

BTI 2012 | Uganda Country Report

Status Index	1-10	6.24	# 43 of 128	
Political Transformation	1-10	6.70	# 43 of 128	➔
Economic Transformation	1-10	5.79	# 61 of 128	➔
Management Index	1-10	5.82	# 37 of 128	

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

This report is part of the Bertelsmann Stiftung’s Transformation Index (BTI) 2012. The BTI is a global assessment of transition processes in which the state of democracy and market economy as well as the quality of political management in 128 transformation and developing countries are evaluated.

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Key Indicators

Population	mn.	33.4	HDI	0.446	GDP p.c.	\$	1272
Pop. growth ¹	% p.a.	3.2	HDI rank of 187	161	Gini Index		44.3
Life expectancy	years	53	UN Education Index	0.475	Poverty ³	%	55.3
Urban population	%	13.3	Gender inequality ²	0.577	Aid per capita	\$	54.6

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

Executive Summary

Uganda's democratic and economic transformation process has been marked by a wide range of partly contradictory developments. The opening of the democratic space was generally consolidated but mixed with authoritarian setbacks, while economically Uganda, despite remaining among the poorest countries of the world, continued its rising trajectory by maintaining a pragmatic and integrative macroeconomic approach. It has, however neglected the social aspects within the economic framework.

The February 2011 elections marked the democratic landmark of the period under review. President Museveni was re-elected for another five-year term with more than two thirds of the vote and can extend his tenure to 30 years. While the main opposition candidate, Dr. Kizza Besigye of the Forum for Democratic Change (FDC), got 26% of the votes, all the other contestants – including those from the traditional parties, the Democratic Party (DP) and the Uganda People's Congress (UPC) – each scored below 2%. The parliament – as well as the majority of the local councils – remains firmly in the hands of the National Resistance Movement (NRM) and independents associated with the ruling party. International observers classified the actual polling exercise as largely peaceful. The EU Election Observation Mission stated, however, that despite some improvements on the 2006 election “the power of incumbency was exercised to such an extent as to compromise severely the level playing field between the competing candidates and political parties.” The overwhelming financial advantages of the NRM, the blurred lines and limits between NRM as a party and the state, intimidation of voters, bribery and disadvantages in the media access for the opposition contributed to the disparities. The opposition rejected the result and indicated they would not recognize the government that was formed on the basis of the election outcome. Yet their attempts to organize nationwide demonstrations in favor of fresh elections or a long-term defiance campaign against

the government have not gained momentum. However, due to inflation pressures that have notably affected food prices, the opposition was able to exploit to a certain extent the social protests that have sprung up.

In principle, democratic institutions have managed to exercise their functions and are widely accepted by the population. Generally, political decisions are made within the constitutional framework by the appropriate authorities. However, inefficiencies exist due to frictions between institutions at different levels. The dominant pillar in the basic configuration of Uganda's political system is the executive, with a powerful president who on occasion oversteps the boundaries to the other powers. The army leadership continues to play a role that is inconsistent with a democratic set-up. The parliament has gained ground within the system of checks and balances, with some influential parliamentary committees successfully fighting the perception that the parliament merely rubber-stamps policies for the NRM. The judiciary, particularly the higher courts, also generally assumes its role of subjecting state power to the law, with interferences by the other state powers being in decline, relatively speaking. The party system, however, remains characterized by antagonism between the overwhelmingly strong ruling party and the fragmented opposition landscape.

Uganda's general socioeconomic development has slightly improved but poverty and inequality are pronounced and partly structurally ingrained. The principles of free market competition are generally respected. The institutional framework for market competition has been strengthened in recent years and burdensome bureaucratic regulations and direct state intervention have been limited, but the rules for market competition are not applied consistently to all market participants. Overall progress in poverty reduction has been slow and rather uneven. Social exclusion continues to be significant and structurally entrenched. Official state-supported social safety nets exist in Uganda only to a minimal extent and most people continue to rely on informal and traditional structures.

Corruption at different levels is seen as a major impediment for further achievements in various fields. This also holds true in view of management transformation, where fairly high structural constraints continue to be an additional factor slowing down progress. However, in general Uganda has achieved some success in managing conflict, policy planning and enhancing civil society participation while at the same time playing an active role in building regional cooperation. Its international standing has been enhanced by its two-year tenure as a non-permanent member of the U.N. Security Council (2009 – 2010).

History and Characteristics of Transformation

Following a post-independence period that was initially characterized by a few short-lived and flawed attempts at democratic rule and subsequent authoritarian military regimes, the process of substantial political and economic transformation in Uganda only began in 1986 when the NRM, led by Yoweri Museveni, came to power after a successful five-year guerrilla war. In its early years in power, the NRM made serious efforts to form a broad-based and inclusive government. However, the introduction of a multiparty system was rejected using the negative experiences of the past and the absence of class structures as counter-arguments. Instead, a “Movement System” with participatory structures at the grass-roots level (“resistance councils”) was supposed to provide stability for an interim period until a new constitution was elaborated. While political parties were not completely banned as organizations they were made de facto irrelevant since all political activities were prohibited.

The promised new constitution took much longer than foreseen and it only came into effect in 1995. The constitution established a presidential system, initially adhering to the Movement System for the 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. In 1997, the Movement Act made every Ugandan legally a member of the NRM. 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. Although the Movement System was promoted as a unique “no-party democracy” it was a de facto one-party system with the NRM consolidating its dominance in a strongly personalized system of rule under President Museveni and showing increasingly authoritarian tendencies.

An overwhelming majority confirmed the existing system in a referendum in 2000. The 2001 elections, which featured heavy-handed attacks on the emerging opposition, brought an undeniably clear victory for Museveni and the Movement. Developments took a different direction in the following years, particularly when NRM leaders – after controversial internal debate – started agitating for a full opening of the system to all political parties in 2003. There was also donor pressure towards an opening up of the political space. With Museveni himself spearheading a campaign in favor of multipartyism, a second referendum was held in 2005 in which the vast majority of the voters opted for a return to a multiparty political system. This was subsequently legalized. At the same time, parliament lifted the constitutionally defined presidential two-term limit, thus allowing Museveni to run for his third term as a candidate in the February 2006 elections. These multiparty elections were held under very uneven conditions and a significantly altered constitutional framework. Despite the more open political environment and the fresh opportunities for opposition forces, the dominance of the NRM was scarcely

undermined. Museveni's power was once more safely confirmed through elections which brought officially validated results but which were also accompanied by complaints about intimidation and lack of fairness.

The takeover of power by the NRM also marked the starting point for economic transition. In order to rebuild post-war Uganda, the NRM adopted an initial 10-point program that was largely oriented along Museveni's earlier socialist ideas. However, in light of the concrete challenges facing Uganda and the strong support of international donors, within a short time the NRM leadership instead turned towards a rather pragmatic, free-market oriented approach. The economic reform process was pushed forward throughout the 1990s and started bearing fruit while Uganda for some time became the "darling" of Western donors. With its commitment to ensuring macroeconomic stability and fiscal discipline and with Museveni himself acting as a convinced "modernizer," Uganda gained a reputation of being one of the relatively successful reform-oriented countries in Africa. While many of the concrete measures with regard to privatization, decentralization, opening markets, attracting investment, diversifying the economy and reducing debts were bringing significant improvements, lingering inconsistencies in policy implementation were still partly undermining their ultimate effectiveness. The growing degree of corruption in Uganda is a major factor that hampers economic progress and causes donors and external observers to frequently raise serious concerns. Furthermore, despite improved economic performance, large parts of the Ugandan population were unable to benefit from a socioeconomic upgrade and poverty remained widespread.

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

Transformation Status

I. Political Transformation

1 | Stateness

Question
Score

The state's monopoly on the use of force is established nationwide in principle. Uganda seen a steady improvement in this regard has in recent years. There are, however, places in which the monopoly occasionally comes under threat.

Monopoly on the
use of force

8

The Karamoja region in the north-east of the country has for years been affected by violent conflicts between the state and parts of Karamojong society as well as by inter- and intra-ethnic clashes sometimes involving Kenyan nomads. Karamoja is the least developed and most neglected region of Uganda, in which cattle raids have become even more violent because it is hard to contain the influx of fire arms. The government has launched programs in order to end political, economic and social marginalization, among them for example the Karamoja Integrated Disarmament and Development Program. The Uganda Peoples' Defence Forces (UPDF) have been deployed in the region, mainly with the task of disarming the warriors and assisting the police in securing law and order. There are sporadic attacks by Karimojong on state authorities, in particular the UPDF, and also assaults by the army, which in 2010 also caused the Uganda Human Rights Commission to release a critical report. This state of insecurity has led to some degree to the restriction of freedom of movement to and within the Karamoja region, with limitations and warnings issued also by foreign embassies.

The north of Uganda, especially Acholiland, is heavily disadvantaged in terms of its economic and social development. This to a large extent is a result of the extremely violent activities of the Lord's Resistance Army (LRA) and the harsh measures taken by the government army to combat it. The LRA emerged after the southern-dominated guerrilla movement led by Yoweri Museveni took power, defeating the short-lived Acholi-dominated Okello junta. Under the leadership of Joseph Kony, the LRA terrorized the civilian population by murdering, torturing, raping and kidnapping for more than two decades from the mid-1980s onwards. In the face of

growing international pressure and partly thanks to the persistence of religious leaders, both sides finally came to the negotiating table in 2006. The negotiations initially brought promising results, but in the end the so-called Final Peace Agreement was never signed because the LRA withdrew several times at the last minute. The rebel group retreated to remote areas of Southern Sudan, the Democratic Republic of Congo and the Central African Republic, where it continues to resist all attempts to eliminate it and still terrorizes the local population. On Ugandan soil, however, the LRA has ceased to be an immediate threat. Hundreds of thousands of refugees returned home from the camps for internally displaced persons, the Ugandan security forces and the state administration regained full control over the territory, and reconstruction efforts and trading activities in particular with Southern Sudan gained momentum.

There is, however, a dispute about border issues with Southern Sudan. The Sudanese claim about 15 km to 20 km of land inside Uganda – a claim rejected by Uganda. Since 2008 this dispute has repeatedly led to arrests by the Sudan People's Liberation Army (or kidnappings, according to the Ugandan side) of Ugandan citizens on the disputed territory. An escalation was avoided through discussions at government level which were intended to verify and demarcate the border. The Ugandan government, however, has control over the territory.

There are, furthermore, border disputes of so-far limited relevance with Southern Sudan, Kenya and the Democratic Republic of the Congo.

The legitimacy of the nation-state is widely accepted, and although Uganda is characterized by a diversity of ethnic groups, kingdoms, clans and languages, most of the citizens do also, at a higher level, identify with the Ugandan state. Very rarely there are outright calls for separation of Buganda or northern Uganda. Over the centuries, parts of present-day Uganda were ruled by kings, the most influential empires being Bunyoro-Kitara and Buganda. Other pre-colonial Ugandan societies were based on a segmentary pattern; for example, ethnic groups in the north and the Bakiga of the south-west were organized along clan and lineage structures. These kingdoms were abolished in 1967, but reintroduced by President Museveni in 1993 as cultural institutions. Article 246 of the 1995 constitution assigns only a cultural role to traditional and cultural leaders, and bars them from participating in partisan politics and from exercising any administrative, legislative or executive powers of government or local government. Despite this they are de facto political players which has led to a further narrowing of their role by legislation enacted early in 2011. Representatives of the Buganda kingdom in particular continue to demand a federal system which returns political autonomy to the kingdoms. This debate, however, takes place within the parameters of the republican system, meaning that generally they do not fundamentally question the Ugandan nation-state as the legitimate framework in which also the kingdoms could function in the future. Some actors appear to only pay lip-service to this framework, knowing well that the

State identity

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full autonomy demanded would severely curtail the reach of any Ugandan central government, given the fact that Buganda is the hub of most of the economic and administrative activities of the country.

Citizenship is regulated by the constitution and subsequent laws. It is generally attributed to every person whose parents or grandparents were at the time of that person's birth citizens of Uganda. Current citizenship discussion focuses on the cases of several tens of thousands of Rwandan refugees and asylum seekers and their children who have remained in refugee settlements in south-western Uganda, mostly since they left Rwanda after the genocide. They have generally been denied citizenship by the immigration authorities despite the act that the Refugees Act and naturalization law provide for that option. They face forced repatriation. The authorities have also turned down almost all applications for asylum.

Uganda is a largely secular state, though the preamble of the constitution reflects the strong religious traditions by using the motto "For God and My Country." Article 29 of the constitution protects the freedom of religion. Generally, however, religious groups (Christian churches and sects, Muslim groups) continue to be able to influence the public's political behavior. In particular the evangelical movement and charismatic Pentecostal churches have won followers not only in the broader population, but also within the political establishment. Government leaders and legislators are active in born-again networks, influencing at least indirectly the legal order and political institutions. This is shown for example by the members of parliament who publicly declare themselves to be evangelists, in prayers held at the beginning of cabinet meetings and the opening of parliamentary sessions, and in the holding of national prayers against corruption.

No interference of
religious dogmas

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A case that reflects this underlying tendency and which brought Uganda into the international spotlight is the 2009 Anti Homosexuality Bill, tabled by member of parliament David Bahati and inspired by a number of Uganda's influential evangelical pastors, some of whom have been supported and partially financed by American churches. The "Bahati Bill," which was not added to the parliamentary agenda as a result of international protests, foresees severe punishments up to and including the death penalty for "aggravated homosexuality" (e.g., homosexual contacts with minors or disabled persons, or by HIV-infected persons). The supporters of the bill also make mention of the need to protect African and explicitly religious values.

The state's administrative structures provide basic public services. However, their operation tends to be more deficient at the country's peripheries than in the central region and some district capitals. The creation of new districts has continued; Uganda now has 112 districts compared to 77 in 2006. This fragmentation has resulted in difficulties in establishing a functional system of administration and implementation at local level for a basic public service scheme. There is a special

Basic
administration

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focus on implementing free primary and secondary school education though the drop-out rate is still high. Although according to the WHO the health indicators in Uganda remain unacceptably high, some improvements have been registered in the recent past in maternal and child health as well as sanitation, access to water and health education services. Regarding the communication sector, the administration has created the framework for a liberalized market which had significant impact on mobile telephone communication and broadband Internet connection which in consequence led to improvements for example in the tax revenue scheme and different service deliveries. Jurisdiction and law enforcement exists throughout the country, but in the districts which are to a certain degree undermined by corruption it is not always consistent.

2 | Political Participation

General multiparty elections were conducted in a largely peaceful manner, but suffered serious constraints with regard to a level playing field. The NRM had financial advantages; the lines between NRM as a party and the state were blurred; voters were intimidated by an army presence at polling stations; bribery came into play, and the opposition were disadvantaged in equal media access. The last presidential, parliamentary and local elections were held in February 2011. Several presidential candidates representing different parties were running, with Yoweri Museveni winning (68.4%), followed by Kizza Besigye (26%), Norbert Mao (1.9%) and Olara Otunnu (1.6%). The parties represented in the ninth parliament with a total of 373 seats are the NRM (approximately 71%), the FDC (approximately 9%), the DP (approximately 3%), the UPC, (approximately 2%), the Justice Forum (Justice, Education, Economic Revitalization, Morality and African Unity, Jeema) and the Conservative Party (both with one seat). In addition, around 10% of the mandates were won by independent candidates and 10 seats were allocated to the military – both groups are generally associated with the NRM. Of registered voters, 59.3% cast their vote – a relatively low voter turnout compared to previous polls. Since 1991, presidential elections are held on a regular five-year rhythm, and parliamentary elections have been held since 1996. However, only the elections in 2006 and 2011 took place under a multiparty dispensation.

Universal suffrage with a secret ballot is in place for presidential, parliamentary and local government elections. Judicial complaint mechanisms are also provided for. Following the referendum decision of 2005, the Movement System has been replaced by the multiparty political system. Since then, the opposition parties can operate legally, although they are still struggling to effectively organize themselves in terms of programs, operational structures (particularly in the remote areas), funding and qualified personnel. Some opposition parties assembled around the FDC formed the Inter-Party Cooperation in order to stop a fragmentation of

Free and fair
elections

6

opposition votes from which the NRM would profit. Their union, however, proved to be generally weak and fragile. The NRM as the governing party, on the other hand, struggles to transform itself from an all-encompassing entity into a political party that is separate from the state. Political positions are filled according to the election outcomes (i.e., rewarding vote-catchers). In some cases the recourse to the courts has been successful, leading to by-elections and the removal of illegitimately filled mandates.

The electoral commission is mandated by the constitution (Articles 60 – 67) to conduct and ensure regular, free and fair elections. In the run-up to the 2011 elections its organizational setup, under-funding and preparatory work were criticized by opposition parties and international actors. Its impartiality is questioned because of its composition: All seven members are appointed by the president with approval of the parliament. These challenges were made in vain. Reforms of the electoral laws were not put through as suggested by the commission. In a representative opinion poll from December 2010 (before the elections), respondents were asked how much they trusted the institution and while 47% rated the commission positively, 47% saw it negatively. Despite this, 58% saw it as a neutral body, compared to 35% who did not believe this was the case.

According to the EU Election Observation Mission, the 2011 electoral process showed some improvements over the previous elections held in 2006, but was marred by avoidable administrative and logistical failures which led to an unacceptable number of Ugandan citizens being disenfranchised. The National Voter Register listed just below 14 million voters, but around 4 million newly registered voters were denied a voter card, adding to the suspicion of the opposition that the register was distorted by fraudulent entries. The registration of candidates and parties was satisfying. EU observers assessed the voting procedures as “poor or very poor” in 30% of cases. With regard to the counting and tallying, several serious shortcomings were observed, while at the same time the EU Election Observation Mission commended the electoral commission for introducing the electronic transmission of results from the districts to the national tally center. The EU chief observer expressed a fundamental criticism of the 2011 presidential and parliamentary election when he doubted that a “level playing field between the competing candidates and political parties” existed.

The legal framework for fair and equal media access is clear – the constitution (Article 67), for example, provides for reasonable access to state-owned communication media for candidates, and presidential candidates should be given equal time and space. De facto, however, during the campaign phase opposition politicians faced disadvantages regarding access to media. The Media Council was itself at the center of discussion because of its perceived partisan/government leaning due to its composition and due to the draft Press and Journalist Amendment Bill that furnishes it with strong control powers over press institutions. It did,

however, warn private and public media organizations not to deny candidates media access and reminded radio stations that their transmissions were a public good. In reality, the main opposition candidate Kizza Besigye had been denied airtime on several local radio stations.

By and large, the democratically elected political representatives in Uganda have considerable power to govern. This was the case in the last legislative period with the strongly NRM-dominated parliament and the NRM government. In spite of a call by the opposition for demonstrations and a long-term defiance campaign against the government, there are no significant indications to show that this will change in the wake of the 2011 elections. The parliament has gained some strength over the years vis-à-vis the executive, but the real power center is still that built around the president. The highest ranking army officers constitute a powerful group close to the president who himself has a military background; they are able to influence the effective power to govern in certain political domains. In addition to this rather informal power circle, there are 10 parliamentary seats reserved for army representatives who are elected by officers of the UPDF. This special representation is provided for in order to include the army in the political process, but in actuality, the military members of parliament are closely associated with the government and governing party. In sum, some parts of the military form a potential veto power.

Effective power to govern

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Generally, Uganda does not have powerful business enterprises with influence on governance. The business class generally portrays itself as apolitical. In sporadic instances the business community – particularly foreign investors – has been observed influencing the political leadership, for example in the conversion of natural resources like forest reserves to commercial use. Leading entrepreneurs from Asian backgrounds are seen as working closely with the government. They and indeed the entire private sector nevertheless do not pose any tangible influence on the power to govern.

Political and civic groups are generally free to associate, assemble and operate, as guaranteed in Article 29 of the constitution. The re-introduction of the multiparty political system has given the opposition parties in particular significantly more space in the political and social arena. On a general level they can organize themselves and speak out freely, and can also gain international assistance. The campaign period leading to the 2011 elections was characterized by a general framework enforced by the electoral commission within which all parties could hold rallies and mobilize support. There were some complaints by opposition candidates about interference by the security forces or district commissioners. Nonetheless, a level playing field has not yet been created: The legacy of the Movement System is still too strong and the nexus between the NRM as a party and the state remains too pronounced. Resources are unevenly distributed, a fact manifested once the NRM had started up its campaign machinery. The present electoral commission was not considered to be legitimate by the opposition parties.

Association / assembly rights

6

A planned law (Public Order Management Bill) according to which any public gathering of three or more persons must get clearance from the Inspector General of Police is also causing concern. It is debatable whether such a law could be enforceable in practice without discrimination. Through its security forces, the government occasionally uses intimidation and arbitrarily detains demonstrators. Larger demonstrations in Uganda have a history of violence, both on the side of the demonstrators and that of the police (and the military). One example is the demonstrations and riots in September 2009 in which more than 20 people were killed when the security forces used excessive force against violent rioters and several people were injured on both sides. The landscape of civic groups is vast and manifold. NGOs, frequently depending on outside support, are active in all possible sectors ranging from health and environment to politics and beyond. They can to a large extent associate and operate freely.

There are no outright prohibitions on the media, although the freedom of expression is partially limited. Article 29 of the constitution guarantees the “freedom of speech and expression” which includes “freedom of the press and other media.” When questioned for an Afrobarometer opinion poll in December 2010, 84% of respondents said that they were free to say what they thought, but at the same time 63% said that they were often or always careful in what they say about politics. There are around 20 national and local newspapers, including some critical of the government, as well as approximately 200 licensed radio stations and 44 licensed television stations (not all yet operational). The local radio stations, usually in private hands, play an especially pivotal role in informing the population and in creating opinions. Television is relevant in Kampala and the district capitals, while electronic media have not yet gained momentum. Altogether, the media system is vibrant and offers a plurality of opinions, although it has to be noted that the professional and ethical standards do not always reach satisfactory levels in the media. A striking example was the publication in one newspaper of 100 names and photos of allegedly homosexual persons, with the front page demand to “hang them.” Citizens do endeavor to speak out and criticize government publicly. Censorship in the media is not practiced forthrightly, but to some extent journalists exercise self-censorship in anticipatory obedience, sometimes under pressure from their media houses. This happens in a framework where, since 2009, the government has become stricter with the press, threatening to close media houses that publish or broadcast information that they perceive to be dangerous to the country’s security and economic interests. There are also reports by human rights groups about harassment, abductions and physical threats against critical journalists. In legal terms there is freedom of information, but in practical terms this freedom is limited by reluctant administrations. The 2010 draft Press and Journalist Amendment Bill triggered a heated debate, as the media feared excessive control by the Media Council. Another contested bill on communications was passed three days after the July 2010 bombings in Kampala. It came into effect in February 2011

Freedom of
expression
5

as the Regulation of Interception of Communications Act 2007, enabling government to tap telephones and to intercept private communications. It is criticized by journalists who worry about protecting their sources.

3 | Rule of Law

The separation of powers is in place and functional, generally speaking. The institutions of the legislative, executive and judiciary are also widely accepted by the population. The dominant pillar in the basic configuration of Uganda's political system is the executive and powerful president. These powers have been used to their full extent by President Museveni since 1986, occasionally overstepping the boundaries of other powers. Despite continued shortcomings, parliament has gained ground within the system of checks and balances, with some influential parliamentary committees successfully fighting the perception that the parliament merely rubber-stamps policies for the NRM. The judiciary, particularly the higher courts, also generally assumes its role of subjecting state power to the law. Interferences by other state powers – for example, by the military in the past – are declining in relative terms. The Supreme Court could not convene for more than two years because of a lack of quorum. Only after the president appointed justices to the vacant positions in 2010 with approval of the parliament, did the highest Ugandan court become functional once more.

Separation of
powers

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The judiciary is to a large extent independent. Generally, the higher courts do not allow political authorities to influence their decisions, and are relatively free from corruption compared to the lower courts. The judicial officers from the High Court downwards are appointed by the president, acting on the advice of the judicial service commission and with the approval of parliament. This means that a large proportion of judges in the country and practically all the justices in the Supreme Court have been appointed by President Museveni. In some cases the appointment procedures of judges have led to discussions, whether because of significant delays or the selection of specific persons. Despite that, they do in fact have the ability and autonomy to interpret and review existing laws, which in a number of cases has led to decisions which were not appreciated by powerful groups such as the military or government actors. For example, in 2010, the Constitutional Court – to the dissatisfaction of military leadership and the executive – made a ruling in which it dismissed treason charges brought against President Museveni's main challenger, Dr. Besigye, and 10 others. There are cases where judgments are not respected by political decision-makers, but this is the exception. In lower courts, for example in the districts, corruption is not uncommon. In terms of organizational structure, the judicial system is differentiated and works more or less soundly with several channels of appeal. Procedures for the administration of justice and appointment and judicial service regulations are all provided for in the constitution (Articles 126

Independent
judiciary

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– 151) and subsequent laws. Commonly, the judges are well trained, and from high court level onwards the professional standards are good. The civilian courts face challenges in terms of lack of manpower, poor facilitation, and the allocated budget. Military courts can, under certain conditions, also try civilians and impose death penalties. The suggestion by the president that parliament court-martials corrupt government officials indicates a lack of trust in the judicial institutions on the part of the executive.

Public officeholders' abuse of their positions is widespread, both in high-level and low-level cases. Corruption undermines the rule of law as these officeholders are not regularly and relentlessly prosecuted under the established laws, despite that fact that the fight against corruption is (rhetorically) very high on the agenda of all branches of state power. The high-level cases regularly attract adverse publicity in the media and public discussions, but often quickly disappear from the agenda of public interest, leaving behind a general feeling of frustration among the population. Well-connected persons in the inner circles of power are usually unofficially excluded from prosecution. Low-profile corruption by public servants seems to be widely perceived as an evil one cannot avoid in daily life. Recent cases – most of them as yet unclosed – involving ministers and high-ranking NRM party officials include the mismanagement of money from the Global Fund to Fight AIDS, Tuberculosis and Malaria, the misuse of funds related to the 2007 Commonwealth Heads of Government Meeting (CHOGM), and the Temangalo Saga involving the National Social Security Fund. In the CHOGM case, the parliamentary public accounts committee issued a report pointing at several ministers and other politicians – with no impact. The surfacing of such cases is often accompanied by anti-corruption activism and rhetoric. Although some court cases managed to create precedents to a certain degree, the many examples of inadequate prosecution do not deter future offenders, including those at lower levels.

The legal framework that guarantees and protects civil rights exists, and respective state and non-governmental institutions are generally operational. Chapter 4 of the constitution protects fundamental and other human rights and freedoms, among them the right to life and personal liberty; the respect for human dignity and protection from inhumane treatment; the right to privacy; and freedom of religion. All persons are equal before and under the law in all spheres of political, economic, social and cultural life. De jure, therefore, civil rights are guaranteed, and mechanisms and institutions to prosecute and punish violations of civil rights such as the Uganda Human Rights Commission (the UHRC, a permanent body established under the 1995 constitution to protect and promote human rights) are in place, though ineffective to some degree. Local and international human rights organizations are, however, concerned about the de facto situation. There are several reports about the abductions of journalists who are taken to “safe houses” where they are subject to torture. Soldiers of the UPDF were accused of human

Prosecution of
office abuse

5

Civil rights

6

rights violations during the disarmament process in the Karamoja region, and the UHRC is investigating reports that a number of people were killed or subject to torture and other ill-treatment in various cordon and search operations. This prompted the president to announce an inquiry, although the government had previously denied the allegations.

There is also concern over developments relating to the attitude towards homosexuals, raising questions about the ability and will of government to effectively protect certain minority rights.

There are widespread incidents of the abuse of women's rights through discrimination, exclusion and sexual harassment. Recently, the Domestic Violence Act (2010), the Prohibition of Female Genital Mutilation Act (2010) and the Prevention of Trafficking in Persons Act (2009) entered into force. The practical effect of these legal instruments for the protection of women's rights remains to be seen, as, for example, cases of trafficking of girls and women are on the increase.

Uganda is party to practically all major human rights instruments concluded under the auspices of the United Nations as well as to the African Charter on Human and Peoples' Rights. Reporting obligations are fulfilled somewhat sluggishly.

4 | Stability of Democratic Institutions

Democratic institutions exercise their functions in principle and generally political decisions are made within the constitutional framework by the appropriate authorities. However, inefficiencies exist due to frictions between institutions at different levels. One of the challenges the multiparty political system still faces is the extent to which the NRM and the state are still interwoven. The NRM has a two-thirds parliamentary majority and for more than two decades Ugandan governments and administrations have been dominated and formed by the party. This has led to an overall situation where the lines and limits between the different actors have a tendency to be blurred. The mandates of democratic institutions like, for example, the inspectorate of government, the directorate of public prosecutions and committees of parliament such as the public accounts committee partially overlap. At district level, frictions can occur between resident district commissioners who are appointed by the president and whose task it is to coordinate the administration of government services as well as "to advise the District Chairperson on matters of national nature" (Article 203 of the constitution) and elected district chairpersons who head the local government councils which are the highest political authority within their area of jurisdiction. This is the case particularly when the chairperson is from the opposition.

Performance of
democratic
institutions

7

Most democratic institutions are accepted as legitimate by most relevant actors. There are, however, some areas and institutions that partially lack full recognition by some political powers. For example, opposition parliamentarians and politicians have concerns not about the existence of the electoral commission itself, but about its composition and its perceived dependence on the NRM. While the return to the multiparty political system is widely accepted and appreciated, individuals within many of the relevant political segments still perceive the opposition parties as a burden to the general development of Uganda, claiming inter alia that Uganda's turbulent time after independence was partly caused by the frictions and power struggles of the different political parties. The interference by the military (and military courts) with civil courts which Uganda has seen in the past has declined. There seems to be more genuine acceptance by the military of the judiciary and the democratic structures as a whole, although no cases have occurred recently to put this recognition to a real test.

Commitment to democratic institutions

7

5 | Political and Social Integration

Following the 2005 referendum, the multiparty system replaced the Movement System. It has gone through two elections and can be considered fairly stable, despite high levels of frustration on the side of the opposition after losing the 2011 elections, which were classified as having taken place on a severely compromised playing field. The constitution still foresees the possibility of returning the political setup back to the Movement System or another system through referenda or elections under certain conditions. Considering the widespread approval of the multiparty system both by the different political actors and by the general population this seems to be, however, a rather unlikely scenario. The NRM is by far the most deeply socially rooted party, with relatively well-organized structures in the districts and their sub-structures. Party funding seems to be a significantly smaller challenge for the NRM than for all other parties; this becomes particularly obvious in times of political campaigns. Almost all parties – the NRM, however, to a much lesser degree due to its advantage of long-term incumbency – share a generally low degree of institutionalization (lack of coherence and autonomy and weak organizational structures) and rather weak performance with regard to their expected democratic functions (representation, integration and legitimization). There are inter alia important internal factors that can explain this weakness, such as the high degree of personalization, internal conflict, clientelism within the parties and weak programmatic profiles.

Party system

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The entire political setup is characterized by a strong polarization between the NRM on one side and “the opposition” on the other. The “old” parties which existed prior to the Museveni era (i.e., the DP and the UPC) can still build on a small, traditional and declining support basis. The quasi-illegality under the Movement System was

highly detrimental to all parts of these parties' organizational structures and they have not yet succeeded in resetting their grass-roots structures. The FDC has managed to establish itself as a socially rooted party and has for years been the second largest party in Uganda. Attempts to unify the opposition began around two years prior to the 2011 elections. The so-called Inter-Party Cooperation (IPC) embraced the FDC, the Conservative Party, the Justice Forum (Jeema) and the Social Democratic Party (SDP) as members. The UPC was a member but quit in 2010, while the DP never joined. Despite support from the pro-Buganda Ssuubi 2011 platform, the IPC remained an overall weak and unsuccessful construction which failed to achieve the defragmentation of the opposition party landscape. After the 2011 elections the minuscule SDP left IPC.

Looking at the situation overall and taking into consideration the continuing dominance of the NRM (which has the advantage of incumbency and a persistent fusion between the party and the state), the recent transition in Uganda can be described as a development from a hegemonic (de facto one-party) to a dominant party system. As a result of this dominance and the weak programmatic alternatives, the effective aggregation of societal interests remains rather poor, even in the context of multiparty competition.

A relatively wide spectrum of cooperative associations and interest groups exists. They reflect a large portion of the social interests within Ugandan society but are, however, rather fragmented and have limited power regarding their influence on political decision-making processes. Associations such as trade unions, but also employers' and professional associations often lack professional structures both in terms of personnel and infrastructure. In terms of political lobbying they often happen to lean towards the NRM as the dominant political institution to be addressed regarding most politically important decisions. Some groups manage to bring their interests into the public debate for at least a short time. The Ssuubi 2011 group, for example, claimed to represent the societal interests of the kingdom of Buganda. Generally, the level of influence of social or communicative powers trying to undermine democracy or civil society is rather low: Provocation of ethnic tendencies has occurred (as witnessed by the 2009 Buganda riots or the campaigns against non-locals in Bunyoro) but generally did not pose a threat to the democratic system, and all the major parties officially opposed such trends.

The Ugandan citizen's approval of democratic norms and procedures is generally high. A representative Afrobarometer opinion poll from December 2010 taken just before the 2011 elections shows that the preference for democracy remains high. Overall, 75% of the respondents see democracy as preferable to any other kind of governance and 90% are in favor of electing their leaders, with 66% (compared to 54% in 2005) saying that many political parties are needed to make sure that Ugandans have real choices on who governs them. The perception of the supply of democracy is seen positively by a clear majority. Some 63% think that Uganda is a

Interest groups

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Approval of
democracy

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full democracy or a democracy with minor problems, and 62% are very or fairly satisfied with the way democracy works in the country. The trust in state institutions has risen since 2008: The police are trusted by 52% (37% in 2008), the courts by 61% (51%), the parliament by 54% (52%) and the president by 68% (56%). The electoral commission was trusted by 47% prior to the elections (at the same time it was perceived as neutral by 58%), and the ruling party is trusted by 61%, while 40% trust opposition parties. In 2005, the limit of a maximum of two terms in office for the president was removed – the poll shows that in 2010, 67% of the respondents are in favor of a two-term limit, compared to 30% in favor of no limit.

There is a fairly high level of trust among the population, with mechanisms in place that foster cooperation and mutual support. In some areas, the construction of social capital is advanced through traditional patterns of interaction. Most indigenous Ugandan cultures generally practice a communal style in facilitating social support and personal development. Local saving schemes, “gift circles” and the creation of ad hoc associations to support burials at village level are some examples of how solidarity among citizens is widely practiced. There are differences according to regions and ethnic groups, but generally there is a fair number of voluntary cultural, environmental or social community-based organizations. Social cohesion, however, is strained at times by conflicts between hitherto coexisting groups over land (e.g., between peasants and herdsmen in Bunyoro).

Social capital
6

II. Economic Transformation

6 | Level of Socioeconomic Development

The general socioeconomic development of Uganda has slightly improved but remains at a relatively low level by worldwide comparison. Poverty and inequality are pronounced and partly structurally ingrained. The 2010 HDI ranks Uganda at position 143 out of 169 countries (compared to rank 155 in 2007), with a score of 0.422. Uganda therefore remains one of the poorest countries in the world with 75.6% of the population living on less than \$2 a day. Uganda was the first country to benefit from the HIPC debt relief initiative. Its Poverty Eradication Action Plan (PEAP) and the country’s Poverty Reduction Strategy Paper (PRSP) serve as the framework for growth and transformation, but the implementation of the policies has been slow and inconsistent in many areas. The overall progress on widespread poverty reduction has been sluggish and rather uneven.

Question
Score

Socioeconomic
barriers
4

Uganda also suffers from a high degree of inequality. The Gini coefficient, which measures the inequality of income distribution, is estimated at 42.6 (slightly above the average of 41.8 for the BTI countries).

Social exclusion continues to be significant in both quantitative and qualitative terms, and it is structurally entrenched as a result of geographical, historical, cultural and political factors. There are significant regional disparities in poverty levels and some regions, particularly parts of the north and the north-east of the country and the Teso region, are disadvantaged and marginalized for economic, ecological (droughts, floods etc.) and political-historical reasons. Despite improvements, the north still suffers from the legacy of the violent conflict with the LRA during which the local population was driven into camps. And although most of the internally displaced persons have resettled, many people are still struggling to rebuild sustainable livelihoods. Minority groups like the Batwa were treated in a high-handed manner. Apart from those regional disparities there is a general divide between a wealthy, privileged elite and the large majority of people that either live in poverty or are permanently at risk of it.

Permeability between social classes is weak. It is generally difficult to move up in society from a poor peasant background. However, an urban middle class is slowly becoming more relevant in the class structure, with modern education being a key factor for individual social upward mobility.

The majority of Ugandans lives in rural areas and depends on semi-subsistence agriculture. The rural areas are disadvantaged due to a weak, partly neglected infrastructure and poor access to public services, in particular health facilities and road networks.

Despite a slight trend of increasing opportunities for the advancement of women, a traditional and deep-rooted gender inequality persists. With a value of 0.715, Uganda is ranked 109 out of 169 countries in the Gender Inequality Index (GII). Women are disadvantaged with regard to economic opportunities, health and education, although gender inequality in education is gradually reducing.

Economic indicators		2007	2008	2009	2010
GDP	\$ mn.	11916.0	14440.8	15803.5	17010.8
GDP growth	%	8.4	8.7	7.2	5.2
Inflation (CPI)	%	6.1	12.1	13.0	4.0
Unemployment	%	-	-	-	-

Economic indicators		2007	2008	2009	2010
Foreign direct investment	% of GDP	6.6	5.0	5.0	4.8
Export growth	%	12.1	84.4	16.2	5.6
Import growth	%	16.4	17.4	25.2	7.8
Current account balance	\$ mn.	-701.1	-1313.7	-1064.1	-1739.9
Public debt	% of GDP	28.9	28.0	26.3	25.4
External debt	\$ mn.	1582.1	2221.4	2465.2	2993.7
Total debt service	\$ mn.	65.0	73.7	71.1	64.2
Cash surplus or deficit	% of GDP	-2.4	-1.4	-0.9	-
Tax revenue	% of GDP	12.4	12.9	12.2	-
Government consumption	% of GDP	12.9	11.2	11.6	11.8
Public expnd. on edu.	% of GDP	-	3.8	3.2	-
Public expnd. on health	% of GDP	8.2	8.4	8.2	-
R&D expenditure	% of GDP	0.39	-	-	-
Military expenditure	% of GDP	2.0	2.2	1.8	-

Sources: The World Bank, World Development Indicators 2011 | International Monetary Fund (IMF), World Economic Outlook 2011 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2011.

7 | Organization of the Market and Competition

In general, the principles of free market competition are respected in Uganda and to a large extent guaranteed by the law. The institutional framework for market competition has been strengthened in recent years and burdensome bureaucratic regulations and direct state intervention have been limited. Although the state has made efforts to provide new regulatory frameworks for the functioning of liberalized sectors of the economy, the rules for market competition are not consistent for all market participants, partly because some politically determined privileges are occasionally accorded to certain market players.

The business environment has become friendlier over the last decade. The Ugandan government has made efforts to adopt and implement a number of laws and regulations to open the market and make the environment for trade and investment more conducive. The Investment Code allows foreign involvement in almost all sectors, with limitations for cases that require land ownership or that touch on issues of national security. A range of conditions in the form of performance obligations

Market-based
competition

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can make gaining business licenses difficult for foreign investors. However, in general, conditions are considered favorable for foreign investment.

Significant hurdles for efficient business and free-market competition persist, such as the high level of corruption and the penetration of the business environment by networks of nepotism and patronage with occasional ad-hoc interventions by powerful politicians. Government policies and regulations are progressive in many ways but still broadly lack consistency, transparency and predictability.

In recent years, the Ugandan government has continually delayed urgently needed revisions of laws and regulations, some of which date back to colonial times. There is, however, an ongoing revision process (i.e., companies' law, commercial contract law and regulations on bankruptcy) which needs to be completed in order to improve administrative procedures and reduce the costs of doing business.

In the World Bank's 2011 "Doing Business" report, Uganda climbed by seven positions compared to the previous year (from rank 122 to rank 129 out of 183 economies), indicating a slight improvement concerning the "ease of doing business."

In recent years reforms have also enhanced entrepreneurial opportunities. Nevertheless, the large, unregulated informal sector remains pivotal for business and employment in Uganda. There are limited opportunities to formalize the existing informal businesses because of a lack of access to capital and cumbersome administrative procedures.

Increased economic integration within the East African Community (EAC) is triggering more competition in the region, which also impacts the Ugandan market. One example of this enhanced competition is the booming telecommunication and information technology sector where monopolistic structures and conducts were removed or prevented. However, the national Ugandan market also created a range of partial monopolies and oligopolies in certain areas. An example is the alleged fixing of fuel prices by petroleum companies in Uganda. In principle, the state has made efforts to adopt meaningful anti-monopoly policies, but their effective implementation is inhibited by various structural limitations.

Anti-monopoly
policy

6

Uganda has been a member of the WTO since January 1995. The government has shown commitment to trade liberalization over a long period. This is in line with the general orientation towards more liberalization in the two regional organizations of which Uganda is a member, the EAC and the Common Market for Eastern and Southern Africa (COMESA) which both set customs and regulations regarding foreign trade for their member states.

Liberalization of
foreign trade

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In 2005 an East African Customs Union (EACU) was launched within the EAC which removed internal tariffs and established common external tariff rates for goods from outside East Africa. The EAC also harmonized rules of origin, import prohibitions and trade remedy regulations. In a further step, an East African Common Market (EACM) was introduced in 2010.

Uganda has adopted bilateral tax treaties with several other countries including China and South Africa. The trade relations and tariffs with European countries are regulated in by an Interim/Framework Economic Partnership Agreement (FEPA) that was signed by the EAC and the EU in 2007. In the course of 2010, the adoption of a final EPA for the EAC – which would bring more liberalization – turned out to be difficult due to a number of contentious issues, particularly concerns by EAC members states about the protection of local markets, and negotiations had to be postponed several times.

Uganda's average tariff rate in recent years stood at around 9%. Despite the government's efforts to liberalize the trade regime, some limiting factors impact foreign trade, such as remaining import and export restrictions and high tariffs and taxes, as well as inconsistent and non-transparent regulations and the problem of corruption.

The financial and banking sector in Uganda is comparatively well developed. After the 2007 removal of a moratorium on new bank licenses (which had been introduced after a banking crisis in the late 1990s), the number of banks increased from 15 to the current total of 22. The Ugandan banking industry is relatively well capitalized and there are no serious problems with non-performing loans (for 2008, the World Bank put the ratio of non-performing loans to total gross loans in Uganda at 6.5%). With the licensing of seven new banks, the bank capital to assets ratio also increased from 10.3% in 2007 to 13.8% in 2008.

The country's central bank, the Bank of Uganda (BoU), has a good reputation and is considered to be reasonably transparent, although some critical observers question its independence because of occasional interference by the president. It has generally been quite effective in its work in recent years with regard to ensuring open markets, currency stability, and limited inflation. The supervision of the sector by the BoU has become stricter and more consistent, and capital requirements have been increased. The fact that the Ugandan banking system weathered the global financial crisis without major damage – despite the macroeconomic impact of the crisis on the national economy – can partly be attributed to relatively strict prudential regulations.

Several international banks operate freely in Uganda, among them big players such as Stanbic (which took over the formerly government-owned Uganda Commercial Bank in 2002), Citigroup, Barclays and Standard Chartered. However, the

diversification of the banking sector has not led to significantly better interest rates (current average between 15% and 25%) and all banks pursue rather conservative lending policies.

While lack of access to capital and affordable financing still poses a solid impediment to business in Uganda, bank lending to the private sector has significantly grown in recent years and access to financial services has improved, with banking institutions increasingly penetrating the countryside. An important factor is the large number of microfinance institutions (both commercial and non-profit), including the Savings and Credit Cooperatives (SACCOs). The government has established a Microfinance Support Center and the deposit-taking microfinance institutions are adequately regulated under the MDI Act of 2003. In addition, the introduction of money transfers through mobile phone networks (following the example of neighboring Kenya) has created an additional/alternative mechanism that is particularly useful for the rural population.

8 | Currency and Price Stability

The control of inflation and the development of an appropriate foreign exchange policy are recognized goals of economic policy in Uganda. In this regard, the ministry of finance and the BoU play a critical role. Existing economic policies allow market forces to determine prices, but the government attempts to control inflation rates and foreign exchange rates through appropriate fiscal policies. The BoU sometimes intervenes when the Uganda shilling depreciates sharply, mainly by selling large sums of dollar reserves on the foreign exchange market, as was the case in January 2011. By virtue of their relatively strong positions the central bank and finance ministry attempt to control the financial demands and expenditures of the individual ministries and departments with some considerable success. They are, nevertheless, occasionally subjected to overriding political pressures from highest political authorities (e.g., the extra expenditure in the run-up to the 2011 elections). The government has some influence on price developments through state-owned enterprises and utilities.

The monetary and inflation policy features a mix of strategies and a core approach of managing excess liquidity which has been relatively successful in keeping inflation low and stable over the last decade (average inflation remained in single digits between 2001 and 2007). However, the policy did not prevent inflation from climbing significantly in 2008 and 2009 due to high fuel and commodity prices. While initially in 2010 the monthly year-on-year inflation kept on falling significantly, the rate started increasing again from November 2010 due to both

Anti-inflation /
forex policy
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external and internal factors. In March 2011, the inflation reached 11.1%, due not only to food and oil price increases but also to increased government spending in the run up to the February 2011 general elections.

The exchange rate has held relatively stable, despite unavoidable fluctuations from time to time. The real effective exchange rate index showed very little deviation between 2005 and 2009. Between 2009 and 2010 the Uganda shilling depreciated by more than 20% against the U.S. dollar.

Strong macroeconomic management and a rather orthodox macroeconomic policy framework have benefited Uganda's economic growth and macroeconomic stability. The Ugandan government has adhered quite consistently to the programs prescribed by the IMF and World Bank for restructuring the economy and ensuring stability. The IMF, World Bank and other donors have repeatedly commended the Ugandan government's macroeconomic management, although growing concern has been expressed recently about issues of corruption and disagreements with regard to budgetary priorities. The previously dramatically low domestic revenue generation has improved as a result of determined and successful efforts by government, and thereby reduced Uganda's dependency on financial support from external donors. Direct budgetary assistance still contributes around one third of the state budget, but it has been significantly reduced from the previous percentage of more than half the budget. In recent years, Uganda continued to have a slight cash deficit (1.5% of GDP in 2009). As of 2007, public debts amounted to around \$1.8 billion. The total debt service stood at 0.5% in 2008, which was a remarkable reduction compared to 1.9% in 2005. General government consumption expenditure remained stable and rather low at 11.8% of GDP in 2008 and 2009.

The government's fiscal discipline was seriously criticized early in 2011 when it was revealed that – with five months remaining in the financial year – 85% of the entire budget had already been spent. Moreover, a supplementary budget of \$260 million was approved by parliament, large parts of which were allocated to State House and allegedly diverted to finance the expensive election campaigns of the NRM. This led the Ugandan ministry of finance to declare that Uganda was facing bankruptcy. In light of the resulting financial squeeze, analysts raised fears that domestic borrowing might increase and that the overall debt level might rise, while the option of printing more money would significantly increase inflation. Furthermore, the need to cut spending could lead to a concentration on administrative spending, causing various other government projects to stall, which would affect the growth of the economy in the long run.

9 | Private Property

Property rights are guaranteed by law and in principle the rules for acquisition of property are clearly established. However, in practice the implementation of the existing regulations lacks effectiveness and consistency. Domestic private entities may own properties and businesses and dispose of them at will. The same rights apply for foreign private entities, but with restrictions regarding land ownership. The International Property Rights Index of 2010 ranks Uganda 104 out of 125 countries. The registration of property is altogether a slow and complex process. In the World Bank's 2011 "Doing Business" report, Uganda ranks 150 out of 183 countries in the category "registering property," with 13 steps in the procedure and an average time of 77 days required to complete the process of registration.

With regard to property disputes, a commercial court was established in Uganda in 1996, but failed to work effectively until some crucial reforms were undertaken. Until now, the court's effectiveness is hampered by corruption, a shortage of judges and inadequate funding. As a result most commercial cases are settled or arbitrated outside court.

In principle, Ugandan law protects intellectual property rights, but in practice little is done to effectively prevent product piracy and counterfeit distribution. The National Bureau of Standards, the Uganda Revenue Authority and the police are responsible for enforcing the existing laws. They are trying to scale up their actions but lack adequate capacity and funding.

A particularly problematic issue is that of land ownership, which continues to form one of the most controversial domestic policy topics and a permanent source of conflict, because customary tenure is still important. Tensions regarding the acquisition, ownership and utilization of land arise out of a clash between conflicting land-use systems and a concomitance of modern and traditional perceptions of laws and legal practices which also differ between ethnic groups. Ugandan land laws, as codified in the Land Act of 1998, are complex and further complicated by the existence of four different and often conflicting tenure systems. Property rights with regard to land remain insecure, and the judicial and administrative practices to ensure their implementation are also deficient to a large degree. Land continues to be a nexus for white-collar fraud, and thousands of fake land title deeds are said to exist in Uganda while at the same time hundreds of land-related cases have been taken to court in recent years without being conclusively settled. Furthermore, several cases have been reported in which public land was awarded to foreign investors by the government under controversial circumstances.

Property rights
5

The 1998 Land Act has already been amended several times, without bringing the major reforms necessary for achieving harmonization. From an overall perspective, despite the urgency of the matter and the public awareness of the persistent problems, Uganda still lacks a comprehensive land policy.

Thanks to the targeted economic reform policies implemented over the last decade, the private sector has developed significantly and private companies and individual entrepreneurs have become the main pillar of the Ugandan economy. Private companies are viewed institutionally as important engines of economic production and are given legal safeguards.

A privatization program initiated by the NRM administration in 2001 has been widely successful and more than 130 formerly state-owned companies have been privatized. However, in some cases the privatization process has been significantly delayed and some of the more complex processes are still underway. In any case, serious concerns have been raised regarding the transparency of some of the transactions, and the privatization of state companies did and does not always proceed consistently with market principles. Observers argue that in many of the lucrative deals, the main benefits went to government insiders and the politically well-connected and military leaders.

In some sectors such as aviation and media, parastatal institutions and enterprises continue to perform relatively important roles, leading to a certain degree of concentration of market power. But generally the government is open to private investors in all these sectors.

The enhancement of private sector performance and promotion of innovative entrepreneurship play an important role in political rhetoric (by both government and opposition) as well as in numerous initiatives by governmental and non-governmental institutions. But despite some progress in this area, entrepreneurship development is still limited by high bureaucratic and legal hurdles including significant difficulties in accessing finance. According to the World Bank's 2010 "Doing Business" report, it takes an average of 25 days to start a business in Uganda (i.e., to incorporate and register a new firm). This is below the average for all the BTI countries (32 days), but at the same time, the number of procedures that business owners must go through is excessively high at 18, compared to an average of eight for the BTI countries.

10 | Welfare Regime

Official state-supported social safety nets exist in Uganda only to a minimal extent and are irrelevant for the vast majority of the population. Uganda lacks a comprehensive formal social security system. Most people rely instead on the

Private enterprise

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Social safety nets

4

informal and traditional social safety nets provided within the solidarity systems of the extended family and local community networks. Due to modern developments such as urbanization, the transformation of traditional livelihoods and the impact of HIV/AIDS, these traditional systems are undergoing rapid changes and in several instances becoming less reliable. This leads to a situation of high insecurity and vulnerability, with a majority of the population left at risk of poverty. Life expectancy at birth remains extremely low (53 years for 2008).

The basic social assistance provided by the government is rudimentary, only accessible for a small group of people, and the benefits are fairly limited in scope. It does not provide an effective alternative to the weakened traditional networks and it will not realistically provide an alternative in the near future.

Pensions are provided for civil servants, while the National Social Security Fund (NSSF) manages the retirement funds of qualified employees in the private sector. While participation is compulsory for employers and employees, these funds only benefit a very small percentage of the population and exclude the many people who are without formal employment. The NSSF has also suffered from mismanagement and corruption scandals in recent years.

So far the Ugandan government has failed to implement a comprehensive, inclusive and effective health insurance system. Early initiatives to promote community health insurance have not brought the hoped-for results. Government attempts to introduce compulsory public health insurance scheme have also not been successful until now. The free provision of healthcare through government hospitals and clinics exists on paper, but in practice suffers massively from a lack of staff and drugs and a generally disastrous health infrastructure particularly in the rural areas. The government's commitment to addressing the challenges is questionable considering the dramatically low public health expenditure, which even decreased from 1.9 to 1.6% of GDP between 2005 and 2007.

Equality of opportunity is not fully achieved, despite modest improvements in the recent past. There is a discrepancy between the legal guarantee of equal opportunities and the situation in practice. Opportunities for women have slightly improved, but disadvantages persist in many areas.

Equal opportunity

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A significant gap exists between the urban and rural areas with regard to access to public services, particularly in the health sector and regarding quality education. The population in the post-conflict areas in the north of the country continues to be marginalized and disadvantaged in many respects. The situation has improved significantly due to governmental and non-governmental interventions, but the large-scale government programs in particular have not yet brought all the expected results and continue to suffer from delays in their consistent implementation.

The abolition of school fees and introduction of free Universal Primary Education (UPE) in 1997 and Universal Secondary Education (USE) 10 years later have dramatically broadened access to education in the country, which particularly benefits the poorer segments of society. However, serious challenges remain with regard to ensuring quality standards within the education system.

A generally weak infrastructure concerning public services primarily affects poorer Ugandans, while a small elite and middle class can afford to increasingly rely on commercial private services with better standards.

11 | Economic Performance

Uganda's macroeconomic situation has generally developed positively under the current government. Since taking power in 1986, it has worked on economic reforms and implemented policies to strengthen and stabilize the economy – under the significant influence of the donor community. Uganda's economy remains small but shows a solid performance and growing dynamism. A high degree of macroeconomic stability has been maintained over the last two decades. Economic growth has been relatively high in regional comparison, with any fluctuations mainly being a result of dependence on the agricultural sector and particularly the variability of the price of coffee, which is still Uganda's main export. Uganda's exports were negatively affected by the global economic crisis, but ongoing economic reform policies and a sound management of the downturn have minimized the long-term effects on economic growth.

Output strength

7

Despite a long-term trend of gradual reduction in the poverty level, Uganda remains among the poorest countries in the world, with a high vulnerability for the large parts of the population which rely on agriculture. The diversification and modernization of production in the economy is proceeding, but is still at an early stage. Uganda is still 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). The manufacturing sector is expanding and industry now contributes around one third of GDP, while the biggest contributor (about half of GDP) is the service sector. Despite a decreasing contribution to GDP, the agricultural sector remains crucial in raising living standards in the country, with approximately 70% – 80% of the population working in this sector. Growth rates for agriculture have been below average and, despite strong government rhetoric, efforts to strengthen productivity have so far not brought the expected results. Budget allocations to agriculture are modest.

Little attention is paid to vocational training and as a result opportunities to create a better qualified labor force in the formal sector are missed. The minimum wage was last fixed during the second rule of President Obote, and the bargaining power of the trade unions is weak. Working conditions and safety at work frequently tend to be deplorable.

Current figures confirm that Uganda has a small but steadily growing economy, with a GDP of \$15.7 billion in 2009. The global economic downturn has affected growth rates, with GDP growth declining from 10.6% in 2006 to 7.1% in 2009. However, in the course of 2010 economic growth regained strength and investments, export demands and opportunities have improved. For 2011, projections for GDP growth stand at around 8%. However, GDP per capita based on purchasing power parity remains low (2009: \$1,219) and the effects on poverty reduction and employment creation that should be expected with such growth rates have remained minimal. Population growth is one of the biggest challenges. Uganda has one of the youngest and fastest growing populations in the world, and the current population of around 33 million is expected to triple within the next three decades. This could cause deterioration in the already difficult situation with regard to social services, infrastructure, land distribution and employment opportunities for young people. Government endeavors to reduce population growth are at times counteracted by public comments of President Museveni.

For years, Uganda managed to keep inflation as measured by the consumer price index (CPI) below 10%, but between 2007 and 2008 it jumped from 6.1% to over 11% and in 2009 it even stood at 12.7%. However, in the course of 2010 the monthly year-on-year inflation rate dropped significantly and the annual rate was expected to get closer to the official target of 5%. Uganda's exchange rate has remained quite stable for years. Considerable debt cancellation helped significantly reduce 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. FDI flows have significantly risen over the last decade. In 2009 they made up 3.8% of GDP. Corruption constitutes a major hurdle, but there is nevertheless a positive trend of meaningful policies and reforms to attract foreign investors.

The production of oil, which is expected to kick off in 2012 and to reach full capacity by 2014, will make a major impact on Uganda's economic output. This will affect the development of the energy and infrastructure sector and change the

trade balance of the country. Uganda's new status as an oil exporting country might also have an influence on the inflow of FDI. With the commercial exploitation of the oil reserves, two-digit-figure growth rates are expected in the near future.

12 | Sustainability

Though the state has a tradition of safeguarding national resources (national parks and forest reserves), awareness of environmental concerns is still low among the population as well as among politicians. Little consideration is given in public life and in policy-making to environmental aspects. However, environmental issues are gradually entering the public agenda in a rather slow process, mainly pushed by CSOs and some opposition groups. The government does not have a comprehensive and consistent environmental policy. In many cases, environmental regulations are undermined by corrupt practices and short-term-oriented and opportunistic political decisions. In general, the state prioritizes economic growth over environmental concerns. Uganda reached a score of 49.8 in the 2010 Environmental Performance Index (EPI) and was ranked 119 out of 163 countries.

A semi-autonomous institution called the National Environment Management Authority (NEMA) is responsible for the supervision and regulation of environmental management in Uganda. Despite a clear mandate, the institution is sometimes criticized for not being effective and is often overridden by prevailing political interests. Observers also criticize a gap between the legal requirement of mandatory environmental impact assessments and their inconsistent implementation in practice.

Civil society activists and critical observers have raised serious concerns about the environmental impacts of oil exploration, the successful discovery of oil reserves and the planned extraction of oil in the near future. The territories in which oil has been discovered are partly located in ecologically unique and sensitive habitats and protected areas. The government has so far done little to ensure that negative environmental impacts are prevented, and rather non-transparent procedures have fueled criticism about a lack of commitment to environmental standards. Other environmental issues under debate include the impacts of the construction of more hydropower dams on the ecosystem and water level of the River Nile and Lake Victoria, the construction of private and industrial buildings in wetlands (often as a result of corruption and the reluctance of state authorities to enforce environmental standards), and the expansion of industry or tourism into protected wildlife resorts. The Uganda Wildlife Authority (UWA) has repeatedly complained about a lack of financial and political support.

Environmental
policy
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Education policy has for a long time been a priority of the ruling NRM and President Museveni himself – not only rhetorically but also in practice, as shown by the introduction of free UPE and USE. The Ugandan education system is probably decidedly above average in Africa but nevertheless insufficient by international standards. Persistent low standards, particularly in rural areas, can be attributed to a large extent to poor infrastructure (school buildings, learning materials etc.) and poorly trained and under-paid teachers. The standard salary for teachers remains very low and is a much-debated point of criticism. Nonetheless, formal education is generally appreciated as a valuable asset by the population.

Education policy /
R&D

5

The latest figures show an extraordinary gross enrollment ratio for primary education (120.2%), but dramatically lower ratios for secondary (25.3%) and tertiary education (3.7%). Drop-out rates are still high. The overall literacy rate stands at 74.6%.

Uganda has five public and 23 private universities recognized by the National Council for Higher Education (NCHE). It also possesses a broad spectrum of specialized educational and research institutions. In most cases, however, these institutions suffer from a rather poor quality of services due to the severe lack of adequate funding and qualified staff. Advanced modern R&D facilities are still extremely rare and public and private expenditures for R&D are rather low (0.39% of GDP in 2007). The most famous university is Makerere University which was regionally known as a center of excellence and home to many post-independence African leaders, but which today struggles to regain its reputation after years of administrative mismanagement and corruption.

The budget allocation to the education sector is a priority issue and has steadily increased over the last five years from UGX 633.43 billion in 2005/2006 to UGX 1.16 trillion in the 2010/2011 budget. Overall public expenditure on education amounted to 3.3% of GDP in 2009.

Transformation Management

I. Level of Difficulty

The structural constraints on governance in Uganda are fairly high. However, in comparison with other African countries and in light of its turbulent political history, Uganda has made some remarkable improvements in realizing improved structural conditions. There has been a considerable degree of progress in the development of the material infrastructure although this remains generally modest. Some areas – particularly the north which suffered for over two decades during the LRA insurgency, and the mountainous parts in the east and west – generally lag behind the rest of the country in terms of infrastructural development.

Structural
constraints
7

Poverty levels in the country remain high; three quarters of the population live on less than \$2 a day. This implies that most of the citizens can only make minimal or no contribution to the country's economy. In addition, they remain vulnerable to natural calamities such as landslides or famine which, for example, hit the north-eastern Teso region in 2010.

Geographically, Uganda's landlocked situation and its dependence on transit through neighboring Kenya and Tanzania presents significant structural disadvantages usually leading to high costs as well as occasional delays and sometimes outright shortages in the supply of essential (imported) commodities. The climate, landscape and soils on the other hand present comparatively good conditions and are favorable for agriculture – the leading economic activity.

While HIV/AIDS remains a challenge, Uganda has been successful in containing it. With prevalence rates stabilizing between 6.1% and 6.5% in the past five years, Uganda remains a success story on the African continent regarding the fight against HIV/AIDS. Malaria is still a significant challenge and the leading cause of mortality in the country, endangering young children and expectant mothers in particular.

There are strong traditions of civil society particularly in the more conventional form of churches and generally religious associations. Presently a multiplicity of civil society actors work on a variety of topics. The civil society landscape is, however, largely subjugated by the elite, and a major source of funding for NGOs

Civil society
traditions
5

seems to be situated abroad. The vast majority of the population, particularly in rural areas, is still less active in terms of civic or public engagement. The civil society space is dominated by several NGOs across the country that actively pursue various mandates in the social and political sphere.

The recent discovery of oil reserves has also seen a more visible civic engagement in the economic sphere through which a useful debate with regard to the exploitation and utilization of natural resources for national development is brought to the fore. However, strict state regulation remains a challenge for civil society, especially when it attempts to engage in politically sensitive topics. Public engagement in political debate is curtailed by restrictions imposed by the state on public gatherings and (political) discussions in the media.

Across the different ethnic groups and religious denominations, Ugandans enjoy a relatively high level of social trust and social capital (see “social capital”). Traditional (ethnic) and religious institutions and values have continued to provide a framework within which people are mobilized on social, political and economic issues, although sometimes ethno-religious mobilization has proven to be a recipe for polarization and hence a potential driving force for conflict.

There are few violent incidents in contemporary Uganda, and they mainly relate to political issues. Uganda has made progress over years in achieving relative peace and mitigating conflict. In military terms, the long LRA insurgency in northern Uganda remains Uganda’s longest military conflict, lasting over two decades. As the LRA no longer presents a real threat to Uganda, the country can be considered free of military conflicts on its territory. Official government reports however still point to some remaining threats through rebels based mainly in the neighboring Democratic Republic of the Congo. The multiparty political competition has led to limited episodes of violence compared to the situation before 1986 where political party engagement was characterized by high violence and ethno-religious polarization.

The current state of affairs indicates a growing level of political tolerance and an appreciation of democratic pluralism, but there is potential for conflict opposition actors frustrated by the dominance of the NRM and President Museveni’s leadership style. Following the 2011 elections, the conduct of which was heavily criticized by the opposition, the likelihood of long-lasting serious and potentially violent tensions between government and opposition increased.

Most of the major political parties have been able to transcend religious and ethnic bigotry.

Souring relations between the central government and the traditional kingdom of Buganda in the central region presented a major social and political cleavage during the review period. This is mainly due to the continuous demands by the Buganda

Conflict intensity
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kingdom for a “federal” system of governance in which the monarch would exert political power and the central government’s unwillingness to grant it. In 2009, such tensions led to violent demonstrations in which more than 20 people died and as a result of which several media houses were temporarily closed by the state. In addition, ethnicity-related cleavages seem to be re-gaining relevance, fanned by concerns over the distribution of and access to national resources and opportunities. This partly overlaps with a center–periphery cleavage between urban centers and marginalized rural areas and the related gaps in socioeconomic development and opportunities.

II. Management Performance

14 | Steering Capability

The government sets strategic priorities at planning level, although some of the resulting programs are occasionally postponed in favor of short-term political interests. The 2010 National Development Plan is a well-researched and evidence-based development policy framework. The main strategic focus was to improve household incomes to achieve what has been termed “prosperity for all.” Another strategic focus for the government has been to develop the former northern conflict region through a Peace, Rehabilitation and Development Program (PRDP).

With regard to the economy, focus continues to be on diversification. The president himself is a supporter of the promotion of industrialization, commercial agriculture and value addition to local products. Government has set up specialized agencies in which expert skills are harnessed for the purpose of informed policy planning. Agencies such as the National Planning Authority (which designs the National Development Plan) and other sector bodies (e.g., dealing with environment and investment issues) engage several experts to help fulfill their mandates. In general, clear legal frameworks for the operation of such agencies have been established.

The influence of political interests on the policy agenda can be seen in the fact that some of the important national policies featured in the president’s campaign promises were under-researched. Examples include the abolition of cost sharing for a publicly financed health service and the introduction of UPE. This in part explains the challenges that are experienced in the implementation of such policies and also confirms electoral political interests. Mainstream development priorities and long-term strategic goals are therefore sometimes shelved in favor of short-term political interests and tactical opportunistic considerations.

Question
Score

Prioritization
6

The ruling party's excessively expensive campaigns for the 2011 elections, in which state funds were allegedly used, illustrates how short-term concerns of electoral competition prevail over long-term strategic priorities, while significant negative economic impacts are ignored.

In general terms, the government is successful to a limited degree in the effective implementation of set policies. Some challenges – mainly management deficits and corruption – limit the extent of success. As a result, a proportional relation between the financial input and the output of programs is not always achieved. In 2010, for example, the National Agricultural Advisory Services (NAADS) program was twice suspended by the president due to cases of corruption.

Implementation
7

At the overall national level, however, there is evidence of success, particularly with regard to socioeconomic reform policies which will lead Uganda to an increasingly market-based economy. The PEAP was the predecessor development framework to the National Development Plan and was rated by both local and international actors as having been relatively successful. In the political field, the establishment of multiparty democracy has registered modest progress, although several significant challenges still remain to be overcome.

The government demonstrates a general policy-learning ability. Uganda does not have a closed ideological orientation with regard to the economy and other policy areas. The country operates instead a pragmatic system with the possibility of taking up new approaches and allowing innovation with little conflict to traditional values. On that basis, since the NRM took over power, it has regularly been making policy shifts on the advice of international partners. This flexibility has enabled Uganda to attain a considerable degree of transformation while maintaining political stability. However, this flexibility and learning ability is more the result of a pragmatic – sometimes opportunistic – political class and less of institutionalized mechanisms in policy design.

Policy learning
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Challenges clearly remain with regard to the consultation of academic experts in the policy development process. Policy formation is generally driven by the political class. Besides a few experts working with government departments, there are in general limited efforts to tap into academic research and the experience of practitioners in the policy-making process.

15 | Resource Efficiency

Previously achieved moderate improvements with regard to the efficient utilization of available national assets such as human, financial and organizational resources are undermined by continuing trends of patronage and corruption. The negative effects remain a significant challenge for the efficient utilization of resources. This

Efficient use of
assets
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is witnessed by the continuous creation of new departments and lower level local governments. The operationalization of the new districts further inflates the state bureaucracy and prevents a proportionate increase in the extent and quality of service delivery (though it was argued that the administrative units were destined to bring services closer to the people). Attention is given to political appointments of positions that strengthen the capacity of the NRM to remain politically strong. This explains the high number of presidential advisers and assistants and also a very high number of Resident District Commissioners (who are representatives of the president in each district). Recruitment into these positions is not competitive and generally benefits people loyal to the president and his close associates. Corruption undermines the efficient use of available resources for maximum results since significant amounts of the money allocated are diverted and misappropriated.

Although some key sectors such as education and infrastructure have seen an improved allocation of funds, a large portion of the public resources are still consumed by defense and military related expenditures which according to the prevailing security conditions ought to be considerably lower. Uganda also operates a highly extensive and yet not truly efficient state bureaucracy which is one of the areas in which Uganda is under continuous pressure from international partners to reform. There is also a considerable level of excesses in the expenditures of high level government departments including the presidency at the expense of essential services such as health and education. In the given context of a limited availability of resources and a resulting weakness in developing and maintaining basic infrastructure and providing public services this puts to question the government's appropriate prioritization of expenditures.

Uganda operates a relatively transparent budgeting process. It has like other African countries still the challenge of managing significant international debts, despite remarkable debt reductions in the recent past. Institutions to conduct independent auditing are in place at both the national and local government levels. However, besides continuously establishing that significant leakages of public resources exist, little has been done to address the gaps identified.

The dramatic over-expenditure in the financial year 2010-11 and the adoption of the supplementary budget in January 2011 led to a high deviation of actual budget expenditures from the associated planned expenditures and put into question the government's ability to maintain a balanced state budget and keep the state debts at a manageable level.

An outstanding case displaying the instrumentalization of government funds for political purposes (leading to a diversion from the initially defined purpose of the funds) is the payment of around \$8,700 to each Member of Parliament, taken from an agricultural development fund. While it was presented as a means of facilitating the MPs to "monitor" activities of the NAADS program (National Agricultural

Advisory Services) in their constituencies, it was de facto a financial support for their election campaigns. Critics also saw it as a way of “buying” the parliamentarians support for passing controversial legislation.

The government coordinates conflicting objectives although with limited success. Frictions, redundancies and gaps in task assignments occur, often as a result of the individualistic leadership style of key politicians, patronage networks and lack of transparency.

Policy
coordination
6

There is a high level of involvement and control of the policy process by the president himself. As a result, conflicts are generally limited. The president often personally intervenes when there are clashes between different state agencies or politicians. However, the president’s allocation of tasks and responsibilities is at times not very transparent. But his directives are generally taken up even in instances when they may contradict existing guidelines and procedures. In addition, the National Planning Authority assists to coordinate the national policy framework and to harmonize conflicting objectives.

The ministry of finance (with a high level of control by the president) and the central bank are relatively strong in their role as financial watchdogs and as arbitrators in the allocation of the limited resources to the different policy departments. However, politically motivated trade-offs and compromises are sometimes being made which divert from objective allocation principles and procedures. This is partially related to influential government representatives trying to secure benefits for their regional strongholds.

The military, although formally not involved in processes of policy coordination, has managed to maintain a certain degree of leverage and influence on policy-makers and successfully preserves its (financial) privileges.

By and large, Uganda has in place the necessary legal and institutional framework to allow an effective anti-corruption policy. The relevant departments for auditing and corruption monitoring namely the office of the Auditor-General, the Inspectorate of Government and the Public Accounts Committee within the parliament exist and are given the space to function. The anti-corruption division of the high court started operation in 2008. There is also an established code of conduct in which public officials are required to regularly declare their assets. In addition, a public procurement policy exists with an entire government department, the Public Procurement and Disposal of Public Assets Authority (PPDA), to oversee its implementation. However, in spite of having the necessary frameworks in place, the government has been largely unsuccessful in containing corruption.

Anti-corruption
policy
4

Existing legal provisions are violated by politicians and other public officers, including high-ranking government officials with impunity. The public procurement system lacks transparency and corruption cases in the recent past particularly occurred with regard to awarding government contracts and privatizing state assets.

Access to information for the citizenry and the media is given to a certain degree and media coverage and public attention for corruption cases is often high, although merely temporary. The degree of public attention and the rhetorical commitment of the government to fighting corruption are not reflected in effective action towards minimizing the problem, which would have to include consistent legal action as well as institutional reforms.

The Political Parties and Organisations Act (PPOA) provides a framework for regulating financing of political parties although is not strictly adhered to, with some parties failing to reveal their financial status and sources of income. Currently, there is no state funding of political parties legally provided for.

16 | Consensus-Building

There is a considerable level of consensus on the market economy although the degree varies among different political actors. Since the 1990s, the NRM administration started to implement liberal economic reforms and has since pursued full-scale privatization (though this not always led to an improvement of services for the general public). While there is a consensus within the NRM on this approach, other political actors mainly from the opposition are not entirely in agreement. A look at the manifestos of some of the major political parties in the 2011 elections for example indicated that some of them would opt for nationalization of some of the state enterprises that were privatized by the NRM.

There is a growing consensus among the major political actors on the system of multiparty democracy. While initially the acceptance of a formal multiparty system was partially a result of a pragmatic and tactical decision, the trend is – except for some NRM hardliners – towards recognizing substantial multiparty competition as necessary. There is also a controversy over the establishment of a “federal” system of governance. The demands which are seen to be partly inspired by nostalgia for the formerly privileged role of the Buganda kingdom mainly come from politicians loyal to the king. Some of them are members of the ruling NRM, which however is strictly opposed to a federal set-up and instead favors decentralization.

Consensus on goals

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The executive in Uganda, i.e. in fact President Museveni, generally has a strong grip over potentially anti-democratic actors such as the military. By and large there are no actors with an outright anti-democratic agenda. However, the fact that organs such as the military leadership are close to and part of the center of power provides them a rather privileged position to lobby against democratic reform – when it does not suit their interests. Political leaders have not yet reached a genuine consensus with regard to the desirability or reach of the democratic system. In this respect, the Ugandan situation is characterized by the fact that the potential anti-democratic veto actors (including some, but not all of the military leadership) wield considerable influence, while the groups advocating for further democratic reforms remain in a much weaker position, not being close to the center of power.

Anti-democratic
actors

6

On a rather small scale, traditional and religious institutions have some influence on certain reforms on specific policies, although mostly not in a direct way. Given their considerable influence over followers, the government at some occasions has to reach compromises with religious institutions and traditional kingdoms. For example, a Domestic Relations Bill that has for years been at the center of women's groups' lobby work has not been passed into law due to strong opposition (including demonstrations) by religious groups mainly of the Muslim faith.

Over the years, Uganda has generally been able to contain religious and ethnic cleavages although these continue to emerge from time to time. Ethnic identity has been a central factor in these cleavages. With the return of traditional kingdoms that had been abolished by the 1967 constitution, more ethnic groups are now struggling to install their own supposedly traditional rulers. This is often associated with intra-ethnic conflict over leadership and inter-ethnic conflicts over territorial jurisdiction; e.g., the historic credentials of the Rwenzururu kingdom in the Mountains of the Moon (recognized by the president in 2009) are not beyond doubt. In dealing with such conflicts, the political leadership publicly preaches national unity. However, the government is prone to handle these cleavages by succumbing to specific demands, for example granting districts to specific ethnic groups and sometimes openly taking sides in the conflicts. There are also instances where government's reaction has generally been suppressive, especially vis-à-vis the neo-traditionalists of Buganda kingdom. On balance, government's handling of cleavage-based conflicts is not always consistent, partly due to considerations to gain or maintain short-term political benefits. This approach potentially exacerbates long term efforts to depolarize cleavage-based ethnic or inter-regional conflicts.

Cleavage /
conflict
management

6

The government makes efforts to involve civil society in the country's development process. However, there are only incomplete frameworks for ensuring that civil society input is included in the national development programs. The government rather regularly organizes consultative forums to which civil society actors are invited but reserving the option not to take up their views especially when they contradict the interests of the political establishment. Civil society organizations

Civil society
participation

6

thus take up more of an advocacy role and are not effectively engaged in the policy process. Government has in some instances threatened civil society organizations when they appear to engage on sensitive political topics. Nevertheless, even with the existing government reluctance, civil society actors on their part have made continuous demands to get involved in the policy agenda with some modest progress being realized. This has for example been registered with the discovery oil where civil society organizations have successfully demanded for the disclosure of oil exploration agreements that had been initially kept secret between the government and the oil companies.

Civil society played its role in the country review process under the African Peer Review Mechanism (APRM); in 2009 a governing council with 13 members from stakeholder groups was set up to monitor independently the implementation of the APRM national program of action.

There are conflicting memories of the past: Baganda, not only the neo-traditionalist leadership, tend to see the Obote rule of 1966 - 1970 as a period of utter humiliation whereas UPC members cherish the years 1962 - 1970 ("Obote I") as sort of a Golden Age of prosperity and stability. NRM supporters prefer to recall the gruesome conditions under Amin (1971 - 1979) and "Obote II" (1981 - 1985) in order to confront them with the reconstruction efforts undertaken since 1986.

Allegations of war crimes committed by the NRA during the bush war (1981 - 1986) were made by present UPC leader Otunnu only, not by, e.g., FDC presidential candidate Besigye who himself had been a NRA guerrilla fighter.

There is, however, little doubt that after taking power in Kampala in the ensuing operations the NRA (or later UPDF when pursuing the LRA) also committed atrocities.

The political leadership does address historical acts of injustice, however, in a partially selective manner with tendencies on different sides of the political spectrum to manipulate memories. There are demands mainly from political opposition circles for a truth telling and reconciliation commission to be established. The challenge is that while the government blames past injustices on previous regimes or acts of violence on insurgents, the political opposition also attributes serious human rights violations to the UPDF. The accusations and counter accusations have made it difficult for genuine reconciliation to be facilitated. This situation is generally worsened by the rhetoric of the political leadership to invoke memories of past injustices within its political communication.

Quite a number of combatants of formerly opposing groups were integrated into the army, and the work of the Amnesty Commission can be seen as largely successful. The commission had been set up to provide a platform through which perpetrators of military injustices would denounce their activities and receive pardon from the

state. Amnesty has been generally accepted by the population as a necessary sacrifice for peace. There are only sporadic incidents where concerns have been expressed that former rebels receive enormous compensations in the midst of still suffering communities to whom they committed injustices. There is also debate how to ensure that the LRA fighters face justice. On the one hand, the LRA leader Joseph Kony and his top commanders have been indicted by the International Criminal Court (ICC) while on the other hand the government has set up a special crimes court to try perpetrators. With regard to the major cases the referral to the ICC indicated that the idea of prosecution took precedence over the approach of reconciliation. Yet at the local (community) level in Acholi a considerable support for the traditional justice and reconciliation system exists.

17 | International Cooperation

Uganda still has around one third of its budget financed by international development partners. This figure is, however, gradually on the decrease. An integral part of Uganda's development assistance also includes technical assistance by which donor supported programs usually enlist the involvement of foreign expatriates in their implementation. By and large, Uganda has been an above average success story in the view of the development partners. Besides limitations in the area of democratization, Uganda's economic reform policies have been implemented relatively consistently and largely in accordance with prevailing international practices. There are, however, occasional disagreements with donors which highlight a considerable degree of independent thinking on the part of Uganda's leadership. The challenge of corruption casts a shadow on the effective use of available resources including donor support as significant amounts of funds provided as development aid are lost through corruption related leakages.

Effective use of support

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The Ugandan government is generally viewed as a credible and reliable partner in the implementation of political and socioeconomic policies and reforms. There are, however, concerns that the commitment to genuine democratic reform is rather low in certain political areas on the part of the Ugandan leadership. In the review period for example, the NRM and President Museveni had refused to consider urgently necessary reforms such as those to do with the electoral reform laws and institutions. Donors are also concerned that President Museveni demonstrates a limited will to combat corruption beyond rhetoric. Ministers who have been implicated in serious corruption cases are kept within the cabinet. Major donors have cut down or withheld budgetary support due to these deficiencies.

Credibility

7

The close political relations with Washington are reflected in the field of development cooperation, Uganda being among the Top 10 of U.S. aid recipients in Africa through the President's Emergency Plan for AIDS Relief (PEPFAR).

Uganda has gradually been able to improve relations with its neighbors. The strained relations that existed in past with neighboring countries, particularly Rwanda and the Democratic Republic of the Congo, appear to have significantly improved. The limited tensions that still exist can be and are diplomatically approached. The incorporation of Rwanda (and Burundi) into the EAC was promoted by President Museveni, and the country established close relations with Southern Sudan.

In terms of regional integration, Uganda has made intense and serious efforts to strengthen regional cooperation and integration 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 and President Museveni has been an advocate for moving faster on these issues. The common market for East Africa for example entered into force in the July 2010 with full support of the Ugandan government.

Uganda is involved in the peacekeeping mission in Somalia as the main contributor of forces to the African Union Mission in Somalia (AMISOM). While this has made Uganda a target of the Somali-based terrorist group al-Shabab, it has improved Uganda's credence among African states and mainly reflects its closeness to U.S. interests.

Uganda enhanced its international standing by playing a proactive role during the two years of membership in the U.N. Security Council as a non-permanent member (2009 - 2010).

Regional
cooperation
9

Strategic Outlook

Generally, the outlook for Uganda is at least in important sectors promising. Politically, however, the general elections held in 2011, the second under the ten-year-old multiparty system, have not been the hoped for decisive step in the nurturing of democratic transformation in Uganda. The dominance of the political process by President Museveni and the NRM tied with a continued lack of a level playing field remains a challenge to be overcome. For genuine multiparty democracy – that has the confidence of all actors – to be established in Uganda the ruling NRM has to be serious about ensuring that such a level playing field is put into existence. This would require on the one hand that the NRM party moves to operate independently from the state structures. On the other hand, it would necessitate some action in providing a catalytic environment for the growth of (opposition) political parties. This could include a credible and equitable party financing framework and other essential platforms such as equal access to media.

The election process did not gain the trust of the opposition, which in consequence categorically rejected the election results. Also important parts of the society questioned the outcomes, which may in the long run lead to challenges with regard to the national unity. While in the short term uprisings comparable to events in North Africa are not to be expected, it seems possible in the mid-term that tensions and rhetoric will intensify. A genuine dialogue about the elections specifically and the political process in general between the new government and the opposition is rather unlikely and would depend on different factors. Among them is the probability of a fifth candidature of President Museveni in 2016, the proposal to extend the presidential term from five to seven years, the growing frustration of the very fast growing number of educated but unemployed young women and men, as well as the question if the judiciary will be able to keep its relatively high level of independence. In this context, a serious investment in facilitating dialogue among all actors hinges on local (non-state) and international actors including donors. Considerable pressure has to be put on both the NRM and the opposition side (which does not consist solely of model democrats) to uphold democratic principles.

Also consensus is needed on the proper role and place of traditional leaders in the political system. The Institution of Traditional and Cultural Leaders Act, in force since March 2011, imposes a non-political character role on them, but is object of controversy. In this context, the demand for “federalism” voiced by neo-traditionalists in Buganda, the country’s heartland, has to be treated with caution. Nevertheless, balancing the aspirations of regional actors and the central government is needed, as long as an empowerment of sub-national entities does not jeopardize national cohesion.

While the long-term impacts of the conflict with the LRA will still be felt for some time, the immediate threat of a resurgence of violence on Ugandan soil seems to be limited.

In terms of the economy, the development of the liberal market economy is projected to advance with an increased growth of the private sector. The prevailing political stability also provides a supportive environment for continuous macroeconomic progress in which also previously marginalized areas and groups can be kept in focus. More equitable distribution of economic gains through some level of affirmative action can be helpful. Central to Uganda's economic transformation is the exploitation of the recently discovered oil resources which is expected to kick off in 2012. This puts the country into a new economic perspective, even if expectations at times appear oversized. Macroeconomic policies have to be adapted so that the anticipated revenues benefit the country's economic development. The sharing of oil revenues mainly between the oil producing regions and the rest of the country is an outstanding political and economic question that has to be addressed in order to avoid conflict. There is need for transparency and action towards ensuring that Uganda can escape the so-called "oil curse". In this regard, policy learning particularly from countries like Norway that have been successful with the exploitation and utilization of their oil and gas resources continues to be necessary.

The problem of corruption remains the major challenge to the success of Uganda's development programs and the attainment of development goals. While the legal framework is fairly adequate, its ineffective application presents a missing link for a possible progress in ending corruption. This progress is further hampered by the closeness of key corrupt actors with political, military or kinship background to the very center of power. With the same political leadership, a change of approach in fighting corruption is in question. In this regard, local and international actors need to put more pressure on the President and his government to practice zero tolerance to corruption and to ensure that corruption related cases are conclusively prosecuted.

Uganda has gradually managed to establish good relations with its neighbors. Of particular interest are the possible developments concerning Southern Sudan. Profitable trading relations - mainly exports from Uganda - in recent years have also contributed to economic improvements in Northern Uganda. The political and economic developments in Southern Sudan, however, will be closely monitored by Uganda. Failing in finding solutions to challenges such as internal power struggles, the border questions between North and South, the Nile water management and the strengthening of democratic structures may lead to a failure in building a stable new state - which in return would directly and negatively impact on Uganda.

On balance, many social, political and economic trends seem to be taking a positive turn. There are, however, several areas such as establishing a level political landscape and addressing the problem of corruption where local and international actors have to be vigilant to minimize existing challenges that could slow the process of transformation.