRA, partly because the Sudanese government assisted the rebels and partly because the rebels could withdraw across the borders to Sudan and the Democratic Republic Congo for hiding and regrouping. Various attempts at offering an amnesty and bringing about a negotiated peace have so far proved futile, although lengthy peace negotiations had been taking place since mid-2006 in Juba (southern Sudan). Nevertheless, the LRA has been severely weakened and its remnants had to completely withdraw from Ugandan territory to seek refuge in difficult-to-access areas of neighboring countries. The LRA's withdrawal has greatly improved the security situation in northern Uganda. The local population, however, remains skeptical regarding a guaranteed return to peaceful normality. On Uganda's western border with the

Monopoly on the
use of force

Democratic Republic of Congo, another rebel group called the Allied Democratic Forces (ADF) had been actively threatening state power since the mid-1990s. By 2001, the state had largely contained the ADF by establishing cross-border links into the Democratic Republic of Congo. Some ADF remnants remain.

The state has always struggled with limited success to control the northeastern Karamoja region where nomadic warriors use modern weapons for more “traditional” activities such as cattle rustling. In the central and most densely populated parts of the country, the state has established its monopoly on the use of force. The magnitude of violent crime and the feeling of insecurity in Kampala and other cities are considerably lower than in many other African countries.

There is fundamental consensus among all population groups about who qualifies as a Ugandan citizen. No secessionist movements exist. 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 (Acholi, Langi, etc.) consider themselves excluded from the central state to a large degree because of historical factors (economic neglect), repressive military actions (e.g., forced resettlement into fortified camps during the fight against the LRA) and a lack of genuine political representation. 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 historic role and the ancient traditions of their kingdom. Their loyalty to the Ugandan state is split.

State identity

The state is formally secular to the greatest possible extent with a clear separation of religious institutions and the state. Nonetheless, religious movements (many sects, independent churches, Muslim groups) are able to influence the public’s political behavior. No religious leaders are calling the authority of the state into question.

No interference of religious dogmas

The state’s administrative structures are generally present throughout the country but operate unevenly. In central Uganda, administrative structures are relatively good and generally visible. On the periphery, particularly in the north and northeast, they are clearly much more limited. Widespread corruption and a lack of civilian monitoring of the security forces represent real restrictions for an effective functioning of the state authorities in the eyes of the population. In recent years, pursuant to a policy of decentralization the responsibility and decision-making for a whole range of regular state activities has shifted from the central government to lower administrative and political levels. The main focus of this decentralization has been on the districts, which have been reduced in size and increased in number.

Basic administration

2 | Political Participation

Based on the constitution of 1995 and its amendments, general elections are, in principle, accepted as the method for deciding political rule. All citizens have the right to vote and to stand for political office, although formal minimum educational requirements limit the right to be a candidate for political office. Presidential and

Free and fair elections

parliamentary elections were held in 1996 and 2001 under the then prevailing Movement system. The ruling authorities allowed individual candidates to stand for office but forbade them from having official party affiliations. The authorities severely restricted the activities of political parties but did not formally outlaw them. These elections, therefore, were clearly not free and fair, but they were for the most part carried out correctly and probably did end up expressing the will of the majority of people.

The February 2006 presidential and parliamentary elections were held in a significantly changed and improved constitutional environment. Old and new political parties were free to register, field their candidates and operate in a mostly unrestricted fashion during the election campaign. Despite these improvements, state authorities continued to harass opposition candidates. Museveni's strongest challenger, Kizza Besigye, was for several crucial weeks held in police custody under dubious charges. The ruling establishment profited greatly from the use of state resources and facilities. The elections were nevertheless by and large performed in a correct manner. Election observers testified to an obvious improvement over the previous elections but noted still existing deficiencies with regard to generally accepted international standards. The elections can thus be characterized as general and largely free, but not as fair given the very uneven conditions for the government and the opposition forces. In the presidential election, Museveni obtained 59.3% of the vote, Besigye 37.4%. In Parliament, the NRM secured a large majority (211 out of 332 seats) with most of the 41 "independents" in fact also being NRM adherents. Including all NRM MPs, ex-officio members, pro-NRM independents and army and special group representatives, the government could count on the support of roughly three quarters of all parliamentarians. In several subsequent by-elections during the review period, the political conditions remained unchanged. The NRM continued to enjoy clear advantages, though the opposition was able to campaign openly and registered some victories.

The current government (elected by a clear popular majority despite some shortcomings of its democratic legitimacy) maintains the effective power to govern throughout the country, with the exception of some thinly populated, semi-arid areas of the northeast with its nomadic groups. Past limitations in the northern war zones are no longer relevant with the disappearance of the LRA from Ugandan territory. There are no veto powers or political enclaves under the influence of competing groups. Despite formal democratic structures, a small circle of leadership within the NRM and the top ranks of the military wield the real power in Uganda. The military is still represented in parliament by ten officers, who are 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 nevertheless won itself a growing amount of control over the executive branch, but it is constantly being confronted with barriers in this pursuit.

Effective power to govern

The right of free association and assembly by independent political or civil society groups had until recently been exercised in a very ambivalent and at times precarious way. This was particularly the case with regard to the severely restricted activities of political parties before 2005. Since 2005, reforms have created the political space for the largely unrestricted registration and functioning of political parties (although with elements of harassment during election campaigns). In principle, other groups and NGOs are allowed to operate freely. In practice, state authorities limit the activities of these groups if they consider the activities to be detrimental to the interests (or security) of the state. This situation leaves room for an element of arbitrariness with regard to control of independent groups. Nonetheless, the state permits a whole spectrum of rather lively and critical groups to exist and operate.

Association /
assembly rights

The freedoms of speech and of the press/media, though mostly tolerated, are not always consistently respected. Surprisingly critical public discussions and statements in the print and electronic media (including private FM radio stations) are commonplace, but from time to time the state authorities carry out massive intimidation campaigns, which have been unable to muzzle all critical voices. An outstanding example is the newspaper *The Monitor*, which the state has in the past occasionally shut down (even without legal authority). Despite this, the newspaper 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 discussions on the one hand and keenly felt control (and sometimes intimidation and outright threats) on the other hand.

Freedom of
expression

3 | Rule of Law

In the 1970s, the dictator Idi Amin completely destroyed the rule of law in Uganda. The following regimes in the 1980s did little to resurrect it. The NRM, assuming power in 1986 following a successful guerilla war, spent several years gradually rebuilding the structures and institutions of a state based on the rule of law. The present (much improved) situation must be judged against this background. Some attitudes within the military of being beyond the reach of the law stem from this history of this successful “bush war.” The military is, at times, still difficult to contain by the civilian authorities

Separation of
powers

The usual separation of powers between various state bodies is generally accepted and, to a large extent, also practiced. However, military and security forces are, to a considerable degree, beyond the control of the civil courts. The civilian courts do offer some oversight of military activities, but the military continue to enjoy a fair amount of latitude. The most conspicuous case of the struggle between the civilian administration and the military took place in late 2005 when the highest civilian and military courts debated about the appropriate jurisdiction for judging alleged cases

of treason by former members of the military (including the leading opposition presidential candidate Besigye). Despite a ruling by the High Court that the prosecution of these cases was illegal, they are yet to be closed down. By and large, the formal checks and balances between the different state branches are normally respected, although the president tends to overstretch his formal authority.

The judiciary is professionally competent (somewhat less so at the lower levels), institutionally differentiated in various levels and able to operate independently. Its highest levels have shown an astounding professionalism and independence in the face of strong political pressure in several hotly debated political cases (e.g., legal challenges to elections, constitutionality of laws, treason trial against Besigye and other political opponents). Relatively more problematic are instances of incompetence and inexperience. Corruption also poses problems, especially among the lower echelons of the judiciary system. Opinion polls register a very low amount of trust in the judiciary among the Ugandan population.

Independent
judiciary

The government's handling of widespread corruption (Uganda is continuously listed by Transparency International as a notoriously corrupt state) 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 outstanding cases where 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 sitting ministers, who were subsequently dismissed. At the same time, real political and procedural limitations prevent fully formed and consistent anti-corruption measures against all well connected personalities. Nevertheless, even prominent individuals are not universally shielded from prosecution.

Prosecution of
office abuse

The state does not systematically violate the civil rights of Ugandan citizens, but its ability to impartially and correctly prosecute abuses by state organs has its limits. The most blatant public abuses are linked to the long-lasting fight against guerillas and rebels (particularly in the north). Members of the security forces who commit attacks on suspicious persons and civilians are seldom brought to justice and are protected by their peers. Exceptions to this rule have occurred, and some convicted members of the military have been executed for their crimes. The consistent protection of women's civil rights (in particular from violence) has structural weaknesses. Uganda does not see particular discrimination against specific ethnic or religious groups. Local human rights groups do work in Uganda but have limited opportunities to raise their concerns publicly. Some international attention has focused on Uganda's prosecution of proven homosexuals under the country's sodomy law.

Civil rights

4 | Stability of Democratic Institutions

Despite massive restrictions on political participation and a prohibition (until 2005) of political parties, democratic institutions such as Parliament, the judiciary, local councils and the public administration played important roles in Uganda's public affairs. These institutions, for the most part, performed their functions effectively and formed the foundation for the eventual full restoration of a legitimate democratic system. Uganda finally created a democratic system with the unrestricted legalization of political parties in 2005, and the 2006 elections (despite their undisputed deficiencies). The parliamentary and institutional interplay between government and opposition forces has in the meantime been generally accepted. As such, the institutions perform their functions quite satisfactorily, although the overwhelming dominance of the ruling NRM leaves very little room for the effective influence of dissenting voices.

Performance of
democratic
institutions

Despite continued sharp opposition criticism and a rejection of the last experienced electoral process (opposition groups filed a legal appeal against the validity of the 2006 results), all relevant political actors inside Uganda accept – although grudgingly – the entire set of democratic institutions that derive their formal legitimacy from the electoral process. The current public institutions at the central and local level (some of the latter even controlled by opposition forces) are stable and have the potential to be gradually strengthened. The last remaining active rebel groups (LRA, ADF), however, continue to reject the legitimacy of the existing institutions. This is also true of 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 its legitimacy under the prevailing constitutional and legal framework. Some of the military leadership may not be genuinely committed to outcome of democratic elections in the possible case of a defeat of the ruling NRM. On the other hand, many prominent opposition FDC leaders are former senior military commanders. For the most part, the military has by now probably accepted the validity of the democratic process.

Commitment to
democratic
institutions

5 | Political and Social Integration

The political system had until recently been characterized by the government's obstruction of a functioning multiparty system despite the continued legal existence of well-rooted old parties like the DP (Democratic Party) and the UPC (Uganda People's Congress), which was founded even before Uganda's independence in 1962. By contrast, the dominant Movement had evolved from the NRM liberation struggle of the 1980s. The NRM's self-image stems from its history in the liberation struggle, but since then it has virtually become a monopoly party with a

Party system

predominantly pragmatic-opportunistic membership and with widely diverging ideological positions (including on the key question of changes to the de-facto one-party system). Despite the many years of near total suppression, the DP and the UPC remained alive. Demonstrating surprising resilience, the parties became active again after the general liberalization of the political system in the period from 2003 to 2005. Besides a host of smaller new parties, a major new grouping called the FDC (Forum for Democratic Change) was founded in 2004 as an umbrella body mostly for disenchanted former members and followers of the NRM but also for other critics of the prevailing system. In 2006, elections established the present party system, which may become capable of articulating and aggregating different societal interests (including certain regional and ethnic affiliations). The NRM won a clear majority (particularly with rural voters), while the FDC established itself as the primary opposition force (with strong support among urban voters). Both DP and UPC remained as lesser political players but nevertheless surviving. All the other smaller parties were unable to attract any significant numbers. This pattern has in the meantime become fairly consolidated and was tested in several by-elections. Opinion polls suggest a gradual decline in support for both the DP and UPC. This leaves NRM and FDC as the major opposing political camps (all four parties being faced with a host of internal quarrels and competing factions).

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, and women's groups, all of which had relatively little ability to assert themselves in the political realm until now. All of these groups quite naturally have links to the Movement/NRM as the dominating political force. They also tried to use Parliament as a forum for lobbying for their respective special interests. It remains to be seen to what extent the more pluralistic political landscape will also widen the scope for the pursuit of such groups. No major changes have yet to take place.

Interest groups

It is difficult to discern Ugandans' 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 people's level of participation in elections has been relatively high. Public opinion polls repeatedly indicate that people take an active interest in having real political choice.

Consent to democratic norms

A fourth round of Afrobarometer polls regarding attitudes toward democracy in a number of African countries was conducted in 2008, but the Uganda results are not yet available. The Uganda surveys for the third round of Afrobarometer polling were conducted in April 2005, in other words just before important constitutional changes and the return to a multiparty democratic system. At that time, 61% of Ugandans expressed support for democracy (this was equivalent to the African

average but ranked 12 out of 18 surveyed countries). Rejection of one-man rule was advocated by 91%, rejection of military rule by 76% and rejection of a one-party state by 57%. Support for multiparty competition was relatively low with 54%, but 76% expressed the belief that the president must obey the law. 49% (equivalent to the African average) rated Uganda as being largely democratic and 51% were satisfied with the way that democracy worked. 67% of Ugandans judged the quality of elections (even before the 2005 constitutional changes) as generally free and fair with only minor problems.

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 between the government's genuine support for socio-economic development tasks and its attempt to control the activities of more politically oriented organizations, which it perceives to be potentially critical of its 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 after a long period of neglect and economic decline due to political turmoil had been met. 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 relatively better success stories in this regard. Nevertheless, significant deficits in several policy areas and particularly in respect to a consistent implementation of declared policies do still remain and there is constant need for further improvement. While most fundamental reform initiatives had already been undertaken during the 1990s, no significant further impetus has been discernible during the more recent review periods.

6 | Level of Socioeconomic Development

Macroeconomic indicators for Uganda show a relatively low level of general development 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). Uganda ranks about average in macroeconomic performance in

Socioeconomic
barriers

comparison with other sub-Saharan African countries. Social exclusion is prominent both quantitatively and qualitatively, and it is structurally entrenched due to a blend of geographical, historical, cultural and political factors. The northern parts of the country, in particular, are very much disadvantaged for economic, ecological and for politico-historical reasons. Traditional gender inequality persists, though increasingly more opportunities exist for the advancement of women. It is generally difficult to move up in society from a poor peasant background. Social classes are mainly determined by land ownership, continued relevance of traditional societal stratification and increasingly by modern education. About one third of the population lives below the national poverty line. Many rural people still rely on a semi-subsistence type of agriculture. The government's progress on widespread poverty reduction has been slow and fluctuating (e.g., in response to changes of world market prices of coffee). The HDI (Human Development Index) value for 2005 was 0.505, giving Uganda the rank 155 (at the bottom of the medium human development category).

Economic indicators		2004	2005	2006	2007
GDP	\$ mn.	7923.5	9225	9956.5	11892.4
Growth of GDP	%	6.8	6.3	10.8	8.6
Inflation (CPI)	%	3.3	8.2	6.8	6.1
Unemployment	%	-	-	-	-
Foreign direct investment	% of GDP	3.7	4.1	3.9	4.1
Export growth	%	23.7	14.8	7.8	12.2
Import growth	%	1.3	12.6	19.5	16.7
Current account balance	\$ mn.	-119.6	-66.6	-435.0	-528.1
Public debt	\$ mn.	4425.6	4216.4	1107.7	1575.1
External debt	\$ mn.	4752.5	4426.9	1264.8	1611.0
Total debt service	% of GNI	1.3	1.9	1.2	0.6
Cash surplus or deficit	% of GDP	-1.3	-0.1	-1.9	-
Tax Revenue	% of GDP	10.7	11.8	12.3	-

		2004	2005	2006	2007
Government consumption	% of GDP	13.9	14.5	14.1	12.9
Public expnd. on edu.	% of GDP	5.2	-	-	-
Public expnd. on health	% of GDP	2.1	1.9	1.8	-
R&D expenditure	% of GDP	0.3	0.2	0.3	0.4
Military expenditure	% of GDP	2.3	2.4	2.2	2.3

Sources: The World Bank, World Development Indicators 2009 | UNESCO Institute for Statistics | International Labour Organization, Key Indicators of the Labour Market Database | 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 and cumbersome bureaucratic regulations and direct state intervention have been reduced and dismantled over the years. The state has made efforts to provide new regulatory frameworks for the functioning of liberalized sectors of the economy, but the rules of the game are not always consistent. Occasional ad-hoc interventions by powerful politicians are a constant threat. A thriving informal sector operates largely outside any institutional framework but nevertheless along free market rules of its own. In the World Bank's latest "Doing Business" report 2009, Uganda dropped slightly from rank 105 to 111, indicating a stalling of further improvements to the business climate.

Market-based competition

The limited size of the national market has resulted – almost unavoidably – in partial monopolies and oligopolies for certain products and in certain areas. Severe structural limitations inhibit effective anti-monopoly policies, which the state nevertheless attempts in principle. The economy will be gradually exposed to more competition due to the effects of the East African Customs Union (started in 2005), which operates in the context of the five-member East African Community (EAC).

Anti-monopoly policy

The state has liberalized foreign trade to the greatest possible extent. Membership in both EAC and COMESA (Common Market for Eastern and Southern Africa) sets customs and regulations regarding foreign trade. In these sub-regional organizations, there is clear momentum towards more liberalization despite continued lobbying for going slowly and maintaining protectionist tendencies.

Liberalization of foreign trade

The traditionally weak and inefficient finance and banking sector has long been an impediment to more broadly based economic development (particularly in more remote rural areas). Various reform efforts (including the privatization of the big Uganda Commercial Bank and the institutionalization of rural credit facilities) at

Banking system

first produced slow results but recently have initiated some noticeable progress. Stanbic of South Africa bought the UCB some years ago and has a wide branch network in the country. Several international banks operate freely but are so far concentrated exclusively in Kampala. Altogether, the performance of the banking system improved remarkably improvement during the last few years. This improvement has included the support of microfinance schemes.

8 | Currency and Price Stability

The government continues to adhere quite consistently to the key elements of its orthodox macroeconomic goals, including inflation control, a realistic exchange rate policy and a disciplined fiscal 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 are nevertheless occasionally subjected to overriding political pressures from the highest political authorities. Both the average inflation rate and the exchange rate have been held relatively stable, with unavoidable fluctuations, over a considerable number of years.

Anti-inflation /
forex policy

The government has for a number of years been keen to develop and maintain a stable and rather orthodox macroeconomic policy framework. As a reward for this consistent policy, Uganda was 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 was for many years rather precarious (and quite low even by African standards) and necessitated a continued heavy reliance on the influx of financial aid resources. In recent years, the government made determined and successful efforts to significantly increase the generation of domestic revenue for the state. This has made it possible to reduce the share of government spending that needs to be financed by external donors from almost half to around one-third. The IMF, World Bank and other donors have repeatedly praised the Ugandan government's macroeconomic management despite occasional strong disagreements, such as political controversies over what constitutes an acceptable or adequate level of military spending in view of the anti-guerilla war in the north.

Macrostability

9 | Private Property

Property rights and rules for the acquisition of property are clearly established in principle. Problems still exist, however, regarding the implementation of existing regulations. This is especially true of the acquisition, ownership and utilization of land, where competing modern and traditional perceptions (differing significantly between ethnic groups) of the relevant laws and legal practices create tension. Conflicts of this nature continue to be part of everyday life. A complete conversion to individual property and land ownership would contradict deeply rooted traditions

Property rights

and would create serious controversies. The judicial and administrative practices that ensure existing property rights are often quite flawed. For two years, the government has tried to pass modernized amendments to the existing land policies. Each time, it has met stiff resistance, mainly in Buganda. This issue is presently one of the most controversial domestic policy topics and has the potential to agitate the political sentiments of many people.

As a result of the government's economic reform policies, private enterprises and individual entrepreneurs have quite unequivocally become the mainstay of the Ugandan economy, although in some sectors parastatal institutions and enterprises continue to perform relatively important roles. The privatization of all formerly existing state companies took much longer than had originally been foreseen and had met a number of obstacles, but it has by now been more or less accomplished (with a few exceptions due to problems of finding suitable solutions for the remaining difficult cases of state assets). President Museveni repeatedly praises the virtues of innovative entrepreneurship in his advocacy for a modernization of Uganda's economy.

Private enterprise

10 | Welfare Regime

Social safety nets supported by the state do not exist for the vast majority of the population (like in most African states). Uganda provides basic social assistance (e.g., health insurance and pensions) for only a relatively small group of permanent government and public employees and for employees of a few large firms. Even these benefits are fairly limited in scope. Otherwise, Ugandans handle social problems in a traditional manner within the solidarity systems of the extended family and village networks. This system is, however, undergoing some very rapid changes (urbanization, mortality due to AIDS, etc.) and is becoming less reliable. Social safeguards are, therefore, for large segments of the population considerably worse than in previous periods. No viable modern replacement is in sight.

Social safety nets

Fair and equal opportunities for all individuals do not exist, but there have been some modest improvements in that direction. Significant differences exist in the level and quality of available public services between major cities and rural areas (and between regions). The north of the country has, for historical reasons, been particularly neglected. For a long time, the repercussions of the armed conflict made the situation much worse. The conflict internally displaced up to 1.8 million people. This state of affairs has recently much improved, but the state faces a backlog of considerable problems.

Equal opportunity

The abolition of school fees in 1997 for primary schools dramatically broadened access to elementary education. The measure also greatly benefited girls. More recently, the government has made a similar expansion in secondary education, since this was a key element of the NRM's 2006 election manifesto. 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 (partly synonymous with ethnic) origins and backgrounds continue to play a very important role. The (numerically small) middle class and affluent elite increasingly rely on commercial private services (health and education) where much higher quality standards are available.

11 | Economic Performance

Since the mid-1990s, Uganda's economic growth (absolute and per capita GDP) had been consistently higher than the African average. The fluctuations that did occur were the results of Uganda's dependence on the agricultural sector, which are themselves dependent on climate-related factors. Uganda's economic growth in recent years has been very close to the continental average. This relatively satisfactory growth pattern has clearly been the result of the government's determined pursuit of reform policies and its making structural adjustments, albeit with intermittent inconsistencies and setbacks. Uganda has seen a longer-term trend of gradual reduction of the poverty level but again with some intermittent reversals (largely attributable to temporary declines in agricultural export prices). The diversification and modernization of production in the economy is still at a very early stage. Uganda is still highly vulnerable to fluctuations in the world market prices of its main export commodities (coffee, fish, tea and cotton) and of its crucial imports (particularly oil and investment goods).

Output strength

The more recent and current macroeconomic data portray a somewhat ambiguous picture. The GDP growth rate has for the last five years (2004 – 2008) attained an average of 7.5% (fluctuating between 5.6% and 9.7%), although there has been very little growth in the agricultural sector. The high overall growth rate is quite commendable and is on the threshold of what is normally considered the minimum growth necessary to induce structural changes to the economy in order to create more employment opportunities and lower the prevalence of poverty. The full scope of the challenge becomes clear when one takes into consideration that Uganda has one of the youngest and fastest growing populations in the world. In fact, the African Peer Review panel in its findings on Uganda on 29 June 2008 in Sharm el-Sheik identified the country's high population growth rate as one of its key challenges. For years, Uganda managed to contain inflation below 10%, but by 2008 it had gone up to over 11%. Uganda's exchange rate has remained quite stable for years. Generous debt cancellation helped significantly reduced its external debt. The country has also built up a strong level of foreign reserves. Despite these positive trends, Uganda's high structural trade and current account deficits have continued to grow from year to year, and the country remains dependent on the

inflow of high volumes of external aid. An improved domestic revenue collection has nevertheless brought down the external share of the total government budget to about one-third and has helped to contain the negative budget balance (without the aid component) at a very reasonable level below 3% of GDP.

12 | Sustainability

Politicians and society as a whole are 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 can be observed. With regard to fishing on Lake Victoria (which within only very few years had 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 European Union (e.g., by a temporary ban on fish imports). Some agricultural producers are slowly beginning to introduce improved environmental standards in hopes of obtaining better prices. As one gesture of environmental concern, in 2007 the state prohibited the use of very thin plastic bags that had been ubiquitous and littered everywhere. Hot controversies have been raised about protecting the environment of the Nile River against plans for the construction of more dams for power generation. In light of very severe power shortages, the need for more electricity eventually prevailed. The Ugandan government put on hold its plans to allocate part of Mabira forest reserve to an investor for sugarcane growing. In general, however, the state prioritizes economic growth over environmental concerns.

Environmental
policy

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 elections was the promise of free universal primary education. Museveni repeated this pledge with respect to secondary education in the campaign leading up to the 2006 elections. The state is making similar efforts to significantly increase enrollment in tertiary educational facilities. The populace also understands the high value of formal education. Parents are willing to go to great lengths in the (often illusory) expectation of a better future for their children. Uganda has several public and private (some religious) universities and a broad spectrum of specialized educational and research institutions. In most cases, however, these institutions of higher education 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 still extremely rare. The Ugandan education system is probably decidedly above average in Africa but nevertheless insufficient by international standards. The education sector receives one of the highest priority ratings in the government's budget allocations (about 15% of total expenditures in the 2008-2009 budget).

Education policy /
R&D

Transformation Management

I. Level of Difficulty

The new NRM government faced extremely challenging structural difficulties when it assumed power in 1986. These challenges were the result of the almost complete devastation of the country and the breakdown of most modern structures during the preceding era. As a result of the relatively successful rehabilitation and recovery since then, the structural constraints for the present review period are no longer extremely bad, although they remain undeniably difficult.

Structural
constraints

The material infrastructure in most parts of the country (although not throughout the north) is in relatively good condition by African standards. Uganda's landlocked situation and its dependence on transit through Kenya (and alternatively Tanzania) is a clear structural disadvantage, which leads to higher costs. On the other hand, the relatively compact geographical nature of the country is an advantage compared with much larger territories. In terms of climatic and ecological conditions, Uganda is better endowed than most other African countries. Both education and health services are probably somewhat above average in Africa. The horrendous prevalence of the AIDS pandemic of the 1980s and 1990s has largely been contained and is no longer considered to be as catastrophic as it had been. Rural poverty is still structurally embedded in many areas. Poverty is unevenly distributed across the country. On balance, Uganda is confronted with all the "normal" structural deficits of all African countries, but it is no longer an extraordinary case. The existing difficulties are not insurmountable.

Moderately strong traditions of civic engagement exist in most parts of Uganda, with variations between different ethnic groups. This is a positive factor for the local mobilization of economic and social development activities. A wide spectrum of NGOs pursues many different goals throughout the country. Social trust is understandably mostly rooted within a homogenous local and ethnic environment, but at least in the metropolitan Kampala area this can also transcend these boundaries. Civil society groups can be quite outspoken and the general climate (despite occasional government threats of intimidation) is marked by lively and controversial public discourse.

Civil society
traditions

Memories of the violent past and of the 20-year conflict in the north are still important social and political issues. The entrenched domination of some groups and the relative marginalization of others add to the level of social division and conflict. The NRM (Movement) has attempted to create an image and ideology of national unity in order to overcome all earlier ethnic and regional cleavages, but this has succeeded only in part. The popularity of the old political parties (DP and UPC) with their particular ethnic, regional and religious leanings has survived surprisingly well, although at a reduced level as indicated by their poor showing in the 2006 elections and more recent opinion polls. The dominance of the NRM and its long suppression of all open political party activities had until recently (2005) prevented a return to the old style of confrontational political conflicts. This has now changed. Uganda's multiparty system has returned and includes both the old parties and new ones like the FDC and the NRM (reconstituted as a regular political party). Political competition between these parties is presently played out within the confines of the constitutional rules and by and large without recourse to violent means.

Despite modernization and urbanization, ethnic and religious identities and affiliations have remained of primary importance for large segments of the population. In addition, a fast growing social differentiation is emerging between groups that are benefiting from the opportunities offered by the liberalized market-based economic policies and the much more numerous groups that are basically excluded from these new opportunities. This is also to a significant extent a differentiation 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 new context of unfettered open political competition.

The long LRA insurrection contained some element of regionally and ethnically based political and social antagonism vis-à-vis the central state authorities (thus giving it some hidden sympathy among the local population despite their direct suffering). The LRA, however, was by and large void of any rational political logic and had simply turned into a group of brutal local terrorists.

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 2007 and 2008, it is important to bear the country's difficult and violent history (since independence) in mind when assessing the difficulties, problems and contradictions of present public management issues. The memories of the past still

influence behavior and shape attitudes in many ways, although it has now been 23 years since the NRM took power and has since been able to maintain a relative stability at least in most parts of the country.

14 | Steering Capability

In addition to managing the day-to-day political situation (both domestic and external), the government (and particularly President Museveni) is pursuing some longer-term strategic goals. These goals, however, often take a backseat to short-term needs and tactical opportunistic considerations. 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 sensible goals are, however, very limited.

Prioritization

The government's political strategy, on the other hand, had for a long time been geared toward maintaining the dominance of the NRM and preventing a return to a conventional party landscape and with it a potential revival of parochial and conflict-enhancing electoral fights on the basis of a mobilization of ethnic and/or religious affinities. From a normative point of view, this orientation was clearly not geared toward party-based formal democracy. The return to a competitive multiparty system in 2005 was not primarily motivated by a change in the NRM's convictions, but largely in response to increasingly stronger pressure by external donors. President Museveni cited the concerns of foreign investors as his main reason for his change of mind about the liberalization of the political system. The one-sided election campaign in 2006, in which the opposition did not have a level playing field, and the government's behavior since then are clear manifestations of the present leadership's determination to maintain its supremacy by all means. The leadership is thus pursuing its priorities quite rigorously and cleverly even against strong (both external and internal) opposition and in full knowledge of critical disapproval by many observers. This can be seen as a sign of strength even if the democratic credibility of the government's goals is seriously in doubt. Similar strong attitudes also guide Uganda's foreign policy considerations.

In general, the government pursues and implements its strategic goals quite effectively. This is true for its economic reforms in the direction of an increasingly liberalized market-based economy and for its well-controlled and orchestrated political process of maintaining its dominance within the framework of formal multiparty democracy. The government does this by cleverly satisfying all external demands for the procedural functioning of a pluralistic system despite the leadership's conviction that opposition forces should never get a chance to take the reins of power.

Implementation

In mid-2005, a revised Poverty Eradication Action Plan (PEAP) as the Ugandan variant of a PRSP was published as a result of close consultation with the IMF, World Bank and other donors. Upon expiration of the last PRGF (Poverty Reduction and Growth Facility) of the IMF in early 2006, Uganda entered into a new arrangement under a so-called Policy Support Instrument (PSI). The IMF no longer considered Uganda in need of a conventional PRGF. This is proof of Uganda's relatively successful implementation of socioeconomic reform policies and its close links with the international donor community.

Uganda's political leadership (and above all President Museveni personally) has many times proved to be very flexible and to respond cleverly to new exigencies (both internal and external). This has brought the country significant and largely successful socioeconomic changes and has maintained the longest period of political stability for Uganda in its four and a half decades of post-independence history. It has not, however, 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 to be flexible and able to learn from mistakes. Between 2006 and 2008, the government displayed a considerable amount of patience with the drawn-out and ultimately futile peace negotiations with the LRA and started to implement more substantial development programs in the war-torn north. Eventually, it saw no option but to return to a military solution in view of the LRA leader's evasiveness.

Policy learning

15 | Resource Efficiency

The government makes moderately adequate use of available national (financial and material) resources, at least in comparison with many other African countries. Nonetheless, considerable shortcomings persist, such as the negative effects of political patronage and widespread corruption. The state administration is endeavoring to implement modernized management practices and financial systems, better educated and trained employees, managerial autonomy for specific tasks, and decentralization and promotion of local government. All of this has still not made state administration truly efficient, but it is a tangible improvement over previous periods. The government can implement its reform plans, for the most part, only partially and the implementation will most of the time go much more slowly than originally planned. Given the very limited availability of resources, the range of public services remains way behind the country's objective needs and the people's expectations, but some gradual and moderate improvements have occurred in education, health care, water supply, transport and communications. High expenditures for the military – considered to be unavoidable from the point of view of national security – are a wasteful drain on the economy and have been subject of

Efficient use of assets

disagreements with international donors. The number of people in the military and the general state bureaucracy is excessive, especially in light of their low efficiency (although some improvements in this regard are discernible). The effectiveness of the continued drive for more decentralization (although in principle positive) with the creation of ever more districts remains somewhat in doubt.

The government tries, with limited success, to coordinate conflicting objectives and interests. The Ministry of Finance and the central bank have relatively strong roles as financial watchdogs over all public departments and as arbitrators in the delicate process of allocating scarce resources for different purposes. Nevertheless, with the government many politically motivated compromises (depending on the relative strength of different actors) are made, which contravene the supposedly “objective” balance between different purposes and interests. In particular, key politicians secure benefits for their regional strongholds with the result that northern groups are severely underrepresented. The military, while remaining outside of the “normal” political bargaining process, is able to exert enough pressure on policy-makers to obtain its desired public resources and to avoid sanctions and repercussions for its constant and uncontrolled over-expenditures. As such, the military maintains a 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.

Policy
coordination

Despite fairly elaborate formal control mechanisms, corruption continues to be a major problem (as documented in the annual reports of Transparency International). Political considerations and exigencies limit the effectiveness of anti-corruption measures. The cultural heritage tends to strengthen cronyism and political patronage while impeding objective state actions and strict sanctions for misconduct. On balance, the record in regard to the control of corruption is ambivalent. On the one hand, the government conducts many investigations into corrupt practices (including the police and the military) and subsequently dismisses those who are proven to have committed wrongdoing. On the other hand, in many other cases, including those at the highest political level, corruption goes unprosecuted and unpunished.

Anti-corruption
policy

16 | Consensus-Building

A general consensus seems to exist among most political actors regarding the goal of a market economy (although more the type of a mixed economy with sizeable state elements and with few restrictions for state interventions), but no such consensus exists regarding the desirable type of democracy. Many NRM hardliners, although they accepted the reintroduction of a multiparty system, would probably still argue for the value of a participatory all-embracing no-party democracy and

Consensus on goals

deny any justification for conventional political parties' behavior. The more liberal and younger members of the NRM are in favor of a multiparty system. The return to a formal multiparty system was mainly the result of increased external pressure and less reflective of genuine acceptance of such a system's virtues among the NRM's leadership. The various armed rebel groups (past and present) do not have recognizable political concepts; their activities have always been based almost exclusively on a fundamental rejection of the government in power.

Until recently, the pivotal conflict over political reforms had primarily taken place within the ranks of the NRM, but it had been influenced by a relatively free public debate and pressure from donors. A group of hardliners within the NRM had long resisted any opening up of the prevailing power structure. Lines of conflict stretching back into the 1960s and 1970s (ethnic, regional, religious and related to the old party patterns) continued to play an important role. While the present system (in existence since 2005) formally allows unrestricted operation of registered political parties, the underlying disagreement over the virtue of a conventional party-based democratic system has not yet been fully overcome. A core group of NRM hardliners seems still convinced of the superiority of the former Movement system and works by all means to perpetuate the NRM's dominance. Thus, political leaders have not yet reached a genuine consensus with regard to the desirability of the democratic system. In this respect, the Ugandan situation is characterized by the fact that the potential anti-democratic veto actors are located near to the center of the present government power structure (including some, but not all of the military leadership), while the groups advocating for further democratic reforms remain in a much weaker position outside of the power structure.

Anti-democratic
veto actors

On the rhetorical level, the political leadership tries to prevent cleavage-based conflicts from escalating by publically preaching national unity and conciliation. In reality, it has not made much progress. The NRM's adversaries (internally and externally-based political opposition and guerilla groups) perceive the government as pursuing the interests of its own followers while neglecting the aspirations of other groups (particularly in the northern war-ravaged areas). As a result, the leadership largely fails to promote sufficient social capital at the national level.

Cleavage /
conflict
management

It is a fairly different matter with regard to the existence and promotion of social capital at the regional and/or local level. Here, among the largely homogeneous population with traditional solidarity patterns, social capital plays an important role in containing potential cleavages. These traditional networks also help foster "modern" economic activities and new types of societal relationships. The government is trying to promote such values by continuing its policies of decentralization. This strategy, however, does nothing to reduce or contain inter-regional and ethnic cleavages throughout the nation as a whole.

The political leadership's attitude toward the participation of civil society in political and socioeconomic issues is ambiguous. The official government

Civil society
participation

philosophy or goes to great lengths to advocate for the participation of civil society groups in furthering the social and economic development of the country at all levels. This involvement, however, is largely perceived as being of a technocratic and non-political nature. When it comes to issues of a more narrowly political nature, the authorities are often suspicious of civil society groups and tend to exercise as much control as possible (but without really much success).

The government has made attempts at reconciliation regarding acts of injustice that were perpetrated by the earlier governments (pre-1986), but these attempts did not reconcile all national groups. Similarly, no generally accepted approach has as yet been found and pursued to deal with the atrocities and injustices committed (by all sides, rebels as well as government forces) in the long wars (that have only very recently come to a factual end) against the different guerilla groups. An official amnesty has for years been offered to members of rebel forces willing to surrender, and this has actually been taken up in many cases (with such former rebels being fully integrated, even into the official army). This action alone has not been enough to overcome all suspicions and to end the conflicts. On the other hand, many hardships and atrocities committed by government soldiers in the course of the wars have never been brought to justice.

Reconciliation

17 | International Cooperation

The government is working closely with all bilateral and multilateral donors with regard to its economic and development policies. Uganda still depends greatly (although gradually less so) on receiving development assistance from external sources. Practically all donors have for a long time considered Uganda as 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, showing a considerable degree of independent thinking on the part of Uganda's leadership). This economic success, however, for a long time had no noticeable impact on concurrent moves toward political reforms.

Effective use of support

The international donor community generally regards Uganda's government as a credible and reliable partner in most areas of its economic and social development policies, despite occasional disagreements over the consistency of the implementation of agreed upon programs (including the seriousness of combating corruption). The same is also true with respect to the commercial and judicial environment for foreign private investors who pursue business in Uganda. In the past, donor skepticism and criticism mostly related to Uganda's stubborn refusal to return to multiparty democracy (until 2005), the size of expenditures for the military and the country's involvement (military and otherwise) for several years in the Democratic Republic of Congo.

Credibility

The government's relationship to neighboring countries varies greatly and is somewhat ambivalent. On the one hand, Uganda has made intense and serious efforts to strengthen regional cooperation and integration in the context of the EAC, COMESA and IGAD (Inter-Governmental Authority for Development). In the context of these organizations, Uganda has proved to be a reliable and supportive member and President Museveni has always been an advocate for moving faster on these issues. On the other hand, Uganda was directly and heavily involved in the two Congo wars and was, for a number of years, engaged in serious conflicts with Rwanda and Sudan. This situation has significantly improved during the recent review period. Formerly strained relations are presently relatively good. Regional policy on the whole fluctuates greatly between pragmatic economic cooperation (based on an understanding that this will be in the country's best interest) and attempts to be politically influential or even attain political supremacy in the sub-region (which is regarded with some suspicion by leaders in neighboring countries).

Regional
cooperation

Strategic Outlook

With regard to Ugandan politics, the most likely perspective for the near and medium-term future is a continued dominance of the NRM. In contrast to its first two decades in power, however, the NRM now operates within a formally liberalized multiparty system with open competition between different political parties. In addition, the government has at long last achieved an end to armed rebel activities on Ugandan territory, which significantly disrupted regular civilian life in parts of the country for more than twenty years. Nevertheless, despite this generally positive scenario Uganda still faces the considerable challenge of creating a more consensus-orientated political climate, which is free of intimidation of critical opposition voices and allows for genuine pluralistic competition between political concepts. In the economic sphere, no major changes from the presently pursued policies are foreseeable. Uganda continues to strive for the attainment of a relatively free market economy. Economic shortcomings persist with respect to social equality goals and to bringing about significant structural changes and improvements that would set a pattern for sustainable growth.

In 2005, the NRM government finally ended its resistance to multiparty democracy and returned Uganda to a conventional democratic system. The government's behavior following the 2005 reforms, which has included changing the constitution and rescinding the two-term limitations for the presidency and undemocratic campaign practices in 2006, does not augur well for a new democratic era. To meet real democratic standards, all democratic players must have an equal chance to compete. This is still by no means guaranteed. Since the 2006 elections, the government and the opposition ranks seem to have reached a tacit *modus vivendi*, in which neither side escalates confrontation while the government occasionally demonstrates its far superior strength and full control of the state's security apparatus. In all political camps, intense internal positioning is already getting underway in preparation for the next national elections (set for early 2011). This includes indications of Museveni's ambition to stand for another presidential term (after then already having been in power for 25 years). Younger political contenders are likely to challenge the entrenched old guard both in the NRM and in the opposition parties. The outcomes of these challenges are quite uncertain. A relatively high likelihood exists that the key NRM leadership (including the top level military) would not hesitate to resort to unfair practices against its opponents if they feel that the opposition might be gaining an upper hand. The continued frustration of the different opposition groups might, on the other hand, provoke an escape into the use of unconstitutional means. A rise of new tensions (with possible use of violence) cannot be ruled out.

In light of these dangers, it is absolutely crucial for the international community (both donors and diplomats) to be strict, vigilant and consistent in their insistence that both the government and the opposition groups observe the rules of open and unrestricted political competition. The international community should also pay attention to the rule of law and the conditions allowing the judiciary to perform its functions without interference. Such a donor attitude has

unfortunately until now not emerged. Its focus has been diverted by Uganda's relatively laudable economic performance and its long prevailing (but now ended) rebel situation. Despite the return to a formal multiparty system and the holding of the 2006 elections, the entire political process will still have to be monitored very carefully if Western governments want to maintain their own credibility in dealing adequately and correctly with Uganda.

With regard to the existence of different guerilla movements (most importantly the LRA) and the many years of civil war in some (although limited) parts of the country, the international community must insist that all actors agree to a durable peace. This insistence should be coupled with firm donor promises for substantial reconstruction aid for all areas that were devastated by war. Only this will help bridge the developmental gaps and the historical mistrust between different parts of the country. Despite the failure to have a formal peace agreement between the government and the LRA (due to the repeated non-compliance of LRA leader Kony, apparently primarily resulting from his fear of the international arrest warrant issued by the ICC in 2005), the rebel activities have for all practical purposes ceased to exist on Uganda's national territory and the remaining LRA problem has now been "exported" to remote areas in the border triangle of Central African Republic, the Democratic Republic of Congo and Sudan. Nonetheless, the local population in Uganda's north is likely to remain skeptical and fearful of a possible return until all LRA groups are fully dismantled. At the moment (end of January 2009) it is not clear whether the remaining LRA units can be fully defeated by the current joint tripartite military pursuit and/or very significantly reduced by more rebel members surrendering after realizing their hopeless situation. Whatever the case may be, the end of the northern unrest seems to have finally arrived and the focus now needs to be turned to reconstruction and national reconciliation. In the rather unlikely event that the LRA would sign a formal peace agreement, both the Ugandan authorities and the international community would face the delicate decision of how to deal with the valid ICC warrants against Kony and his deputies. One option that has been tentatively discussed is for the traditional Acholi conciliation procedures and national legal action to substitute for a trial in The Hague, but the ICC is not likely to relent on its jurisdiction.

The prospects for relatively harmonious and conflict-free neighborly relations within the East African and larger Great Lakes sub-regions presently appear better than they had been for a long time. This is partly because all sides have realized that they benefit from economic cooperation. Uganda is generally supportive of the continuing gradual consolidation process of the enlarged five-member EAC. Its formerly strained bilateral relations with the Democratic Republic of Congo, Rwanda and Sudan have been markedly improved and are now based on the coordination of a common interest to flush out all so-called "negative forces" (rebels) in the sub-region. The present trilateral military pursuit of the LRA remnants is a product of this new collaboration. Any new deteriorations of the situation in southern Sudan and/or the northeastern border regions of the Democratic Republic of Congo could, however, have severe repercussions for Uganda.

Uganda is likely to pursue the relatively liberal and market-oriented course that it has maintained for over a decade. Shortcomings and partial resistance from influential politicians and interest groups should be expected. Continued external aid is justified, but continuous and

careful monitoring is still necessary in order to make progress on key issues like containing corruption, reducing military expenditures, promoting genuine structural changes in the economy and achieving social and regional balance throughout public sector programs.