

Strategy for development cooperation with

Uganda

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REGERINGSKANSLIET

Government Offices
of Sweden



**Cooperation strategy for development cooperation with Uganda
– 2009–2013**

EXECUTIVE SUMMARY

The purpose of Swedish development cooperation with *Uganda* in the period 2009–2013 is to promote equitable, sustainable global development in line with the goal of Sweden's global development policy, and contribute to the creation of opportunities for poor women and men to improve their living conditions in accordance with the stated goal of Swedish development cooperation. The Swedish Government's three thematic priorities for development cooperation will be taken into account along with the rights perspective and the perspective of poor people on development. Cooperation will also be governed by the Paris Declaration on Aid Effectiveness as reflected in the Uganda Joint Assistance Strategy (UJAS).

The overall objective of Swedish development cooperation with Uganda is increased respect for and enjoyment of human rights and democratic principles. To contribute to the realisation of this objective, cooperation will focus on four sectors: (1) democratic governance, including peace and security, (2) the health sector, (3) private sector development, including international trade and financial systems, and (4) research cooperation. During the strategy period, cooperation efforts will be concentrated in three sectors. The mid-term review will include a proposal designating the sector to be phased out at the end of the strategy period. Cooperation with agents of change will be stepped up in the strategy period in order to support the safeguarding and development of an inclusive democratic system. Support to the water and energy sectors will be phased out in 2010. This must be effected in a responsible manner, in accordance with the principles of donor coordination, and having regard to Sweden's comparative advantages.

The overarching issues for strategic dialogue are: action by Uganda to significantly increase respect for and enjoyment of human rights, including the rights of women and girls; promotion of peaceful and sustainable resolution of armed conflicts; reduced centralisation of political and economic state power and enhanced respect for democratic principles and the rule of law; the ability of civil society to act freely; increased scope for freedom of expression and the operation of independent media; greater

transparency and reduced corruption; equitable distribution of the benefits of economic growth as a basis for poverty reduction; and an increase in the flow of development resources to the northern part of the country. The Swedish process objectives are: implementation of UJAS and strengthened performance follow-up procedures.

The direction of Swedish cooperation has been adjusted in response to the contradictory picture presented by developments in Uganda. Since the adoption in 2005 of a multi-party system, there has been a clear tendency towards increased exercise of presidential power. Fundamental freedoms of expression and association have been restricted and other violations of civil and political rights occur. Favourable economic development since the 1990s has contributed to a reduction in the proportion of the population falling under the national income poverty line. However, the period has been marked by insufficient political will to distribute resources equitably and guarantee economic and social rights. Access to basic social services remains inadequate, particularly in the conflict-ridden areas in northern and eastern Uganda.

Conclusions drawn from previous cooperation show that Swedish support has contributed to reduced income poverty, economic growth, strengthened national research capacity and increased investment in the social sectors, albeit with regional variations. Although support for democratic governance has been relevant, results have been mixed. This is partly due to the overly fragmented character of interventions, but also, in some sub-areas, to the lack of political will for change.

Sweden's annual country allocation will amount to a maximum of SEK 290 million, excluding humanitarian support, support under the Swedish International Development Cooperation Agency (Sida) framework agreement with Swedish NGOs, and any support extended through regional programmes. A mid-term review will be conducted in conjunction with the election process in 2011, the outcome of which could lead to changes in strategy aims and the direction and volume of support. Determinations regarding the choice of appropriate sector to begin phasing out will be made in conjunction with the mid-term review. Consultations between the Ministry for Foreign Affairs and Sida will lay particular emphasis on Uganda and the impact of development cooperation.

Part 1. Aims and objectives

1. Objectives and priorities

Cooperation with Uganda is to contribute to the fulfilment of the over-riding goal of Swedish development cooperation, i.e. to create conditions that enable poor people to improve their lives, as well as help achieve the primary objective of Sweden's policy for global development (PGU), namely to contribute to equitable and sustainable global development. Cooperation will be characterised by the two perspectives set out in the PGU: the rights perspective and the perspective of poor people on development, Cooperation will also be governed by the Paris Declaration on

Aid Effectiveness as this is reflected in the Uganda Joint Assistance Strategy (UJAS). The Swedish cooperation strategy will contribute to the implementation, under the UJAS framework, of Uganda's poverty strategy – the National Development Plan (NDP) for 2009–2014. Particular emphasis will be given to the spheres of democratic governance, peace and security and gender equality.

The over-riding goal of Swedish development cooperation with Uganda is:

- Increased respect for and enjoyment of human rights, with special emphasis on women's and children's rights and democratic principles.

It is essential that cooperation include inputs by agents of change actively engaged in strengthening the rights of poor people and promoting respect for and enjoyment of human rights, demand driven accountability and more equal socioeconomic and political power relations. The proportion of the country allocation committed to supporting these agents and processes of change will accordingly be substantially increased during the strategy period.

The overall process objective of cooperation is efficient and effective implementation of the principles set forth in UJAS and strengthened performance follow-up procedures. In concrete terms, this means that Sweden must pursue and contribute to more effective donor coordination and focus more closely on results. Sector programme support will be given priority and where possible applied; the number of individual projects should be limited with a view to contributing to improved aid efficiency.

The overarching issues for dialogue are: action by Uganda to significantly increase respect for and enjoyment of human rights, including the rights of women and girls; promotion of peaceful and sustainable resolutions of armed conflicts; reduced centralisation of political and economic state power and enhanced respect for democratic principles and the rule of law; the ability of civil society to act freely; greater transparency and reduced corruption; equitable distribution of the benefits of economic growth as a basis for poverty reduction; and an increase in the flow of development resources to the northern part of the country.

2. Direction and scope

2.1 Areas of cooperation

- Swedish cooperation with Uganda will target the following sectors:
- Democratic governance, including peace and security.
- The health sector.
- Private sector development, including international trade and financial systems.
- Research

In each sector, support can be extended through official channels, multilateral organisations, and civil society and private sector organisations.

Democratic governance, including peace and security

Swedish objectives:

1. Improved democratic governance, with increased respect for and enjoyment of human rights and greater regard for the rule of law.
2. Peaceful and sustainable resolution of violent and armed conflicts.

Sweden will thereby contribute to the fulfilment by Uganda of the NDP sub-goal of strengthening democratic governance and the rule of law and improving human security.

If Sweden is to contribute to better democratic governance and greater peace and security, it is essential that support in this sector be coherent and have a clear strategic orientation. Potential synergies across interventions must be exploited and support underpinned by political dialogue.

To fulfil objective 1, Sweden will provide significant support for the conduct of free and fair elections in 2011. This must be designed to enhance citizen access and influence, and help strengthen democratic agents and processes of change. Cooperation is to take place with actors both in and outside the public sector. Possible channels for support include central organisations in civil society, including a pluralistic party system, organisations closely associated with political parties, free media, NGOs, the academic world and think tanks. The Ugandan parliament could also be a potential candidate for donor support aimed at strengthening its capacity and role in an as yet weak multi-party system. Consideration may also be given to supporting independent legal institutions such as the election commission. Other possible areas for Swedish support under the general heading of democratic governance are financial management and control and fighting corruption. The bulk of funding will be channelled to capacity development of institutions and organisations.

Support to the legal sector will continue to be provided, possibly via delegated cooperation involving another partner, in conformity with the division of labour within UJAS. To render interventions more strategic, a significant proportion of this support will be targeted at actors in civil society engaged in promoting greater legal security and equal access to the legal system, including the development of a state-financed legal aid programme. Support will be extended to a limited number of key actors in civil society actively committed to ensuring full respect for and enjoyment of human rights and fundamental freedoms, including the rights of the child. The principle of non-discrimination will be emphasised. Particular attention and support will be devoted to promoting and enhancing full enjoyment of human rights by women, girls, persons with disabilities and homosexual, bisexual and transgender people. The work of the United Nations Office of the High Commissioner for Human Rights (OHCHR) will be supported.

To achieve Objective 2, support will be provided for peaceful conflict resolution, primarily through continued proactive political-diplomatic

engagement and economic support for peace efforts in northern Uganda. Implementation of the Juba Peace Accords will as far as possible be actively promoted and supported, particularly as regards the Comprehensive Solutions (of which the Government's Peace, Recovery and Development Plan for Northern Uganda – PRDP forms a part), accountability and reconciliation, and the disarmament, demobilisation and reintegration of former combatants. Special support will be provided for national and international follow-up processes and for overseeing implementation of peace agreements. The role of women and girls and their participation in peace processes will be supported in accordance with UN Security Council Resolutions 1325 on women, peace and security, 1820 on sexual violence against women, and 1612 on children and armed conflict. Initiatives will include the promotion of truth, justice and national reconciliation processes and dialogue. Agents of change, which are mainly found in civil society and the academic world, will be important cooperation partners.

The health sector

Swedish objective: Improved access by poor people to health services and a reduction in the spread of HIV/AIDS. Progress towards this objective will strengthen Uganda's ability to fulfil the NDP sub-goal of improved access to quality health care.

To achieve the objective, Sweden will support implementation of Uganda's strategic plan for the health sector and implementation of the national HIV/AIDS plan. Substantial support will also be extended for capacity development of civil society organisations and structures actively engaged in the health sector. Support for the strategic plan will be provided in the form of sector budget support. Within the framework of the sector plans, Sweden's focus areas for follow-up and dialogue will be the obligations of the state in relation to the right of the individual to the highest attainable standard of physical and mental health, and reduced population growth. Particular emphasis will be placed on the enjoyment by homosexual, bisexual and transgender people of the right to health; young people; the role and responsibilities of men, as well as the rights of women and girls promoting their increased influence and participation.

Greater emphasis and increased resources will be focused on supporting civil society agents and processes of change actively engaged in ensuring that health services and HIV/AIDS prevention initiatives are accessible, acceptable and of good quality. The right to the highest attainable standard of health will be emphasised through more active engagement in both the health and human rights spheres.

Support aimed at strengthening the management and planning capacity of the Ministry of Health will be provided. Particular emphasis will be given to the creation of conditions conducive to the recruitment and retention of qualified health workers in remote areas, including conflict-ridden areas. Support aimed at enhancing efficiency in the health sector will also be provided. Initiatives will include efforts to improve financial management and control, with emphasis on overall planning and budgeting, transparency,

openness, accountability, and efficient resource use, distribution and follow-up at central and district level.

Sweden will continue to play a key role in the dialogue on health policies and to support alignment and harmonisation in the health sector by taking a leading or active role in cooperation with other donors. If the UN Millennium Development Goals are to be achieved, the accent must be on equitable access to health services of good quality, with special emphasis on sexual and reproductive health and rights. A clearer link to sanitation and hygiene will be made within the framework of health support when ongoing Swedish support to the water sector is phased out in 2010. During the strategy period, the feasibility of scaling up health-related aid may be considered under the division of labour between Sweden and Denmark in the health and water sectors.

Private sector development, including financial systems and international trade

Swedish objectives:

1. A better business and investment climate
2. Increased trade.

These objectives relate to the NDP sub-goal of raising household living standards, improving the quality and accessibility of income-generating employment, developing efficient, innovative and internationally competitive industries, and developing and optimally exploiting the natural resource base with assured environmental sustainability.

The private sector can contribute to the creation of alternative centres of power, and interventions in this area will take account of and support poor women and men as economic actors. Interventions will also be aimed at developing local entrepreneurship. The focus here will be on boosting productivity and competitiveness, developing local markets and strengthening access to regional and international markets. Particular attention will be devoted to needs in conflict-ridden and neglected areas and to women's entrepreneurship. Support will be provided to improve the investment and business climate in line with Uganda's strategy for this area, preferably through co-financing with other cooperation partners.

Consideration will be given to measures aimed at developing financial services in rural areas, employment initiatives principally targeting young people, labour market issues and measures relating to HIV/AIDS in the workplace. Support could be made available to business organisations – primarily those representing small and medium-sized enterprises and women entrepreneurs – to better enable them to act for and provide services to their members.

Increased trade will be promoted through activities aimed at improving the ability of local entrepreneurs – including farmers – and public authorities to align themselves with the formal and informal requirements of regional and

international markets, and at strengthening the Government's ability to frame, negotiate and implement an effective trade policy. Sweden will assess the feasibility of extending support to develop the export of organic farm produce. Implementation must at all times be guided by the need to safeguard ecosystems, manage climate change, and promote gender equality and greater respect for and enjoyment of human rights as these relate to working life.

Research cooperation

Swedish objective: Greater autonomy for the research system and improved analytical capacity in areas of importance to poverty reduction, democratic governance and peaceful resolution of internal armed conflicts. This objective is in line with the NDP's emphasis on the importance of research and innovation to social and economic development.

Swedish support, which is comprehensive in character, will be extended to Makerere University to enable it to continue to play a leading role in research and research training in Uganda. Support for capacity building at other public universities will be channelled via and, in cooperation with, Makerere University. Support will be provided for research and research training in the following areas: health (including HIV/AIDS, malaria, and sexual and reproductive health); the social sciences (*inter alia* to contribute to and help strengthen democratic agents and processes of change); technology (including renewable energy and innovation); and agriculture. Support will also be made available for research management, research funding and continued development of research environments, including laboratories, information technology and libraries. Regional inter-university collaboration in the areas of research and research training will also be supported. Sweden will additionally assess the feasibility of supporting capacity development at the National Research Council (NRC), as well as the possibility of contributing to a national research fund. Sweden will also take part in the dialogue on research policy and work for greater harmonisation between donors in the area.

Energy (phase-out sector)

Swedish objective: improved energy supply in rural areas. This objective is related to the NDP goal of developing and optimally exploiting the natural resource base with assured environmental sustainability.

Uganda has a well developed Rural Electrification Master Plan. Sweden will support the plan during the phase-out period through projects for extending the electricity network in certain rural areas and by supporting capacity building at the Rural Electrification Agency. Support in this area will be terminated in 2010, when the EU and the African Development Bank (AfDB) will assume overall responsibility in accordance with donor coordination.

Water and sanitation (phase-out sector)

Swedish objective: Improved access by poor people to water and sanitation. This objective is closely related to the NDP sub-goal on access to water of good quality.

Uganda has a well developed sector programme for the water and sanitation sector. Sweden will continue to support the programme through sector budget support and via a co-financed fund until the end of 2010. This support, to be allocated both to the decentralised (district) administration and to the central government administration, is to be implemented by the public sector, civil society and the private sector. Denmark plans to step up support for the programme in order to offset the effect of the Swedish phase-out in 2010. During the phase-out period, Sweden will press for further strengthening of donor coordination, more efficient management within the sector, continued efforts with respect to corruption issues and accountability, improved management of water resources, and more equitable distribution of financial resources.

Other forms of support

Assuming implementation of the Juba Peace Accords, Swedish financing of humanitarian interventions in northern Uganda will be gradually reduced in favour of reconstruction initiatives. Swedish humanitarian aid will, however, continue to be needed in the short and medium term. Synergies between humanitarian aid efforts and long-term development cooperation should be sought. Humanitarian support is governed by the Strategy for Sida-Funded Humanitarian Aid for 2008–2010. In addition to the annual allocation to Uganda, support may also be provided via Swedish NGOs that have framework agreements with Sida, and via regional programmes.

2.2 Aid modalities

Support channelled via NGOs will be stepped up during the strategy period and provided mainly in the form of project support. Efforts will also be made to develop joint donor mechanisms for support to civil society and the private sector. With regard to aid allocated primarily through official channels, a reduction in the number of free-standing projects should be sought and priority given to programme support. Sweden will provide sector budget support during the strategy period provided the conditions for this aid modality are met. Where sector budget support is provided, Sweden is to abide by the agreements reached between Uganda and the donor community under the Joint Budget Support Framework and apply its joint assessment framework and reporting system. Support for domestic research capacity has a programme-based approach.

2.3. Dialogue issues

The overarching issues for strategic dialogue are: action by Uganda to significantly increase respect for and enjoyment of human rights, including the rights of women and girls; promotion of peaceful and sustainable solutions to armed conflict; reduced centralisation of political and economic state power and enhanced respect for democratic principles and the rule of

law; the ability of civil society to act freely; promotion and protection of freedom of expression and greater scope for the operation of independent media; greater transparency and reduced corruption; equitable distribution of the benefits of economic growth as a basis for poverty reduction; and an increase in the flow of development resources to the northern part of the country.

The Swedish issues for strategic dialogue reflect the complexity as well as the challenges *and* opportunities facing development cooperation in Uganda. Sweden attaches major importance to strategic dialogue, which must be based on the rights perspective and the perspective of poor people on development, underpinned by the principles of non-discrimination, participation, transparency, equal rights and accountability. The dialogue, which will be maintained primarily with the Government and through the EU Group and other donors, will be conducted on different levels, according to the purpose and context. The main platform for dialogue at national level will comprise the annual follow-up evaluations of the NDP undertaken as part of the UJAS process, at meetings of the sectoral working groups, follow-ups of initiatives, meetings with agents for change, and through political dialogue with the Ugandan Government and the EU within the framework of the Cotonou Agreement.

2.4. Scope (volume)

On the basis of the situation prevailing on adoption of the strategy, the country allocation will amount to a maximum of SEK 290 million per year. To this must be added support via Swedish NGOs, any humanitarian aid provided and possible support through regional programmes. A mid-term review of the strategy will be conducted in conjunction with the general elections in Uganda in 2011. If the review finds that the situation in Uganda has deviated significantly from the existing state of affairs, a graduated response will be formulated with the help of the UJAS assessment framework for determining overall levels of external support. The mid-term review will also include a proposal designating the sector to be phased out by the end of the strategy period. Particular importance will be attached, in the regular consultations between the Ministry for Foreign Affairs and Sida, to political-democratic development in Uganda in relation to the aims, scope and impact of Swedish development cooperation. Further consultations, in addition to those held on a regular basis, may be appropriate. A review of the development strategy may also become relevant if the impact of the global economic downturn proves unexpectedly severe.

3. Implementation

3.1. Cooperation with other donors, including multilateral actors

Cooperation between donors, which is governed by UJAS, is well developed in Uganda. Sweden will work closely with other donors to improve coordination of international aid provided under the UJAS framework. Aid raised through co-financing with other multilateral and bilateral donors will, for example, be made available via programme support

schemes and joint funds on the basis of the efficiency and effectiveness, relevance and comparative advantages of the organisations concerned.

Acting through the local donor group and their sub-groups, Sweden will continue to work for greater harmonisation, a balanced division of tasks and responsibilities, inter-donor coordination and simpler working procedures. Its efforts in this regard will be guided by the principles of the Paris Declaration and the guidelines set out in the EU Code of Conduct for Complementarity and Division of Labour in Development Policy. Sweden will continue to support UN reforms aimed at greater efficiency and to encourage the World Bank to press for intensified measures to deal with problems such as corruption.

3.2. Alignment, harmonisation and coordination

Uganda assumed responsibility early on (2001) for donor coordination and aid harmonisation. Donor coordination and sector-based working groups were set up. The latter comprise representatives of the Government, donors, civil society and the private sector. Sector programmes are found in the health, education, water, HIV/AIDS, and law and order sectors. UJAS is aimed at enhancing aid effectiveness and reducing the transaction costs of aid to Uganda through improved alignment with and application of Uganda's own planning, implementation and follow-up systems, thereby reflecting the principles of the Paris Declaration concerning alignment, harmonisation and coordination of development cooperation.

4. Follow-up

Sweden will closely follow the results of Uganda's implementation of the NDP. Follow-up activities will include an annual review of the NDP, regular budget follow-ups and yearly sectoral reviews. The follow-up system in place is credible, comprehensive and participatory, and Uganda has a high follow-up capacity. The challenges lie mainly in implementing agreed commitments, and in moving away from the existing system of belated interference in the budget process from the top political level and ensuing overturning of agreed priorities. Where necessary, the indicators used in the NDP results matrix will be supplemented by indicators needed to follow up Swedish-funded interventions. Sweden will also take part in efforts to strengthen the UJAS results matrix. Support extended through non-governmental actors, which will be stepped up during the strategy period, will be followed up in the usual way and in accordance with accepted practice.

Political developments in Uganda, particularly with regard to respect for and enjoyment of human rights and democratic principles, give cause for concern. Close attention will be given to the political-democratic situation during the strategy period; in that respect, development cooperation will form an integral part of the political analysis. The mid-term review conducted in conjunction with the 2011 general elections will determine whether there are grounds for adjusting the direction, channels or scope of the strategy. In addition, Sweden must be prepared to review the volume,

direction and channels of cooperation should the political situation develop unfavourably. Meeting the commitments embodied in the EU Code of Conduct will require a stronger focus on sector-based development cooperation.

Part 2. Background

1. Summary country analysis

Power in Uganda is highly concentrated in the executive branch of government. The National Resistance Movement (NRM), in practice the dominant political organisation, controls political – and to a great extent, economic – development in the country. The introduction of a multi-party system in 2005 – in exchange for the abolition of a constitutional limit on presidential terms – has not altered this situation. Although Uganda has ratified the most important international conventions on human rights, implementation at national level is significantly deficient in a number of areas. The Government has not respected the independence of the law courts, and serious abuses have been committed. Sections of the judicial system have nevertheless succeeded in maintaining a significant degree of independence.

The Government has tightened control over NGOs in civil society, making it more difficult for them to act independently. Despite certain efforts on the part of the Government, and the presence of active NGOs campaigning for human rights for women, Ugandan women still have little social, political or economic status. Discrimination against women is widespread. The media are relatively free and independent, but are sometimes subjected to threats and harassment from the authorities when they raise issues regarded as sensitive by those in power. Corruption is extremely widespread. Recently introduced anti-corruption legislation has not been adequately enforced. Although progress has been made towards improving public financial governance, the system still has substantial deficiencies.

The armed conflicts which have taken place in the northern part of the country since independence are a major contributing factor to the insecurity, poverty and lack of development in these areas. The latest armed, and extremely violent, conflict between the Lord's Resistance Army (LRA) and the Ugandan Government escalated in 2001–2005 and triggered a major humanitarian crisis. Large sections of the population were forced to flee and live under harsh conditions in internal refugee camps. Lack of food and basic social services meant that virtually the entire population became dependent on humanitarian aid. Most of the internal refugees were women and children. There was widespread violence and abuse, including sexual violence and discrimination against women and girls. Since peace talks began in Juba in 2006, the security situation has improved significantly and the number of internal refugees has fallen from approximately two million to about half a million. Sweden, which has been proactive in supporting the peace efforts, has emphasised the urgent need for the Ugandan Government to implement as far as possible the key peace agreements (the Juba Peace

Accords) finally concluded by the parties in April 2008, whether or not the LRA leaders sign the final document. The Government has also committed serious abuses against the civil population in Karamoja in north-eastern Uganda during the disarmament exercise conducted by the army on civilians carrying illegal weapons.

Uganda's rapid economic development since the 1990s has reduced the share of the population living below the national poverty line from 56 per cent in 1992 to 31 per cent in 2005–06. The sharp rise in GDP recorded in the 1990s was due to factors such as the weak initial situation, the fact that peace prevailed in southern and central Uganda, liberalisation of the economy, the high price of coffee in the world market, private transfers from abroad, and foreign aid. In the previous strategy period, annual GDP growth averaged 7.7 per cent. In the past three years, average growth has risen to 9.5 per cent. Rapid growth has been accompanied by diversification of the economy; for example the share of agriculture in GDP fell from 23 per cent in 2001 to 16 per cent in 2007. However, as a result of exceptionally high population growth (3.4 per cent per year between the 1991 and 2002 national censuses) per-capita GDP has risen more slowly. In 2007–08, the figure was estimated at around USD 478 per capita. Uganda's budget is 35 per cent aid-financed. This proportion is expected to decline in coming years. The social sector's share of the budget on the expenditure side is approximately 30 per cent, while defence costs account for about 12 per cent. The budget for 2008–09 is approximately 33 per cent aid-financed.

At present, over half a million Ugandans live abroad. The remittances they send home make up over 7 per cent (2007) of the country's GDP. Thus the potential of migration for the country's economic and social growth and investment is considerable and should be turned to account.

The national figures conceal major regional disparities. Poverty is greater in rural areas than in urban areas, and is more prevalent in households headed by women or children or by people with disabilities or HIV/AIDS. Over the past decade or so, the Gini coefficient has risen from 0.364 (1992–93) to 0.428 (2005–06). Conditions are severe, particularly in the conflict-ridden northern parts of the country and in the dry eastern region. Inequality has grown in both rural and urban areas. The extensive informal sector of the economy is not represented in the national statistics.

The 1990s saw progress in the health and the education sectors, with increased access to health care and primary education, and a decline in the number of HIV/AIDS cases. Today, however, people's chances of enjoying the highest attainable standard of health vary dramatically across regions and population groups. Access to clean water in both rural and urban areas has improved significantly, but here, too, major regional disparities remain. Uganda appears capable of achieving five of the Millennium Development Goals (eradication of extreme poverty, greater gender equality, reduced prevalence of HIV/AIDS, environmental sustainability, and global partnership for development), and all but two of the goals (reduced child mortality and reduced maternal mortality) are deemed to be within reach.

The business climate, productivity and competitiveness all present deficiencies and need improving, both in the agricultural sector and elsewhere. The country's infrastructure is inadequate in many respects. Only 6 per cent of Ugandan roads are paved and just 1 per cent of the rural population have access to electricity. Environment-related problems threaten economic, ecological and social development. Among these are soil degradation, deforestation, drainage of wetlands, loss of biological diversity, pollution and unsanitary conditions. Many of these problems are a result of poor management of water resources. Climate change is making Uganda more vulnerable to drought and flooding. It also affects water levels and consequently the country's hydroelectric production potential.

Uganda's forthcoming National Development Plan (NDP) for 2009–2014 will come into force on 1 July 2009, succeeding the Poverty Eradication Action Plan (PEAP) for the period 2004–2009. The main themes of the NDP are growth, employment and prosperity for all. The plan is the outcome of a national consultation process which included parts of Ugandan civil society. It contains an analysis of the obstacles to poverty reduction in Uganda and is characterised by a relatively strong focus on results. Like the PEAP, however, the NDP has manifest shortcomings, primarily with regard to democratic governance, gender equality issues and measures aimed at promoting equitable geographical distribution of resources.

In sum, the main challenges confronting Uganda in the coming years are the establishment and safeguarding of a democratic, pluralistic political system characterised by full respect for and enjoyment of human rights and the rule of law. The independence of the media must be guaranteed and respected. Armed conflicts must be resolved through negotiation and the peace settlements already negotiated must be implemented in a consistent manner. Poverty, unemployment and corruption must be drastically reduced.

2. Summary results assessment

The previous country strategy, originally covering the period 2001–2005 and subsequently extended to the end of 2008, saw a transition from the 'Uganda model' – characterised by a limited Swedish presence in the country and aid channelled largely through UNICEF and the World Bank – to the establishment of a Swedish embassy and an increased presence on the ground. This has facilitated active portfolio management and the provision of bilateral assistance as opposed to bilateral aid to limited multilateral programmes (multi-bi aid).

The overall objective of cooperation during the strategy period was to help reduce poverty in accordance with the poverty eradication strategy then in force (the PEAP) – which meant promoting the kind of sustainable economic growth that would permit sizeable investments in the social sectors – and to support continued progress towards democratic development and the promotion of human rights. Special emphasis was to be placed on strengthening the rights of women and children, and on gender equality. No specific objectives for individual cooperation areas were set

out in the strategy. Between 2001 and 2007, Sweden contributed approximately SEK 2 342 million to development in Uganda, or about SEK 330 million per year.

Budget support

Debt relief, general budget support and sector budget support accounted for much of Swedish aid to Uganda during the strategy period. The budget support went to priority sectors in the Poverty Action Fund. A joint donor assessment of general budget support to Uganda, the Joint Budget Support Evaluation, showed that it had been an effective and relevant way of supporting the PEAP. In 2005–2006, Swedish general budget support was reduced and in part reallocated to humanitarian aid in response to inadequate progress in the democracy and human rights spheres. No budget support was planned for 2007 and 2008.

Democratic development, including promotion of human rights and peace and security

Support for democratic governance, peace and security has been given greater priority during the strategy period, and coordination and co-financing with other donors have been stepped up. Support has been channelled via a range of actors and institutions, both governmental and non-governmental. Support for the peace process, including the strategic political dialogue, has helped improve prospects for reconstruction in the northern part of the country. Support to the OHCHR, whose activities have included human rights training for police and military personnel, has been important.

In our view, Swedish support as a whole has been relevant and in line with the strategy. However, results have been mixed, due to the fragmentary nature of the support and a lack of proper strategic focus, as a result of which synergies between the various initiatives have not been achieved. However, the political analysis shows that the shortcomings are also attributable to insufficient political will on the part of the partner country's policymakers and to a lack of political dialogue.

The private sector, financial services and the energy sector

Swedish support has contributed to favourable economic growth in Uganda and to greater diversification in the economy. Export Promotion of Organic Products from Africa (EPOPA) has helped some 100 000 farmers in Uganda obtain certification as ecological growers and thereby boost their annual incomes by up to 40 per cent. Sweden, in collaboration with the ILO, has contributed to ensure – through cooperation with 20 commercial radio stations – that information to small and medium-sized enterprises reaches over seven million listeners. The country's chamber of commerce network has been allocated support to improve services for its members and to act as a collective voice for the private sector. Support has also been provided in the form of a guarantee covering the commercial risk involved in expanding the rural mobile telephony network.

Since 2002, Sweden has extended support for the development of financial services, particularly in rural areas, in cooperation with the Central Bank and the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ). The programme has been successful and has led to improvements in the national capital market and to the creation of a legal framework for microfinance institutions, which provide loans and work to ensure greater savings security, and faster and safer payment transactions. Support for the development of Owen Falls has contributed to an increase in the number of households receiving electricity from 123 000 in 1996 to almost 300 000 in 2008, and contributed to reduce the need for electricity rationing. The improved electricity supply has also stimulated economic activity and facilitated improvements in community services.

The health sector

The bulk of support in this sector has taken the form of sector budget support. Sweden has also financed technical support targeting Uganda's Health Sector Strategic Plan (HSSP), sexual and reproductive health and rights, adolescent health, HIV/AIDS prevention programmes, and research and training. These initiatives have been greatly instrumental in highlighting important Swedish policy issues. Swedish support has been instrumental in an increase in immunisation coverage for children under one year of age from 63 per cent in 2001–02 to 90 per cent in 2006–07; an increase in the use of health services from 43 per cent in 2001–02 to 90 per cent in 2005; and a rise in the percentage of births attended by trained health workers from 24 per cent in 2002–03 to 32 per cent in 2006–07. However, efforts to reduce the rate of population growth and maternal and child mortality rates, and to improve the very serious health situation in northern Uganda, have proved less successful.

Water and sanitation

Support in this sector has been provided in the form of sector budget support, primarily for the development of physical infrastructure in rural areas. Support has also been channelled through a joint donor fund for capacity development and reforms, such as decentralisation to district level. Swedish support has contributed to increase access to clean water from 48 per cent in 2000 to 63 per cent in rural areas and 56 per cent in urban areas in 2006, while access to sanitation in rural areas rose from 51 per cent in 2001 to 57 per cent in 2006. Sweden has played a leading role in this sector by proactively pursuing anti-corruption and gender equality issues and seeking more equitable distribution of financial resources and better donor coordination. However, access to water in the most vulnerable districts remains inadequate.

Humanitarian aid

Humanitarian aid to northern Uganda has increased considerably and at a faster rate than anticipated in 2001. This was due to the escalation of the armed conflict between government forces and the LRA in 2002 and 2003,

and the deteriorating security situation. The bulk of humanitarian aid has been channelled through the World Food Programme (WFP) for food distribution, via UNICEF for water, sanitation and health provision, and through Oxfam GB for initiatives aimed at improving the food supply and creating income opportunities. Since 2006, HIV/AIDS and the health sector have been accorded special priority. Action in this area has achieved only limited results due to insufficient capacity and inflexible distribution of budget funds at district level, as well as to security problems and poor coordination.

Support for research

Support for research cooperation began in 2000 and has since grown significantly. The focus has been on institutional support to Makerere University aimed at contributing to the development of a functional research environment. This support has partly involved research collaboration between the University and universities in Sweden, and in some cases between Makerere and universities in other countries. As a result, institutionally owned research environments have been established, 20 students have completed doctorates, and a Demographic Surveillance Site has been set up in the Iganga and Mayuge districts. In addition, the support has led to a regional innovation programme and regional and international research partnerships. The support has also helped the university to attract research funding from a number of other donors, a clear sign of enhanced research capacity.

Overall, conclusions from previous cooperation efforts show that Swedish support has contributed to economic growth and increased investment in the social sectors, and has helped reduce income poverty, albeit with regional variations. Illustrations of this include improved overall key indicators in the health sector, greater access to clean water in urban and rural areas, an increase in the number of households connected to the electricity network, and higher earnings for farmers growing ecological produce for export. Domestic research capacity has also been strengthened. Although support for democratic governance has been relevant, results have been mixed. This is partly due to the overly fragmentary nature of Swedish inputs, and partly – in some sub-areas – to insufficient political will for change.

3. Summary analysis of the role and input of other donors in the country, including multilateral actors and the European Commission.

Public development aid (loans and grants) to Uganda in 2006–2007 totalled approximately USD 1.1 billion. Some 12 bilateral and 10 multilateral donors are active in Uganda, including the UK, Denmark, the US, Norway, the World Bank, the European Commission (EC) and the AfDB, as well as a large number of non-governmental organisations. Together, the World Bank, the EC, the Department for International Development (DFID) and the United States Agency for International Development (USAID) account for some 80 per cent of all development aid to the country. The Nordic group of bilateral donors provides about 14 per cent of public aid, while Sweden's share in 2006–07 was 4–5 per cent. General budget support is

extended by a number of bodies, including the EC, the World Bank and DFID.

The European Commission is a major actor in the development cooperation sphere in Uganda. In its cooperation strategy for 2008–13, the Commission has allocated EUR 439 million for economic support (including general budget support), sector programmes and sector projects, while a further EUR 21.9 million has been allocated for unforeseen requirements, such as disaster aid, debt relief and export aid. The focus areas are transport and rural development. However, EU political dialogue has been weak, partly because there are other coordination mechanisms in use among a large group of countries to which the EU member states belong.

The *UN* has a special role to play in terms of strengthening the country's ability to meet the Millennium Development Goals. The UN is effective as a technical partner *vis à vis* the Ugandan government, but is less successful as a driving force in areas such as population growth, sexual and reproductive health and rights, and democratic governance. The world body's commitment to alignment and harmonisation has been weak, and UN funding is often channelled outside national systems.

The *World Bank* is a dominant actor in most areas of development cooperation in Uganda. The bank plays an important part in providing the Government with analyses and guidance, and in strengthening the country's capacity for macroeconomic governance and the structural allocation of aid flows. In its dialogue with Uganda, however, it is weak on issues relating to human rights and democracy.

4. Summary analysis of Sweden's role in Uganda

4.1. Conclusions concerning Swedish and EU policy decisions and processes of relevance to cooperation

The EU Code of Conduct on Complementarity and Division of Labour in Development Policy is an important platform for coordinated and cohesive dialogue among member states. If achieved, a full-blown partnership agreement between Uganda and the EU will increase the country's chances of gaining entry to the EU market for its exports on favourable terms. The EC recently awarded Uganda an MDG (Millennium Development Goals) contract.

4.2. Coherence for development

Internationally, Sweden plays a prominent part in trade-related development cooperation efforts and supports a number of regional, trade-related

initiatives in sub-Saharan Africa, where it also cooperates with the Swedish National Board of Trade. Uganda benefits in particular from Sweden's regional initiatives aimed at boosting trade and regional integration within the East African Community (EAC). Uganda is also expected to benefit from ongoing Swedish efforts in the Commission in connection with the issue of climate and development. In the Lake Victoria Initiative, Sweden has taken on a special role which involves placing greater emphasis on relevant countries' joint responsibility for the lake.

4.3. Other Swedish relations

Outside the development cooperation sphere, relations between Sweden and Uganda are limited and there is little trade between the two countries. Among major Swedish enterprises, only Ericsson and ABB are represented. Swedish NGOs active in the country constitute an important area of contact between Sweden and Uganda, as do people of Ugandan origin living in Sweden. Of this group, a few have returned and set up businesses in Uganda. The Ugandan diaspora in Sweden is also important from a remittance standpoint. Sweden will strive for closer cooperation with NGOs, particularly those active in areas of relevance to this strategy, with a view to establishing specific cooperation arrangements and creating synergies. Their knowledge and skills should be turned to account in government efforts to strengthen the Swedish dialogue.

Sweden should also encourage Swedish enterprises to conduct themselves in accordance with the principles laid down in the Global Compact, with regard to human rights, the environment, labour law and the fight against corruption, and to abide by the OECD's guidelines for multinational enterprises. Relevant enterprises should also be encouraged to make their Ugandan partners aware of these principles.

4.4. Sweden's comparative advantages – conclusions on Sweden's role

Sweden is an important aid donor to Uganda and plays a significant role in development cooperation. Sweden's good reputation combined with a tradition of open, democratic and efficient public administration afford it a special advantage and enable it to effectively promote development in the sphere of democratic governance, support peaceful resolution of armed conflicts, and work to combat corruption. In the health sector, Sweden has long had a prominent role in Uganda, and the Swedish resource base is good. A considerable body of experience has been built up with regard to business, trade and financial systems. Overall, Sweden has solid skills in the water and sanitation field, where synergies and links to the health sector are also to be found. Swedish knowledge transfers, dialogue and exchanges of experience are appreciated in all areas. The conclusion, on the basis of the analysis underpinning this strategy and of the dialogue with Uganda and donors on improving the division of labour, is that Sweden should concentrate its efforts on democratic governance, peace and security, health, and private sector development. Sweden's comparative advantages in connection with IT issues should be exploited wherever possible.

Thanks to the trust enjoyed by Sweden in the eyes of the Ugandan Government, other donors, UN bodies and the European Commission, it is well placed to proactively pursue issues relating to the greater harmonisation, efficiency and results orientation of development cooperation as a whole in Uganda, in line with the Paris Declaration.

5. Considerations concerning objectives and the direction of future cooperation

In order to make democratic and sustainable economic development a reality, Uganda needs to confront a number of important issues. It is essential that democratic governance be strengthened, that free and fair elections are held 2011, that a balance in power relations is established, that human rights and the institutions of a polity governed by the rule of law are respected, that lasting peace and reconciliation is achieved throughout the country, and that reconstruction can begin in northern Uganda. Accountability must also be improved and corruption must be reduced. Civil society needs continued support so that it can serve as a counter-balance to state power, scrutinise public affairs and petition for openness and accountability. Through its development cooperation initiatives and political dialogue, Sweden can play a constructive role in promoting processes that favour such a development. Sweden will accordingly continue to provide support in the sphere of democratic governance and peace and security, including initiatives aimed at strengthening respect for and the enjoyment of human rights, and to promote gender equality. Support to the central government administration will be supplemented by substantial and increasing support to civil society and other actors capable of acting as agents of change in the wider development process. Swedish support for peace and security will be accompanied by a strategically-oriented, clear and specific political dialogue which will include and address the underlying causes of violent armed conflict in the country.

During the present strategy period, several key indicators in the health sector have improved, such as the number of immunised children, the child mortality rate and access to and use of health services. Increased support for the health sector is crucial to the further improvement both of the population's health status and of indicators of maternal and infant mortality. If the gains that have been made in the fight against HIV/AIDS are to be maintained and consolidated, further input on a substantial scale will also be required. Sweden will therefore extend support to the health sector and for Ugandan efforts to combat and alleviate the effects of the HIV/AIDS epidemic. Swedish support will be provided both through public channels and to non-governmental organisations. The Swedish approach, characterised by a rights perspective and a focus on disadvantaged groups, is an important contribution to Uganda's development in these areas.

Production and productivity in the agricultural sector and elsewhere need to be raised in order to boost competitiveness and improve export prospects, and thereby create job opportunities. Here, further Swedish support for private sector development – based on a perception of poor women and men as economic actors and emphasising the importance of women

entrepreneurs – and for needs in conflict-ridden and disadvantaged areas, can make a valuable contribution both to economic development and to greater gender equality, and help reduce the risk of conflict.

Sweden's international commitment to concentrating cooperation in fewer areas is reflected in this strategy by the planned phase-out of Swedish support to the water and energy sectors during the period. The agreed division of labour ensures that Swedish support will supplement inputs from other donors in Uganda, while at the same time exploiting Sweden's comparative advantages in its cooperation with the country.

The prerequisites for general budget support are not deemed to exist at present. If Sweden is to reconsider its position in this regard at a later date, there must be greater respect for and protection of human rights. Efforts must be made to counteract the increasing concentration of power in Uganda, the principle of the rule of law must be strengthened and the independence of the judicial system respected. The multiparty system must be reinforced, and respect for civil society and the independent and critical role of the media must increase. In addition, the Ugandan Government must take meaningful steps to curb corruption. Should the situation improve in the above respects, a fresh assessment may be made. This would require a special government decision. Sectoral budget support will again be provided, since Sweden's support for poverty reduction in selected sectors is deemed effective, with good follow-up and control mechanisms. This contribution will be supplemented by a substantial and growing amount of support to non-governmental actors.



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