

UNITED NATIONS UGANDA COMMON COUNTRY ANALYSIS (CCA)

For the

United Nations Sustainable Development Cooperation Framework
(UNSDCF) 2021-2025 for Uganda

JULY 2020

Table of Contents

EXECUTIVE SUMMARY	3
CHAPTER 1: INTRODUCTION	9
CHAPTER 2: UGANDA PROGRESS TOWARDS 2030 AGENDA	11
2.1 Uganda Vision for Sustainable Development	11
2.2 NDP III as a Platform for Mainstreaming the Sustainable Development Goals	11
2.3 Summary of Progress on SDGs	13
2.4 Status of Progress on SDGs	14
2.4.1 'Society' Dimension	14
2.4.2 'Economy' Dimension	19
2.4.3 Environment Dimension	20
2.4.4. Governance, Peace and Security	22
2.4.5 Uganda Social-economic impact of COVID-19	24
CHAPTER 3: FACTORS BEHIND PROGRESS TOWARDS SDGs IN UGANDA	25
3.1 Causes of economic recovery	25
3.2 Causes of increased poverty and inequalities	25
3.3 Ecological and Climate Related Factors	25
3.3 Governance, Peace and Security Factors	26
3.4. Factors Hindering Human-Well-Being in Uganda	28
3.5 Social and Gender Inequality	29
CHAPTER 4: GROUPS LEFT BEHIND OR LIKELY TO BE LEFT BEHIND	30
5.0 UGANDA FINANCING LANDSCAPE FOR 2030 AGENDA	36
6.0 COMMITMENTS UNDER INTERNATIONAL AND REGIONAL NORMS AND STANDARDS	42
7.0 CROSS-BOUNDARY, REGIONAL AND SUB-REGIONAL PERSPECTIVE	43
8.0 DEVELOPMENT AND SOCIAL CHALLENGES AND OPPORTUNITIES	45
8.1 Sustaining good governance and strengthening capacity for effective service delivery	45
8.2 Promoting and sustaining poverty reduction and inclusive economic growth	45
8.3 Strengthening national and local Disaster Risk Reduction System	46
8.4 Addressing Human Rights, Gender Equality, and SGBV	48
9.0 RISKS TO FUTURE PROGRESS ON SDGS	48
10. ANNEXES	50
Annex I: Abbreviation and Acronyms	50

EXECUTIVE SUMMARY

The United Nations Common Country Analysis (CCA) Report is based on extensive desk review and analysis of relevant documents and data from various national and international sources. This was supplemented by discussions with relevant government and non-state stakeholders. The United Nations Team of Experts set up by the United Nations Country Team (UNCT) conducted background analytical work and prepared the first draft of the report, which was reviewed and informed by inputs/comments from heads and technical experts from various UN agencies. The Final Report was reviewed by the UNCT Uganda and approved. This report describes and analyses Uganda's progress towards achievement of Sustainable Development Goals (SDGs), pointing out factors/causes affecting the achievement of these goals. The Report also identifies opportunities that have potential for acceleration of progress towards achievement of SDG targets in Uganda.

This CCA Report was prepared as part of the United Nations System in Uganda preparation of the United Nations Sustainable Development Cooperation Framework (UNSDCF) 2021-2025. The Report is divided into Nine Chapters. Chapter One is an introduction, summarizing the potential of Uganda, and its socio-economic and political context. Chapter Two, presents Uganda's progress towards 2030 Agenda, including Uganda's Vision 2040 and a summary of status of progress on SDGs. Chapter Three presents factors affecting the achievement of SDGs in Uganda. Chapter Four presents groups left behind in the country's development while Chapter Five indicates financing situation of SDGs. Chapter Six summarizes Uganda's commitment to international and regional norms and standards, while Chapter Seven articulates regional and cross-boundary peace and security issues. Chapter Eight presents challenges and opportunities for fast-tracking the achievement of SDGs, while Chapter 9 presents the risks Uganda is likely to experience towards meeting the SDG targets.

CCA indicates that Uganda faces frequent disasters and risks like floods, droughts, landslides, locust invasions, and diseases like Ebola. In the first quarter of 2020, Uganda like many countries in the world, has been impacted by COVID-19. Findings of the socio-economic impact of COVID-19 indicate that the pandemic will have immediate and long-term multiple impacts on the economy, poverty, employment, livelihood and vulnerability, including increase in the incidences of domestic violence, surge in rate of crime, and a worrying lack of access to emergency SRHR services, among others. The lock-down will also slow progress towards achievement of national development plan and SDGs targets.

Uganda Progress towards 2030 Agenda

Uganda's Vision 2040, launched in 2013, aims at transformed Uganda society from a peasant to modern and prosperous country within 30 years. With the second NDP II coming to an end in June 2020, Uganda has prepared the third National Development Plan (NDP III) 2020/21-2024/25.¹ The goal of the Plan is to increase household incomes and improve the quality of life of Ugandans. This is expected to be achieved through resource-led sustainable industrialization, with a focus on key growth opportunities of agriculture (including small holdings), tourism, oil and gas, and minerals.

Uganda has embedded SDGs into its national developing planning process, and recognizes NDP III as a vehicle towards accelerating the achievement of these goals, and addressing regional aspirations and commitments including the Africa Union Agenda 2063, EAC 2059, the Common Market for East and Southern Africa (COMESA), and the Africa Continental Free Trade Area (AfCFTA). The Government rolled-out the Integrated Sustainable Development Goals simulation model (iSDG) to analyse and identify SDG accelerators to guide prioritisation of the Goals in national development planning. The analysis identified Governance, Environment and Industry as key SDG accelerators for Uganda.

According to the 2019 SDGs Report, Uganda is ranked 140 out of 162 countries with a global index score of 52.6 percent declining from 125th position out of 156 Countries in 2018.² According to National SDG progress report, out of the 17 SDGs, Uganda's achievement is average, with moderate performance on SDGs 3, 8, 9, 13 and 15. SDGs 2, 5 and 6 have stagnated, and Uganda is off-track on SDG 1, 11, and 16.³ Uganda has official data on only 46.3 percent of SDG indicators applicable to the country context. Uganda Bureau of Statistics (UBOS) has initiated a process of creating an SDG Dashboard for Uganda.

Status of progress on SDGs: In this Report, Uganda's progress on SDGs is summarized under three dimensions of 2030 Agenda, namely:

- Social Dimension: status of poverty, hunger, health, HIV& AIDS, education, WASH, social protection, inequalities and sustainable cities, governance, peace and security.
- Economic Dimension: status of economic growth, shared prosperity and creation of decent jobs.
- Environment Dimension: status of mismanagement of environment and natural resources, disaster risk reduction, and impact of disasters and risks including COVID-19 pandemic.

¹ National Planning Authority, (Jan 2020). *Third National Development Plan (NDP III), 2020/21 – 2024/25*

² Sachs, J., Schmidt-Traub, G., Kroll, C., Lafortune, G., Fuller, G. (2019): *Sustainable Development Report 2019*. New York: Bertelsmann Stiftung and Sustainable Development Solutions Network (SDSN). <https://dashboards.sdqindex.org/#/UGA>

³ National Progress Report on Sustainable Development Goals (SDGs) 2019. Office of the Prime Minister.

Factors behind progress on SDGs in Uganda

Causes of economic growth: Uganda's economy has been recovering, having experienced significant slowdown during most part of the Second National Development Plan (NDP II) 2015/16 – 2019/2020 period. The economy was projected to grow from 6.2 percent in 2018/2019 to 6.3 percent in 2019/2020. This was partly attributed to sustained peace and security that the country has enjoyed. Macro-economic stability and robust investment in infrastructure, particularly in roads and energy, driven by expansion in the manufacturing and construction sectors, contributed to turn-around. However, the earlier projected growth rate has been revised by half to 3-4 percent in 2019/20 due the outbreak of COVID-19 that is expected to have far-reaching negative impacts on the economy and people's livelihoods. Uganda's economy is rural-based and a large proportion of households (68.9 percent) – majority being women and youth – who are still stuck in subsistence economy and informal trade (micro and small enterprises). These contributes to low productivity, thus low incomes and savings by households.

Causes of increased poverty and inequalities: The recent slowdown of the economy, due to multiple factors, including ecological, limited savings and investment, increased debt, unfavourable business environment, corruption and mismanagement of public resources among other factors, constrained growth on a per capita basis, resulting in a deterioration of the poverty levels in the country. The slowdown in economic growth is attributed mainly to productivity losses in the agriculture sector, which face various challenges including limited access to market, limited affordable and accessible agricultural financing, weather vagaries and associated climate changes. The recent slowdown in the growth of the economy has resulted in an increase in the proportion of people living in poverty (from 6 to 8 million in the last five years). These are mainly vulnerable groups who have limited or no sources of income, are engaged in subsistence agriculture, informal trade and employed in informal or formal sectors as labourers, and depend on social security support or donations. COVID-19 pandemic has exacerbated the poverty situation of these groups especially in fragile regions and informal urban settlements across Uganda.

The agriculture sector in Uganda is neither efficient nor resilient. Low productivity of agriculture sector is directly linked to lack of quality inputs, low access to financial services, ineffective extension, deficient market information and lack of access to markets. Reliance on rain-fed agriculture remains a major downside risk to economic growth. This is because of the importance of agriculture to the economy as a whole – as the main source of income and livelihood to the majority of the population across the country.

Limited social protection to cushion the marginalized and vulnerable groups from disasters and risks that affect their livelihood and income is another cause of increased poverty and inequalities across the country.

Ecological and Climate related factors: Increase of poverty, slow economic growth and inequalities across Uganda experienced over the past five years is also attributed to negative effects of environmental destruction and climate change, in particular drought, floods, landslides, high temperatures, pests and diseases, which affected agricultural production for most households that had previously been able to move above the poverty line. Households in fragile regions like Karamoja, Northern and Western Uganda have been hit hard.

Increased population growth and use of natural resources for farming, grazing, and fuel has resulted in high environmental degradation, posing economic, social and governance challenges. Ecological injustices have increased and are perpetuating poverty and inequalities. For over two decades, Uganda's forest and natural resources have faced severe pressure from mainly agricultural conversion as a result of population increase, urban demand for charcoal, overgrazing, uncontrolled timber harvesting and failure to effectively implement the existing relevant policy and legal frameworks on environmental and natural resources management. The forest cover has shrunk from 24 percent (4,933,271 hectares (Ha) of land area in the 1990 to less than the current 9 percent (1,956,664Ha) in 2018, driven by heavy (90 percent) reliance on biomass for energy. Currently the rate of deforestation is estimated to be about 1 percent per annum.

Such destruction has led to environmental and climate related disasters and risks, including frequently occurring landslides, floods, droughts, and in the last quarter of the year, locust invasion, and flooding due to rise of water levels of Lake Victoria. Artisanal and small scale mining that dominates the mining sector in Uganda is characterized by unethical and unsustainable mining methods, dire health and safety conditions, child labour, gender inequalities, exploitative pricing and environmental degradation, among other challenges. In addition, there are weak institutions, coupled with corruption, that are mandated to manage the country's mineral wealth.

Political Economy of Uganda and Internal Conflicts: Political economy analysis of Uganda explains the interaction of politics and economic processes at national and regional levels: the distribution of power and wealth between different individuals, groups and regions, and the processes that create, sustain and transform these relationships. From 1966 to 1986 Uganda experienced political violence and conflict. This turbulent period was punctuated by unconstitutional changes in government and rebel activities in parts of the country. Ethnic fragmentation was evident in the cycles of the conflict and has persisted to some political processes. The economic, social and psychological effects of the 20-year in the North of the country conflict fueled forced displacement, escalated the risks of physical and sexual GBV particularly for women and girls; and further exacerbated economic and regional inequalities in growth and food security.

To end these conflicts in some areas such as the West Nile region of the greater North, the government entered into peace pacts with the insurgents. These have remained largely unfulfilled creating disaffection and potential for new waves of conflicts. Further, political conflicts have at times been fueled by the long-standing tensions between the central government and cultural institutions. Restored in 2005 by the current government, cultural institutions are constitutionally apolitical. However, in practice this is not so. Conflicts between the central government and some of the cultural institutions such as Buganda and Rwenzori have claimed lives and loss of property.

Although a largely fractured relationship, an uneasy co-existence between them exist, at times compelled by use of force or a form of patronage by the government.

With the centralization and control of political power by National Resistant Movement (NRM) leadership (presidency), political patronage, governance, accountability, corruption, weak policies/laws and impunities particularly of perpetrators of SGBV and other abuses, limited adherence to human rights, limited access to justice and over-stretched prisons in Uganda are increasingly becoming areas of key concern among government and non-state stakeholders and development partners.

Corruption and mismanagement of public resources: Corruption in Uganda has reached unprecedented proportions and costs billions of shillings to the country, thereby affecting a significant portion of the national budget, and poverty reduction and social protection measures. Although the exact cost of corruption is not known, various institutions including the World Bank, IMF, and Transparency International have on several years pointed out that Uganda loses are staggering. The East African Bribery Index 2018, indicates the magnitude and perpetrators of corruption in Uganda.

Regional stability, peace and security: Regionally, Uganda is located in the Great Lakes, a region that continues to experience active conflicts - Democratic Republic of Congo (DRC), Burundi, and South Sudan. The insecurity in these neighboring countries has caused the influx of refugees (currently standing at 1.4 million) to seek protection in Uganda. The country hosts the largest refugee population in Africa and the third biggest in the world. Refugees have not only stretched resources in the host communities, but have also made the government to re-allocate resources to support them, that could have been used for development and social progress of the country. Regional instabilities have also affected regional trade, since South Sudan and Democratic Republic of the Congo (DRC) are emerging to be significant trade partners for Uganda.

Groups Left Behind or Likely to Be Left Behind:

UN CCA has identified marginalized and vulnerable groups that could be left behind if not deliberately targeted and planned for in Uganda's development and social transformation. These include, among others, orphans & vulnerable children, children & youth, people with disabilities, persons with albinism, older people, indigenous people, ethnic minorities, people living in remote & hard-to-reach areas, sexual minorities, people living with HIV& AIDs, migrants/mobile population, refugees and stateless persons. Apart from monetary poverty, these groups experience multi-dimensional poverty. The socio-economic and environmental challenges these groups face are more pronounced in marginalize and fragile regions of Uganda, including West Nile, Acholi, Karamoja, Elgon, Bugedi, and Busoga,

These groups are vulnerable because they are directly or indirectly not comprehensively targeted for socio-economic empowerment; are or could be deprived of normal opportunities to access and utilize basic social and protection services; and have limited or no opportunity to actively participate and engage in economic development and governance of their community, district and country. They suffer from social, economic including employment and trade, and environmental exclusion. These groups have limited or no access to productive resources and benefits of Uganda's development and social transformation.

Uganda Financing Landscape for SDGs

The persistent challenge of weak alignment of plans and budgets and policies compromises effective service delivery especially for the marginalized and vulnerable groups. Furthermore, shocks such as climate related and outbreak of diseases and pandemic such as Ebola and COVID-19 strain the public finances leading to eroding gains made in development and social progress.

Domestic resource mobilization: At 12.9 percent of GDP in 2017/18, the country's domestic revenue mobilization capacity is still low and unlikely to reach the NDPIII target of 18 percent by 2024/25⁴, unless the recently approved Domestic Revenue Mobilization Strategy is effectively implemented. Besides, Local Governments continue to grapple with the challenge of mobilizing local resources to deliver services and promote Local Economic Development (LED), which are key for the achievement of SDGs. The proliferation of districts from 56 in 2000 to an expected 133 districts by 2020 exacerbates resource constraints to meet administrative and service delivery demands at that level, amidst additional pressure to address weak adherence to PFM functions, inclusive procurement systems, accountability mechanisms, asset maintenance, local community engagement in resource allocation and implementation.

Integrated National Financing Framework: Uganda aim to design and implement and Integrated National Financing Framework (INFF). Positive steps towards this include the development of Domestic Resource Mobilization (DRM) 2019/2020 - 2023/24 Strategy, the Development Finance Assessment, and the current currently preparing a Public Investment Financing Strategy.⁵ Uganda's Development Finance Assessment (DFA) revealed that despite significant financing challenges the country faces, there is substantial upward potential for domestic resource mobilisation and use of other innovative financing sources such as blended finance and non-concessional borrowing.

Overseas Development Assistance (ODA): ODA has been a major source of development finance in Uganda. ODA, mostly in the form of grants, has remained the main source (at 26% of total public flows). Uganda, compared to its neighbours (except Rwanda), remains a

⁴ Draft National Development Plan (2020/21-2024/25) as at February 2020.

⁵ Ministry of Finance, Planning and Economic Development. (2019). Domestic Resource Mobilization Strategy (DRMS) 2019/20-2023/24.

relatively large aid recipient, with aid averaging 8percent of GDP in 2017, compared to 5percent for Tanzania and Ethiopia and 3 percent for Kenya.⁶ As indicated in Figure below, the main Uganda donors include the USA, the World Bank, the UK, the AfDB, the EU and the UN.

Public Debt: Uganda has pursued an expansionary fiscal policy in recent years, which has resulted in average deficits of 3.8percent of GDP per year over the past decade. In the fiscal projections contained in the Medium-Term Expenditure Framework, the country projects that the deficit will stay around 5.5 percent for the two coming years and will later drop to 3 percent after FY 2020/21. As a result of the Government's expansionary fiscal policy, the public debt stock has risen from 20 percent of GDP in 2008 to 38 percent in 2018. The IMF projects that the public debt stock will peak at 50 percent of GDP by FY 2020/2021 and will then decrease in the following years. The growing debt stock has also resulted in a higher cost of debt service, which in FY2017/18 reached 44.8percent of all government revenues.

Remittances: The volume of remittances (in United States dollars) as a proportion of total GDP have over the past 20 years been increasing steadily while outflows have remained relatively stable. Uganda had over \$1 billion of financial flows into the country in 2016 and is the sixth-highest recipient of remittances in Africa. Remittances increased from US dollar 819 million in FY2010/11 to over US dollar 1 billion in FY2017/18 in nominal terms. Remittances from Ugandans abroad increased significantly from US dollar 819 million in FY2010/11 to US dollar 1.4 billion in FY17/18. The increased inflow of foreign exchange through remittances impacted positively on the economy through boosting aggregate demand and economic growth as well as the national savings pool available for investment. Consequently, gross domestic savings as a percentage of GDP have grown from 14.5percent in FY 10/11 to 16.5 in FY17/18, while investment has grown from 21.1% to 28.5percent of GDP over the same period. But remittance to Uganda is likely to reduce significantly as a result of COVID-19 pandemic.

Domestic Financing Landscape: In terms of domestic sources, tax revenues have remained broadly stable at around 13 percent of GDP, with some progress mostly in the area of VAT and excise tax. Non-tax revenues have declined, while revenues from extractive is currently very modest. Revenues from oil extraction are only expected in 2023, and revenues from mining, at less than 0.1percent of GDP, are yet to pick up.

Public Spending: Available public expenditure data indicates that fiscal space for social expenditures has remained tight in Uganda, in particular given the prioritization of infrastructure spending.⁷ Due to the scaling up in infrastructure investment, which has been ongoing in recent years, the balance in spending between social sectors on the one hand and economic and productive sectors on the other has shifted significantly towards the latter. This shift has thus far not generated higher growth of gross domestic product (GDP), which slowed to 3.8 per cent in financial year (FY) 2016/17. The combination of low growth and inefficient tax administration has in turn limited the revenue base.

⁶ DFA Uganda, 2019:

⁷ UNICEF. (2018). Uganda: Fiscal Space Analysis.

Challenges and Opportunity for Achievement of SDGs

UN CCA has identified challenges and opportunities that have potential for accelerating progress on SDGs in Uganda, namely: sustaining good governance and strengthening capacities for effective service delivery; promoting and sustaining poverty reduction and inclusive economic growth; strengthening national and local Disaster Risk Reduction, and addressing Gender Equality, Human Rights and SGBV, with no One Left Behind.

1. Sustaining good governance and strengthening capacities for effective service delivery

NDP III identifies governance as one of the key accelerators for the achievement of NDP III and SDGs targets. Uganda aims to take the government closer to the people to effectively address their development and social needs, and promote the rule of law, adherence to human rights, and enhancing equitable access to justice, basic social and protection services. Sustaining peace, security and stability in all regions, particularly in Northern and Western Uganda, and Karamoja, is critical to promotion of local economic development, which is key for effective implementation of NDPIII and achievement of SDGs targets.

With the introduction of programmatic approach to planning, NDPIII provides opportunity to strengthen systems, institutional and peoples' capacities to fight corruption and mismanagement of resources, and promote prudent management of public resources at national, local government and sector levels. Uganda has committed to design and effectively implement an Integrated National Financing Framework (INFF).

The key regional frameworks, including the Africa Union Agenda 2063, the East African community (EAC) Vision 2050, and the African Continental Free Trade Area (AfCFTA) provide great opportunity for increased trade and creation of employment.

But Uganda has to sustain peace and security across the country, fight corruption, open political democratic space, nurture and sustain observation of human rights, gender equality and access to justice, and strengthen capacities of institutions to effectively deliver quality services.

2. Promoting and sustaining poverty reduction and inclusive economic growth

NDP III identifies industry as one of the key accelerators for the attainment of critical targets that include agro-industrialization; fast-tracking oil, gas and mineral-based industrialization; promotion of local manufacturing and; export promotion, and creation of decent jobs for youth and women. Opportunities are in several areas:

- Modernizing agriculture sector (small- and large holdings) to increase production and productivity.
- Addressing youth budge, creation of descent jobs, skills development and human well-being:
- Enhancing manufacturing, innovation and infrastructure sector – targeting agro-processing (value addition) for local consumption and export.
- Investing more resources into health and education systems
- Supporting capacities for increased accountability by Government MDAs, Local Governments, communities, and non-state actors including the private sector.

3. Strengthening national and local Disaster Risk Reduction

NDP III identifies environment as one of the key accelerators for the attainment of SDGs and the NDP III targets. This requires enhanced systems and institutions, including capacities for disaster risk reduction at national, local government and sector levels. Uganda needs to enhance the capacity of National Emergency and Coordination Centre for effective implementation, monitoring and reporting on its mandate and roles. Uganda has to design and effective implement the Sendai Framework for Disaster Risk Reduction 2015-2030 (the global plan for reducing disaster losses and Africa Programme of Action – POA - for implementation of the Framework) and monitor the progress made towards delivering the seven targets together with Africa' POA commitments.

4. Addressing Gender Equality, Human Rights and SGBV

Uganda's 1995 Constitution of Uganda and other policy and legal provide for sensitizing and mobilizing communities to demand for equal treatment or consideration in the enjoyment of rights and freedoms, attainment of access to justice and basic services health and education, employment and physical environment as well as the participation in the social, cultural and political activities regardless of sex, age, race, colour, ethnic origin, tribe, creed, religion, health status, social or economic standing, political opinion or disability. The GoU has also put in place laws, policies and national strategies (for example GBV National Action Plan. But, effective implementation of these policy and legal frameworks and plans remains a challenge, although they provide opportunities for equity mainstreaming and addressing gender and other discriminatory and harmful practices at national, local government and sector levels.

Risks to SDGs future progress: Uganda's development and social transformation in general, and addressing SDGs in particular, faces potentially risks, that if not mitigated could negative impact influence the achievement of the SDGs, going forward. These risks include, among others:

- Natural disasters, environmental degradation and impact of climate change and other socio-economic disasters and risks;
- Poor economic growth and increased inequalities poses social, economic and environmental threats in Uganda;
- Land disputes and ethno-political tension and conflicts;
- Election related violence; and
- Dwindling resource allocation to basic social and protection sectors.

CHAPTER 1: INTRODUCTION

Uganda is one of the 56 states in Africa located in Eastern Africa. It is a landlocked country neighbouring South Sudan in the North, Kenya in the East, Tanzania in the South, Democratic Republic of Congo (DRC) and Rwanda in West. It is part of the East African Community (EAC). Uganda is populated by dozens of ethnic groups. The English language and Christianity help unite these diverse people. The Swahili language unites the country with its neighbours, especially Kenya and Tanzania.

Uganda is located on the edge of the Equator. It has many potential natural features and resources for development, like lakes, mountains, forests and rift valleys, with high implications on tourism and agriculture. Uganda is replete with water and contains many lakes and their products like water, fish, and rainfall formation, with Lake Victoria being 68,100sqkm (the 2nd biggest lake in the world). Four of East Africa's Great Lakes – Lake Victoria, Lake Kyoga, Lake Albert, and Lake Edward lie within Uganda or on its borders. Equally are rivers and their products with river Nile; 6,700Km long. There are also several foods of different types and high nutritional values, medicinal plants, and animals as well as high bio-diversity and generally favourable climate.

About the size of Great Britain, Uganda has the second youngest population in the world with 46 percent below 15 years out of the total of about 46 million people in 2020. Over 76 percent of the population lives in rural areas. About 77 percent of the population is of age 30 and below. The country also has a high population growth rate of 3% and a fertility rate of 5 live births per woman in 2015-2020. At this growth rate, the population is projected to be 52.3 million by 2025, 59.4 million by 2030 and 74.5 million by 2040⁸.

Uganda is experiencing a youth bulge. This creates both an opportunity and a challenge. Uganda has great opportunity to reap economic benefits from strategic investment in the current large young population. Investment in health, education, skills development, decent employment for youth and women, and promotion of ICT and innovations in agriculture could accelerate development and social transformation of Uganda. However, if the youth bulge is not well planned for, it creates a challenge and potentially missing the demographic dividend.

Uganda is a young democracy having attained independence from British in 1962. The country's current political landscape is largely defined by a key event in 1986 when the National Resistance Movement (NRM) led by President Yoweri Museveni ascended to power. Even though the 2005 constitutional referendum introduced multi-party system, the NRM remains the dominant political party in power since 1986. Other key political parties include the Forum for Democratic Change (FDC), Uganda People's Congress (UPC), and the Democratic Party (DP). The country has a presidential system of government with a Parliament made up of over 400 members.

NRM has majority in the Parliament with independents taking a distant second in numbers in the house, which makes legislative business very skewed in favour of NRM. The legislative process has over time passed very controversial pieces of legislation that has compounded the disaffection part of the population has with the government. Key among this include the Constitution Amendment Act No 1 (2017) that lifted the age-limit of presidential candidates. Having lifted the term limits in the 2005 referendum, the Constitution thus has no ceiling to the length of time a president can head the government in the country. Such action raises the question on whether parliament is independent and has relevant capacity to hold the executive accountable in effectively and democratically serving the citizens across the country.

It is from the above context that Uganda's progress towards 2030 Agenda, and challenges and opportunities it presents, were identified, analysed and presented.

Preparation of Common Country Analysis Report

The UN Common Country Analysis Report is a result of collaborative effort among the UNCT Uganda, various UN agencies working in the country and technical experts in development and social sectors. The report is based on extensive desk review and analysis of relevant documents and data from various national and international sources. This was supplemented by discussions with relevant government Ministries, Departments and Agencies (MDAs) and non-state actors including the Private Sector Foundation of Uganda (PSFU), the Uganda National NGOs Forum, academia, youth and special groups including People with Disabilities (PWD). The UN Team of Experts set up by the UNCT conducted background analytical work and prepared the first draft of the report, which was reviewed and informed by inputs/comments from heads and technical experts from various UN agencies. The RCO organized a two-day retreat for the Team of Experts to review and refine the draft CCA. Inputs from UN DESA were also taken into consideration when preparing this final Report. The draft Final Report was reviewed by the UNCT Uganda and approved.

This report describes and analyses the political, socio-economic, and environmental situation of Uganda and the factors behind the current state of the country in addressing SDGs. From the perspective of the principle of "Leave No One Behind", the CCA also identifies groups left behind or/and at risk of being left behind in Uganda's development and social transformation process. The report also articulates challenges and opportunities with a potential of accelerating the achievement of NDPIII and SDG targets

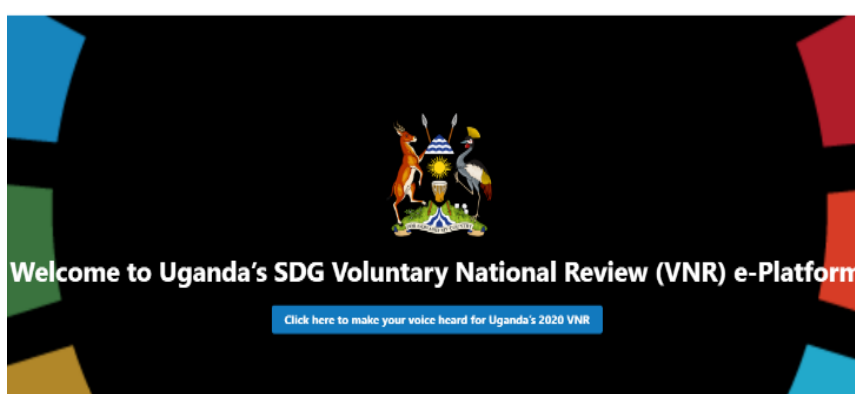
⁸ United Nations, Department of Economic and Social Affairs, Population Division (2019). *World Population Prospects 2019*, custom data acquired via website.

Ugandans Citizen consultation and Voices for SDGs

Uganda has developed three online platforms to engage the public and get feed-back on the SDGs and other development and social transformation issues. To capture voices of the public, e-platforms were established and popularized on several social and broadcast and print media channels. One of the platforms, UNICEF U-Report, gives young people opportunity to share their views on SDG implementation and issues affecting their lives. The contents from this platform has provided information for the just concluded second Voluntary National Review (VNR) Report 2020.

The e-platform covers the following key components:

- (i) A page providing informative details about the SDG Voluntary National Review (VNR) process and high level political forum;
- (ii) A page outlining the progress made so far for Uganda's VNR progress;
- (iii) Details on how to contribute to the VNR report and process through survey response, commentary, discussion and online chats.



Introducing the e-Platform on VNR 2020

While the Government of Uganda
had established a roadmap for

Want to learn more about the
VNR process? Click here.

This platform provides an opportunity for popularization of SDs across Uganda. The challenge is to make it accessible to the public, especially those in marginalized and fragile regions and those vulnerable groups living in informal urban settlements across the country.

CHAPTER 2: UGANDA PROGRESS TOWARDS 2030 AGENDA

2.1 Uganda Vision 2040 for Sustainable Development

Uganda's Vision 2040, launched in 2013, aims at transformed Uganda society from a peasant to modern and prosperous country within 30 years.⁹ It is envisaged to attain a lower-middle income status by 2020 and upper middle income status, with a per capita income of USD 9,500 per year by 2040. The Vision will be actualized through 6 five-year National Development Plans (NDP), which started in 2010.

With the second NDP II coming to an end in June 2020, Uganda has prepared the third National Development Plan (NDP III) 2020/21-2024/25 with the theme "Sustainable Industrialization for inclusive growth, employment and sustainable wealth creation".¹⁰ This Plan is the third in a series of six NDPs that will guide the nation and deliver the aspirations of the people of Uganda, as articulated in Uganda Vision 2040. The goal of NDP III is to increase household incomes and improve the quality of life of Ugandans. Successful resource-led sustainable industrialization will enable value addition in key growth opportunities of agriculture (including small holdings), tourism, oil and gas, and minerals. The focus is increasing productivity and sustained accelerated growth by adding value to these sectors, and promoting employment especially for youth and women.

NDP III is also informed by key regional and global aspirations and frameworks including Africa Agenda 2063, 2030 Agenda, EAC 2050, COMESA and the Africa Continental Free Trade Area (AfCFTA). The plan is also cognisant of the challenges and threats posed by the regional and global trends including: Climate Change, regional conflicts leading to large scale population movements and loss of markets, cyber security, terrorism, epidemics, and brain drain stifling innovation, research and entrepreneurship capacity. NDP III objectives include the following:

1. Enhance value addition in key growth opportunities.
2. Strengthen the private sector to create jobs.
3. Consolidate and increase the stock and quality of productive Infrastructure.
4. Enhance the productivity and social wellbeing of the population.
5. Strengthen the role of the state in guiding and facilitating development.

NDP III presents a shift from the previous two national plans. The key changes include: i) the introduction of programmatic approach to focus on delivery and eliminate the current silo approach in order to enhance synergies across sectors and other actors. ii) The increased role of the state to invest strategically either alone or together with the public sector to lower cost of production and increase the country's competitiveness as an investment destination. iii) More targeted investment in infrastructure and human capital, with an increase focus on vocational education. iv) More focus on digitalization in the delivery of services to increase efficiency and reduce corruption.

NDP III focuses on eighteen (18) programmatic areas including the following: Agro-industrialisation programme, Mineral Development Programme, Sustainable Development of Petroleum resources, Tourism Development Programme, Climate Change, Natural Resources, Environment, and Water Management, Private Sector Development Programme, Manufacturing Programme, Integrated Transport Infrastructure and Services Programme, Energy development Programme, Digital Transformation Programme, Sustainable Urbanisation and Housing Programme, Human Capital Development Programme, Innovation, technology development and Transfer Programme, Community Mobilisation and Mind-set Programme, Governance and Security Programme, Public Sector Transformation Programme, Regional Development Programme, and Development Plan Implementation Programme.

2.2 NDP III as a Platform for Mainstreaming the Sustainable Development Goals

Uganda held the Presidency of the United Nations General Assembly when the SDGs were adopted by Member States of the United Nations in September 2015. Uganda was one of the first countries that participated in the first High Level Political Forum in 2016 developing the SDGs Readiness Report at the time.¹¹ The report did indicate significant alignment between the SDGs and the second National Development Plan (NDP II). To date, 93 SDGs indicators have been mainstreamed in the NDP III, and

⁹ Uganda Vision 2040

¹⁰ National Planning Authority, (Jan 2020). Third National Development Plan (NDP III), 2020/21 – 2024/25

¹¹ Government of Uganda (2016) Review Report on Uganda's Readiness for Implementation of the 2030 Agenda, National Planning Authority and UNDP, Kampala. Presentation by the Uganda Team: Uganda's Readiness for the Implementation of Agenda 2030 - presented at the Regional Workshop on mainstreaming the 2030 Agenda SDGs and Agenda 2063 into National Development Strategies, Johannesburg, South Africa, 15th -16th June 2016

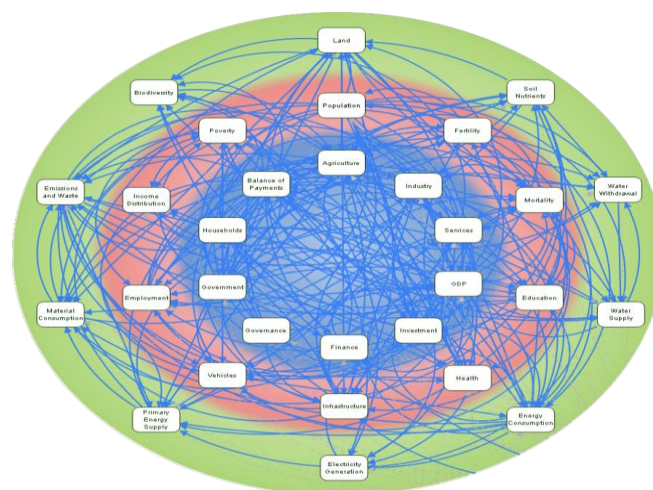
National Planning Authority is committed to working with stakeholders to align the Sector Development Plans and the District Development Plans to the corresponding targets over the life of the Third National Development Plan.¹²

To harmonise efforts to guide the implementation of the 2030 Agenda, Government has set up the National Coordination Framework for SDGs under the leadership of the Office of the Prime Minister. Anchored within the existing Government coordination structures, the framework provides strategic guidance on the roles and responsibilities of key institutions and it is steered by a multi-stakeholder SDG National Taskforce. It sets out and allocates responsibility for coordination, monitoring and reporting; planning and mainstreaming; resource mobilization and financing; data systems; and communication and popularization. For purposes of inclusiveness, the SDGs coordination structures also have the representation of non-state actors, through the Uganda National NGO Forum and the Private Sector Foundation of Uganda (PSFU). These have been the entry point for harmonized UN support to Government. At the high-level political platform, the Parliament of Uganda has set up the Parliamentary Forum on SDGs which continues to task Government to provide update on the Agenda. Most recently, the Prime Minister appointed the Minister for General Duties to be the Cabinet focal point on issues related to the implementation of the SDGs.

Uganda has embedded SDGs into its national developing planning process, and recognizes NDP III as a vehicle towards accelerating the achievement of these goals, and addressing regional aspirations and commitments including the Africa Union Agenda 2063, EAC 2059, the Common Market for East and Southern Africa (COMESA), and the Africa Continental Free Trade Area (AfCFTA). The Government rolled-out the Integrated Sustainable Development Goals simulation model (iSDG) to analyse and identify SDG accelerators to guide prioritisation of the Goals in national development planning. The analysis identified Governance, Environment and Industry as SDG accelerators for Uganda as they are linked to twelve of the eighteen NDP/III programmes, also noting that Human Capital Development sectors of Health, Education and Water and Sanitation are also vital to the attainment of the SDGs (Diagram 1).

¹² *Government of Uganda (2018) Roadmap for Creating an Enabling Environment for Delivering on SDGs in Uganda, Office of the Prime Minister and UN System in Uganda, Kampala*

Diagram 1: A conceptual overview of the core iSDG-Uganda model structure¹³



Source: National Planning Authority, 2020 (Draft). The 30 modules are divided into economic (blue), social (red) and environmental (green).

- The “Economic modules” include the production area (agriculture, industry and services), which are characterized by expanded Cobb-Douglas production function with inputs of resources, labour, capital and endogenous total factor productivity.
- The “Social Module” includes population dynamics by sex and age cohorts; health and education challenges and programs; basic infrastructure (roads and rails) and vehicles; employment; poverty levels and income distribution. The module considers, for example the interaction between income, healthcare, nutrition, and adult literacy rates, and the effect this interaction on fertility and life expectancy, which in turn determine population growth.
- The Environmental modules track the consumption of natural resources – both renewable and non-renewable – and estimates the impact of the use and depletion of such resources on production, health and other modules. They cover change in land use (for example from forest to agriculture land or settlement land); in resource stocks (such as fish stocks and forest cover); in quality of soil based on their nutrient level; and assess their impacts on other modules, such as agricultural productivity, nutrition and biodiversity.

2.3 Summary of Progress on SDGs

Uganda has broadly embraced the principles of sustainable development and the 2030 Agenda in particular, as a means to addressing the constraints that hampered the full attainment of the MDG targets and ensure a development path that is not detrimental to the wellbeing of the future generation. Through a review of literature and a participatory process, Uganda took stock and assessed the progress the country has made towards fulfilling 2030 Agenda and addressing specific SDGs. The Uganda Bureau of Statistics (UBOS) SDGs Status Report 2018 was used to review the status for specific indicators that Uganda is collecting data on.¹⁴

According to the 2019 SDGs Report¹⁵, Uganda is ranked 140 out of 162 countries with a global index score of 52.6 percent declining from 125th position out of 156 Countries in 2018. The global index score of 52.6 percent for Uganda is below the Sub-Saharan Africa average of 53.8 percent. The National Progress Report on Sustainable Development Goals (SDGs) 2019, details the progress Uganda has made on meeting the SDGs targets and highlights mixed results, with significant need to accelerate progress systematically¹⁶ (Diagram 1).

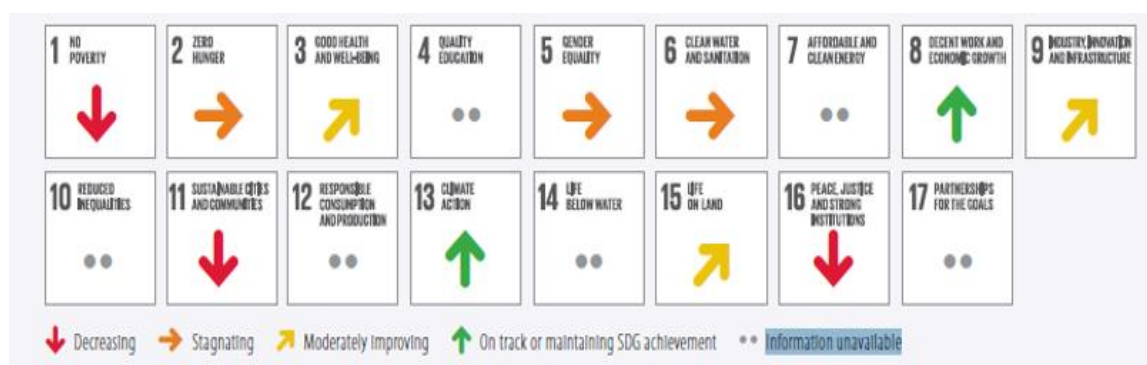
¹³ The iSDG-Uganda (a system dynamics) model is designed to support national development planning. It is structured to analyse medium – and long-term development issues at the national level. The model presents SDG accelerators (priority areas of action), where targeted investment could have a direct and positive impact on other development priorities, thus accelerating progress towards the SDGs. The model structure has 30 modules divided into economics, social and environmental dimensions (National Planning Authority &, 2020. Dynamic Analysis for Sustainable Development Goals in the Context of Uganda’s Third National Development Plan 2020/21-2024/25).

¹⁴ Details on SDG Indicators are available at <https://unstats.un.org/sdgs/indicators/indicators-list/>

¹⁵ Sachs, J., Schmidt-Traub, G., Kroll, C., Laforune, G., Fuller, G. (2019): Sustainable Development Report 2019. New York: Bertelsmann Stiftung and Sustainable Development Solutions Network (SDSN). <https://dashboards.sdgindex.org/#/UGA>

¹⁶ National Progress Report on Sustainable Development Goals (SDGs) 2019. Office of the Prime Minister.

Figure 1: Uganda's SDG Dashboard, 2019



Notes: The full title of Goal 2 "Zero Hunger" is "End hunger, achieve food security and improved nutrition and promote sustainable agriculture".
The full title of each SDG is available here: <https://sustainabledevelopment.un.org/topics/sustainabledevelopmentgoals>

Source: <https://dashboards.sdqindex.org/#/UGA>

According to National SDG progress report, out of the 17 SDGs, Uganda's achievement is average, with moderate performance on SDGs 3, 8, 9, 13 and 15. SDGs 2, 5 and 6 have stagnated and there are serious challenges in achieving SDG 1, 11, and 16 (Uganda is off-track on these goals). There are also information gaps in the country's progress in six SDG areas. Uganda has official data on only 46.3 percent of SDG indicators applicable to the country context. Uganda Bureau of Statistics (UBOS) has initiated a process of creating an SDG Dashboard for Uganda.

2.4 Status of Progress on SDGs

Uganda's on Sustainable Development Goals is summarized in this section in three dimensions of 2030 Agenda, namely: 'Social Dimension', 'Economic Dimension', and 'Environment' Dimension. Details of progress on SDGs in each of the dimensions are summarized as below:

2.4.1 'Society' Dimension

Rising Poverty and Hunger: Progress in SDG 1 has stagnated. The level of poverty in Uganda has increased from 19.7 percent (6.6 million people living below national poverty line of \$1 per day) in 2012/13 to 21.4 percent (8 million people) in 2016/17.¹⁷ About 23.4 million people (62.4 percent) were reported to be vulnerable to poverty, living below the national poverty line of \$1 per day. In the last four years, the vulnerable group grew by 9.3 percent translating into an annualized growth rate of 2.1 percent. If this trend is sustained, going forward, assuming that comprehensive and inclusive strategies of poverty reduction are not implemented or ineffective, and with the climate related, social and economic disasters and shocks, the vulnerable groups could be about 27.6 and 30.6 million in 2025 and 2030 respectively.

About 47 percent of Uganda's households, 50 percent of households headed by women compared with 46 percent of male-headed households, and 56 percent of children below 18 years, experience multidimensional poverty.¹⁸ On the proportion of population with titled land (by region), there has been impressive growth in the numbers of people with titled land from 21.7 to 36 per cent in 2019. This is consistent with the policy action of - accelerating the systematic registration of land - recommended by researchers on land in Uganda. But women and other marginalised and vulnerable groups continue to face challenges in ownership and access to land in various regions.

Zero Hunger: SDG 2 on zero hunger, while Uganda has put in place a policy framework towards zero hunger, the number of children who are stunted needs to be reduced further and attention paid to regional disparities. Despite some progress in reducing hunger and children's stunting, food and nutrition insecurity prevail in most parts of Uganda, especially in fragile regions of Karamoja, Northern and Western Uganda. Poverty, disease, disasters and low productivity affect availability, access and utilization of food. Prevalence of undernourishment is at its highest since 2001. About 41 percent of the population (17.6 million people) are reported as undernourished (FAOSTAT 2019). Dietary energy supply adequacy, as a measure of food availability, has been falling recently. In 2005, dietary energy supply adequacy was 113 percent. But, in 2019, this number dropped to 95 percent. Moderate to severe food insecurity prevails in hot-spot areas of Karamoja Region and Northern Uganda. The most recent national Integrated Food Security Phase Classification reports stressed conditions in 35 percent of population

¹⁷ Uganda National Household Survey, 2016/17; World Bank, 2016.

¹⁸ <http://www.unicef.org/uganda/reports/multidimensional-child-poverty-and-deprivation-uganda-report-volume-one>.

in Karamoja Region, 16 percent in Acholi Region, and 17 percent in East Central Region (IPC 2018). Karamoja and Acholi regions have the highest number of people in crisis phase of the classification at 10 percent and 8 percent respectively.

Twenty eight percent of children under the age of five are stunted. Nearly 4 percent of children under the age of five are affected by wasting (FAOSTAT, 2019, data to 2016). A steady progress in reducing the national prevalence of stunting among children under 5, from 33 per cent in 2011 to 29 per cent in 2016 (UDHS), did not lead to a large reduction in the absolute number of stunted children (it has stagnated at about 2,150,000 children) because of the rapid population growth. Despite the improved Average Annual Rate of Reduction (AARR) from 1.47 per cent in 2012 to 1.79 per cent in 2016, Uganda is not on track to achieve the World Health Assembly (WHA) target on stunting.¹⁹ In order to meet the World Health Assembly (WHA) global target for stunting by 2025, Uganda needs an AARR of at least 2.5 per cent. Regional inequalities also exist, with regions such as Bugisu, Karamoja, West Nile, Bunyoro and Tooro showing higher rates of stunting than the national average. A relatively low prevalence in global acute malnutrition in children under 5 (4 per cent in 2016, UDHS) masks a high national prevalence of severe wasting (1.3 per cent), which is nine times higher than what would be expected in a well-nourished population (0.14 per cent). It also hides significant regional inequities with Karamoja and West Nile, recording particularly high wasting levels (≥ 10 per cent).

After large reductions in the prevalence of anemia in children under 5 (24 percentage point) and amongst women of reproductive age (19 percentage point) between 2006 and 2011, there was an increase in its prevalence (4 and 9 percentage point in children and women, respectively) between 2011 and 2016.²⁰ Anemia remains a severe public health issue for children (53 per cent) and a moderate public health issue for adolescent girls (33 per cent) and women (32 per cent). The severity of anemia is more pronounced in women during pregnancy (38.2 per cent) and lactating periods (34 per cent) and Uganda is off track to meet the WHA targets of halving the number of women of reproductive age with anemia. In Uganda, anemia is associated with poor dietary diversity, micronutrient deficiencies, genetic disorders such as sickle cell anemia and malaria.

The percentage of children who received a minimum dietary diversity and a minimum acceptable diet improved from 25.2 to 30.3 per cent, and from 11.8 to 14.6 per cent, respectively. Nevertheless, complementary feeding practices remain highly inadequate. In 2016, only 15 per cent of children between 6 and 23 months of age received the minimum acceptable diet (MAD), with wide regional variations (2.8 per cent in Acholi and 26.6 per cent in Ankole). The low dietary diversity and low minimum meal frequency for children drive the poor complementary feeding practices as reflected by MAD. Only 4 out of 10 children aged 6–23 months consumed foods that are rich in iron (UDHS 2011, 2016). Persistent inadequate complementary feeding practices appear to be related to poverty, inadequate knowledge and cultural practices, high disease burden and chronic food insecurity in some regions of Uganda.

Health Sector: Progress on SDG 3 on good health and well-being indicates a positive trend towards reproductive, maternal, new-born, child and adolescent health (RMNCAH) as well as well as cancer diagnostics and treatment. However, while there have been improvements in service coverage, the quality of health and nutrition services remains poor and some of the potential cross-sectoral contributions of the health sector are not being fully realized or exploited. Maternal, new-born and child mortality, access to contraceptives, adolescent pregnancies, antenatal care (ANC), skilled birth attendant at birth and postnatal care are areas of concern, especially in rural area and among the marginalized and vulnerable regions.²¹ Despite improvements full immunization coverage is relatively low, leading to high risk of vaccine-preventable diseases outbreaks. Increasing frequency and impact of (re-emerging diseases (COVID19, Ebola, Marburg) outbreaks pose additional challenges to the Uganda's health system. In addition, statistics on the number of deaths from road traffic accidents is clearly a concern that needs urgent action. Limited institutional and human resource capacity of the health sector adversely affects scaling up of priority nutrition specific interventions during pregnancy, postpartum, early childhood and adolescence at health facility and community levels. This is also affect testing, referral and treatment on non-communicable diseases like cancer. Uganda has only one centre – Uganda Cancer Institute (UCI), that offers specialize service in areas of cancer treatment, research and prevention. With a population of over 40 million, Uganda has only 20 oncologists, while the demand for these experts has grown in large numbers due to steady growth of the cancer malady in the population with an annual load of more than 60,000 new case (Uganda Cancer Institute Website).

Undernutrition remains an important contributor to poor maternal, new-born and child survival and development in Uganda. A steady progress in reducing the national prevalence of stunting among children under 5, from 33 percent in 2011 to 29 percent in 2016 (UDHS), did not lead to a large reduction in the absolute number of stunted children (it has stagnated at about 2,150,000 children) because of the rapid population growth. Complementary feeding practices are highly inadequate. In 2016, only 15 per cent of children between 6 and 23 months of age received the minimum acceptable diet (MAD), with wide regional variations (2.8 per cent in Acholi and 26.6 per cent in Ankole).

Progress indicates that immunization efforts in the country are impressive. In October 2019, a national campaign reached over 18 million children. More ambitious goals for immunization and disease control have been set in response to the SDGs. These

¹⁹ 40 per cent reduction in the number of stunted children.

²⁰ UDHS (2006, 2011, 2016)

²¹ UDHS, 2017; Ministry of Health (2017) *Maternal and Perinatal Death Surveillance and Response Guidelines*, MoH, Kampala; UNICEF (2016) *Uganda: Maternal and Newborn Health Disparities*

include introduction of established and new vaccines as well as substantial efforts to establish strong health systems for vaccine delivery, surveillance, and monitoring.

HIV and AIDS: HIV and AIDS remain a major public health and socio-economic challenge with 1,414,610 people living with HIV by 2019 and Uganda still has 1,000 new infections and 500 deaths every week. Data reported in NSP 2014/15-2019/20 indicates that adolescent girls and young women are disproportionately affected: 33 percent of new HIV infections occur in this group.²² Besides, high HIV prevalence rates were reported for sex workers (35-37%), fisher folk (22-29%), long distance truck drivers (25%), uniformed services personnel (18.2%), men who have sex with men (13.7%), and boda-boda taxi-men (7.5%). Diagnosis and treatment outcomes for children and adolescents living with HIV are still lagging behind albeit significant progress made in achieving the 90:90:90 UNAIDS Targets. Only 45% of young people have comprehensive knowledge of HIV²³ and teenage pregnancy rate stands at 25%.

Education Sector: There is mixed progress on SDG 4 (quality education) indicators. About 63.3 percent of children under 5 years of age being developmentally on track in health, learning and psychosocial wellbeing. Children from poor households, especially those in fragile regions and informal urban settlements have limited access to quality education and training. Data on learning outcomes in basic education (Primary and Secondary levels) indicate dismal learning outcomes/attainment and many children, specially those from poor households, do not have the learning competencies at the appropriate level. This is an area that requires urgent attention within the context of SDG 4 because any lost opportunities in early childhood learning will have ramifications on the attainment of SDGs in the next 10 years.

Analysis indicates that only a 10th of children between 3 and 5 years are enrolled in formal pre-primary education. Preschools are predominately private-run and mainly urban-based. Community-based ECDE centres receive very little state funding, are under-equipped, often lack the bare essentials such as clean water and toilets, and are managed by untrained volunteers. Other growing concerns in the education sector include, limited systematic capacity in education sector, poor infrastructure, limited access and participation of marginalized/vulnerable groups, poor quality education, low transition from primary to secondary education, limited investment in ECDE, limited investment in skills development (TVET and apprenticeship) for youth, and limited investment on technology-based education, and limited access to and use of ICT for teaching-learning, supervision and assessment, especially the marginalized and vulnerable groups.

The World Bank's analysis of cross-country data on human capital indicates that Uganda is underinvesting in the future productivity of its citizens.²⁴ A child born in Uganda today will only be 38 percent as productive when she grows up as she could be if she enjoyed complete education and full health. Uganda is ranked among the countries in the lowest quartile of the Human Capital Index (HCI)²⁵ distribution, with an index slightly lower than the average for the Sub-Saharan Africa (SSA) region, and below what would be predicted by its income level. Uganda's low ranking in the HCI is mainly due to the country's low education outcomes. A child born today in Uganda is expected to complete only 7 years of education by age 18, compared to a regional average of 8.1. Because of the low levels of learning achievement in Uganda, this is only equivalent to 4.5 years of learning, with 2.5 years considered as "lost" due to poor quality of education (as shown by the quality-adjusted years of schooling component of the HCI). Uganda's score on this component is the lowest amongst the comparator countries and below the SSA average.

Water, Sanitation and Hygiene: The government has made considerable progress in increasing access to WASH services. Between 2000 and 2016, access to safe water supply in Uganda increased from 57 to 78 per cent. But the demand for and access to quality water across Uganda is not a basic right but also a health necessity. COVID19 pandemic has made WASH a key priority across Uganda. Despite these positive trends, 8.5 million Ugandans still lack access to safe water. Most of the population resides in rural areas, where access to improved water is significantly lower (74 per cent) compared to urban areas (91 per cent).²⁶ More than half (55 per cent) of rural households spend at least 30 minutes (round trip) to fetch drinking water, compared with about a quarter (23 per cent) of urban households. Water fetching are particularly affecting women and children. Urban households (50 percent) are more likely than rural ones (24 per cent) to report water being unavailable for at least one day. Overall, access to safe water grew at a faster rate in urban areas compared to rural ones. This is attributed to significant investments in urban water supply by major bilateral and multilateral agencies. As these investments require counterpart funding from the government, it is further limiting domestic investments in rural water systems. Another important challenge is ensuring populations' access to safe water is the operations and maintenance (O&M) of water points, whereby 15 per cent of improved safe water sources are non-functional (WASH sector report, 2018). O&M challenges are particularly acute in rural areas.

In refugee settlements, access to improved water varies from 18 litres per person per day (1ppd) in settlements hosting refugees from Burundi to 21 lppd in settlements hosting refugees from the Democratic Republic of Congo – against the benchmark of a

²² Uganda AIDS Commission (2018): Acceleration of HIV Prevention: A Roadmap Towards zero new HIV infections by 2030. Kampala

²³ Ibid.

²⁴ World Bank (2019). *Economic Development and Human Capital in Uganda: A case for investing more in Education*.

²⁵ The World Bank's Human Capital Index (HCI) measures the impact of underinvesting in human capital on the productivity of the next generation of workers. It is defined as the amount of human capital that a child born today can expect to achieve in view of the risks of poor health and poor education currently prevailing in the country where that child lives.

²⁶ UDHS (2016)

service level of 20 lppd. It is worth noting that access to improved water by host populations is sometimes lower when compared to refugee settlements due to higher levels of investments in WASH for refugees over the past years. The investments in WASH in refugee settlements have taken into account the needs of children on the move and contributed to addressing the drivers for gender-based violence. The ongoing efforts need to be further expanded to address the inequities in WASH services between refugee settlement and the host communities. The main water systems' challenges in refugee-hosting districts include integration of refugees into district development plans and the transitioning of water systems established with the development partners' support to ensure sustainability.

Access to improved sanitation recorded only marginal improvements in Uganda, from 15 per cent in 2000 to 19 per cent in 2016 (UDHS). This translates into an estimated 31.4 million Ugandans not having access to improved sanitation, out of whom 2.7 million people (7 per cent) are practicing open defecation (UDHS 2016). More than half of households in Uganda (55 per cent) use unimproved toilet facilities, with nearly two thirds (65 per cent) of rural households and one quarter (25 per cent) of urban households using such facilities. UDHS data show that urban households are more prone to use shared sanitation facilities (46 per cent) than rural households (11 per cent). It is worth noting that the urban poor are the most disadvantaged in terms of access to sanitation, which severely affects the health and development of children and poses significant public health risks such as cholera. In refugee settlements, access to latrines ranges from 65 to 98 per cent. Similarly, there has been a very slow progress in scaling up hygiene promotion programmes and in improving access to handwashing facilities. Only 44 per cent of the population have access to soap and water (UDHS). The availability of water and soap is significantly lower in the poorest quintile (24 per cent) as compared to the richest one (54 per cent).

The WASH situation in institutions, such as schools and health facilities, remains highly inadequate. In the education sector, there has been virtually no improvements over the past five years with children to latrine stance ratio of 73:1 against the national standard of 40 children per stance.²⁷ In many schools, latrines are not sex disaggregated or responsive to those with a disability. The situation is further compounded by the lack of a functional model for emptying school latrines. The availability of handwashing facilities in schools remains low and saw a limited progress from 31 per cent in 2008 to 40 per cent in 2018. Poor access to WASH in schools negatively affecting children's health and nutrition, as well as school attendance (especially for girls) and protection from violence.²⁸ UNICEF estimates that 1 in 10 menstruating girls misses school four to five times a month or completely drops out of school. A girl who is absent from school due to menstruation for four days of every 28-day cycle loses 13 learning days, which is the equivalent of two weeks of learning and 104 hours of school, each school term. In addition, MoES estimates that around 23 per cent of adolescent girls in the 12–18 age group drop out of school after they begin menstruating.

The 2019 Global Baseline Report on WASH in Health Care Facilities indicates that only 31 per cent of health facilities in Uganda have basic water, 12 per cent basic sanitation, and 43 per cent basic waste disposal. The proportion of health care facilities with basic water varied significantly between urban (52 per cent) and rural (38 per cent) settings, as well as by facility type (hospital: 61 per cent vs non-hospital: 42 per cent), and whether the facility was private (41 per cent) or government-owned (Government: 22 per cent). Up to 72 per cent of government facilities were found to be on the limited service ladder, meaning that even though an improved water source is available within 500 metres, its distance from the facility introduces an additional time factor for collection and storage, the quantity of which, at critical times or in an emergency, may not be adequate. On the sanitation front, basic coverage was significantly lower than that for water (at 12 per cent) and a higher proportion of health facilities had limited service (79 per cent).²⁹ Poor WASH in health facilities contributes to high maternal and new-born mortality and morbidity, nosocomial infections, poor quality of care and poses privacy issues.

Gender Equality: On SDG 5 on gender equality, the data indicates that women's political participation is well on track, with 45 percent women political participation at the local government level, which is well above the national standard of 30 per cent. Uganda has also made progress in eradicating female genital mutilation. Currently the proportion of girls and women aged 15-49 years who have undergone female genital mutilation/cutting stands at 1percent.³⁰ Gender inequality also is a significant identity-based disadvantage, and a key driver of women and girls heighten vulnerability to SGBV. For example, while women are employed in the agricultural sector, constituting over 70 percent of the agricultural workforce, they own only 7 percent of the land. In waged jobs in the public sector, the average pay for women is 40 percent less than it is for men.

Data available indicate that women in Uganda are more than twice as likely to experience sexual violence, including sexual exploitation and abuse, as men. National statistics show that over half of adult women 15-49 years have experienced violence and more than 1 in every 5 women have experienced sexual violence in their lifetime. Estimates for violence against children (VACs) also show that violence against the girl child with up to 1 in 2 young women experiencing violence prior to age 19 year.³¹ Gender inequality is an important contributor to persistent food insecurity, malnutrition and morbidity among adolescent, women and children in Uganda. Women, who are primary caregivers of young children, have limited time, resources

²⁷ Annual Sector Performance Report, 2018

²⁸ UNICEF, *Scoping Study on WASH in Schools Programming in Eastern and Southern Africa: A review of evidence, bottlenecks and opportunities to meeting SDG targets*, 2018.

²⁹ UNICEF, *WASH in health Facilities: Scoping Study in Eastern and Southern Africa*, 2019.

³⁰ According to UN Women dashboard, citing 2017 data:

<https://evaw-global-database.unwomen.org/fr/countries/africa/uganda>

³¹ *Ibid.*

and energy to provide adequate care and nutrition due to high workload (farming, household chores, other income-generating activities) and limited decision-making power.

The trends on SDGs 7 on affordable and clean energy still require more effort. Steady progress is being made in relation to access to electricity. The overall total proportion of the population with access to electricity has grown from 5 percent in 2002 to 28 percent in 2019. The access to electricity is still low with only 2 percent of the rural population having access to hydroelectricity. Further, the cost of electricity is also a challenge. Further, biomass is still the most important source of energy for the majority of the Ugandan population. About 90 percent of the total primary energy consumption is generated through biomass, which can be separated in firewood (78.6%), charcoal (5.6%) and crop residues (4.7%).

Increased inequalities: SDG 10 on reduced inequalities, there is a mixed picture. Uganda has experienced growth with limited shared prosperity. While the economy has grown and poverty levels have fallen over the long term, income inequality has increased from 0.40 in 2012/13 to 0.428 in 2016/17. Studies indicate that the richest 10 percent of Uganda's population enjoy over one third (35.7%) of national income, and this proportion has grown by nearly 20 percent over the past two decades. The inequality story is a big obstacle for SDG 10 as it affects critical development dimensions. These dimensions of inequality present a big challenge for the country that require concerted efforts relating to the ways in which Uganda responds to inequality. However, on other indicators of SDG 10 like the proportion of the population who feel discriminated, only 35 percent of the population feel discriminated.

Social Protection: Over the NDP II period, Government empowerment efforts were targeted at women, youth, children, Persons with Disabilities (PWDs) and other marginalised and vulnerable persons through a number of flagship initiatives and programs such as the Youth Livelihood Programme (YLP), the Uganda Women Entrepreneurship Programme (UWEP), and Social Assistance Grants for Empowerment (SAGE) among others (MoFPED, 2017). With frequently occurring risks and shocks such as landslides, floods, high temperatures, droughts, and in the last quarter of the year, locust invasion, COVID-19 pandemic and rising of Lake Victoria water levels, among other shocks, the number of marginalize and vulnerable groups across Uganda that need economic and social protection has increased. The challenge is to protect and cushion such people from loss of productivity and livelihood, and enhance access to basic social services, and thus not to drift to poverty.

Expenditure on social protection and a percentage of GDP is low – less than 1% (.04). Despite Government and partners' investment in social protection, there is need to improve financing and targeting of the marginalised and vulnerable groups, especially in marginalized and vulnerable regions, beyond the elderly to cover other vulnerable groups, especially children and persons with disabilities, through comprehensive social protection, including grants targeting vulnerable groups such as children, adolescents and persons with disabilities. In addition, financing challenges threaten the scale and sustainability of social protection programmes in Uganda.

Cities and human settlements and Uganda's spatial system: Uganda's urban population currently stands at 11.8 million and is projected to increase to 46.7 million by 2050. During the 10-year plan period of 2020-2030 alone, Uganda's urban population is projected to grow by 69 percent, adding 8.1 million people to the country's cities, while at the same time population in rural areas will increase by 24 percent, which corresponds to 8.5 million people. Almost a quarter (24.4%) of Uganda's population lived in urban areas as of 2019. Urbanization is taking place rapidly, and half of the country's population is expected to be urban by 2050. Rural to urban migration, natural increase and reclassification, are all contributing to Uganda's fast-paced urbanization. Uganda's national spatial system is dominated by the Greater Kampala Metropolitan Area (GKMA), which comprises 10 percent of the population, 40 percent of the urban population, 46 percent of formal sector workers and 70 percent of manufacturing firms with five or more employees. Uganda's other cities are also economically important. Urban areas hold 23.8 percent of the country's population and account for 70 percent of its gross domestic product (GDP).

Uganda's urban areas have already become the engine for the country's development. There is no doubt that the future of Uganda's growth will continue to lie in urban areas. Over 70 percent of net new job opportunities will be generated in urban areas, hence a further 20-40 million people are expected to inhabit urban Uganda between 2019 and 2040. Therefore, leveraging the benefits of urbanization in Uganda requires strong institutions, and adequate infrastructure and a clear spatial layout. Only an estimated 46 percent of industrial employment and 47 percent of services employment is urban, partly due to the still rural nature of population. Surprisingly, only an estimated third of manufacturing jobs are urban, with 80 percent of manufacturing output generated by micro, small, and medium enterprises (MSMEs), and with the largest share of manufacturing activities (39%) in agro-processing, which is tied to rural areas.

Social inequalities are more pronounced in urban context and with the informal settlement incidence at 70 percent. Currently the rapid urbanization in Uganda, will only make the situation worse if there are no focused policy interventions on housing, urban planning, water and sanitation, access to health care, job creation and equitable resource allocation are required. This will grossly affect the realization of 2030 Agenda and SDGs. Public investments in urban areas (including smaller cities and towns) are therefore critical. This should be guided by commitment to New Urban Agenda.³²

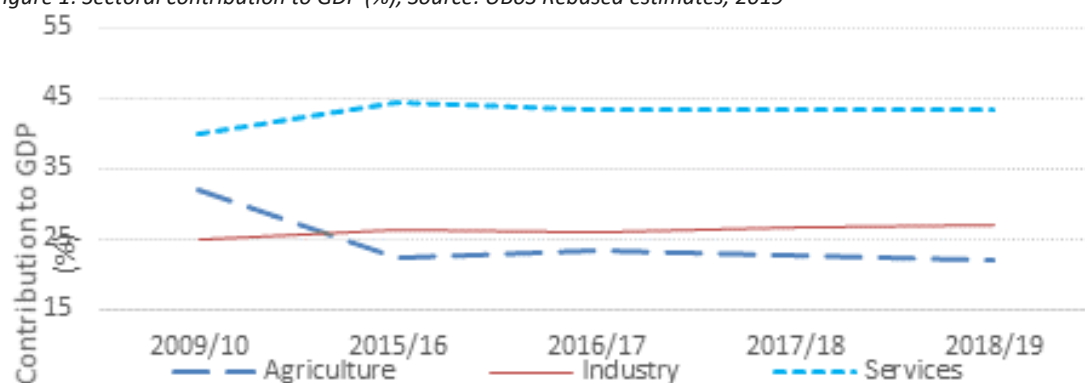
³² In October 2016, the **New Urban Agenda** was unanimously adopted at the United Nations Conference on Housing and Sustainable Urban Development (Habitat III), serving as a new vision for our cities and municipalities for the next 20 years.

2.4.2 'Economy' Dimension

Uganda's Economic growth: Uganda is making slow but steady progress to realize its national aspirations (Vision 2040). Uganda's economy doubled from UGX 64 trillion in FY 2010/11 to UGX 128 trillion in FY2018/19 in nominal terms. The economy is recovering having experienced significant slowdown during most part of the second National Development Plan (NDPII) period and is projected to grow from 6.2 percent in 2018/2019 to 6.3 percent in 2019/2020, driven by expansion in the manufacturing and construction sector. However, the earlier projected growth rate has been revised by half to 3-4 percent in 2019/20 due the outbreak of COVID-19 that is expected to have far-reaching negative impacts on the economy and people's livelihoods. Uganda's economy is rural-based and a large proportion of households (68.9 percent) – majority being women and youth – who are still stuck in subsistence economy and informal trade (micro and small enterprises). These contributes to low productivity and production, thus low incomes and savings to households

Figure 1 indicates the sectoral contribution to GDP in the last five years. For most part of the NDPII period, growth, averaging 4.7 percent, has been significantly below the NDPII annual target of 6.3 percent envisaged to transition the country to a lower middle-income economy, with a GDP per capita increasing from USD 807 in FY2015/16 to USD 878 in FY 2018/19, which is below 2020 target of \$1,039. This slow progress specifically in growth was also evident during NDPI implementation that was characterised by 5.5 percent growth against the NDP target of 7.2 percent. Below target growth, together with high population growth, also has a dampening effect of gross national income (GNI) per capita, reducing Uganda's prospects to graduate from the LDC category.³³

Figure 1: Sectoral contribution to GDP (%), Source: UBoS Rebased estimates, 2019



Current statistics indicate that more than 80 percent of the Ugandan people make their living through dependence on agriculture. The agriculture sector also contributes up to 60 percent of the country's export earnings.

Uganda's economic recovery and progress is not matched with shared prosperity. The 2016/17 Uganda National Household Survey (UNHS) estimated that 21.4 percent of Ugandan are poor, corresponding to nearly 8 million people living below national poverty line of \$1 per day.³⁴ As indicated above, this is an increase from 19.7 percent (6.6 million people) who were reported poor in 2012/13.

On SDG 8, reports indicate that GDP growth in Uganda reduced from 4.8 in 2016 to 3.9 in 2017. The services sector continues to grow and is the most important sector of Uganda's economy and accounts for 51percent of total GDP. Nevertheless, positive progress is seen in the fact that Uganda has witnessed a rebound in growth of above 6.0% and by the end of FY2017/18, real GDP growth had risen from a low level of 3.9 percent to 6.2 percent and at the end of FY2018/19, it was at 6.1percent. Reliance on rain-fed agriculture remains a major downside risk to real GDP growth and the whole economy. This is because of the importance of agriculture to the economy as a whole. Informality is still a critical challenge to Uganda's economy with proportion of informal employment in non-agriculture employment standing at 84.9 percent. The number for women in the informal sector stands at 85.6 percent and for men it is 84.5 percent. Unemployment metrics show significant fall from 33.8 percent in 2013 to 9.7 percent in 2016, the unemployment rate for youth aged 18–30 years is 13.3percent. However, studies indicate that unemployment as defined by ILO is inadequate to characterize labour markets. Youth unemployment does not provide a full and adequate description of the difficulties youth face in the labour market. The challenge for this decade of action is to ensure that; unemployed or underemployed youth are able to contribute effectively to national development and expand their opportunities to exercise their rights as citizens.

³³ To become eligible for graduation from the LDC category, a country has to meet graduation thresholds for two of the three LDC criteria set by the United Nations Committee for Development Policy. While Uganda already meets the threshold for the economic and environmental vulnerability index (EVI), it is significantly below thresholds for GNI per capita and, despite noticeable progress, the human assets index (HAI).

³⁴ Uganda National Household Survey, 2016/17; World Bank, 2016.

Decent Employment: Creation of quality and gainful employment, especially for the youth remains a challenge. The overall unemployment rate was 9 percent in 2012/13 with the females experiencing higher unemployment rate (11 percent) compared to males (8 percent)³⁵. The proportion of females in paid employment is 37 percent while the females are the majority for persons in self-employment (53percent). Overall, women account for 71percent of all persons engaged in vulnerable employment. Youth unemployment remains high at 11percent (13.7% females, 8.9% males) in Uganda (UNDP, 2015) and it is higher than the national average unemployment rate of 9.4 percent. A recent World Bank (2018) report suggests that Uganda will need to create more than 700,000 jobs per year before 2030 and create more than 1 million jobs per year by 2040 to keep up with the pace of labour force entrants.

Manufacturing Sector: SDG 9 on industry, innovation and infrastructure indicates some positives. The data available indicates that manufacturing value added as a share of total value-added stands at 8.1 percent. Other analytical studies indicate that manufacturing, value added (as a % of GDP) in Uganda was reported at 9.5 percent in 2016, according to the World Bank. This indicates a modest growth in the value added coming out of manufacturing. The growth in Uganda's industrial sector occurred mainly on account of the construction sector, rather than through growth in essential raw materials, investment in machinery and equipment, which are essential for agro-processing and overall industrial expansion and future economic growth. A critical bottleneck to deal with is the fact that manufacturing activities are either of the end-product assembling type, or (food) processing, both of which are characterized by low value added 'manufacturing'.

Green Growth: Progress toward achieving SDG 12 targets on sustainable consumption and production is pursued through several green growth strategies. For Uganda, the Vision 2040 provides the context for green growth. The vision emphasizes that a green economy will contribute to eradicating poverty as well as sustaining economic growth, enhancing social inclusion, improving human welfare and creating opportunities for employment and decent work for all, while maintaining the healthy functioning of the ecosystems. Uganda is taking steps to address these challenges through; massive campaigns of distribution of free energy saving bulbs to households to enhance energy efficiency, promoting the use of charcoal saving stoves to households, distribution of free agriculture seedlings and livestock, especially to rural areas where the most vulnerable people reside, promoting social protection grants to the most vulnerable elderly persons for basic consumption expenditure, tree planting programme implemented by the National Forestry Authority, where free tree seedlings are distributed to interested individuals and implementation of projects like *Switch Africa Green project*, under implementation by the National Environment Management Authority, with a focus on small and medium scale industries, is implementing the principles of sustainable consumption and production.

2.4.3 Environment Dimension

Mismanagement of Environment and Natural Resources: SDG 13: The economy of Uganda is highly vulnerable to climate change and the impacts of climate change are likely to adversely affect the ability of physical and biological systems to sustain human development, including socioeconomic development³⁶. Uganda has abundant natural resources, including a diverse range of minerals. Approximately 65 percent of the population are involved in agriculture, while its ecotourism potential remains largely unexploited.

Uganda's natural environment and the natural resource base has been in continuous decline. The National Forest Authority reports that Uganda's forest cover across the country tremendously declined from 24percent (4,933,271 hectares (Ha)) of land area in the 1990 to less than the current 9percent (1,956,664Ha) in 2018, driven by heavy (90 percent) reliance on biomass for energy. Wetland area also reduced to 10.9 percent in 2017 from 15.6 percent in 1994 due to encroachment for settlement, infrastructure, agricultural production, urban development growth of urban centres and industrialization. With the ongoing energy generation initiatives and current power generation capacity of about 900MW already enough to meet demand, including appropriate levels of spinning reserve, the population with access to electricity has increased from 20.4percent in 2017 to 23 percent in 2018 but remains low. It is envisaged that increased transmission, distribution and evacuation of the generated electricity will reduce reliance on biomass and diminish pressure on forests (Source: EU Synthesis Report on Environment, Natural Resources, Resilience and Green Economy, 2019). Environmental pollution is one of the primary concerns of Uganda. In Uganda, the main cause of air pollution is transport, especially rapid motorization that is being experienced in urban areas as well as other causes open waste burning in mining. Studies by Ugandan scientists suggest about 14 percent of children between the ages of 8 and 14 living in Kampala have bronchial asthma, which is mostly caused by air pollution (New Vision, 2017). The economic growth has brought environmental problems in general and on the environmental pollution in particular.

On SDG 14, life below water, while Uganda does not have ocean-based resources, since it is a landlocked country, it nevertheless has several freshwater lakes and rivers and a vibrant fisheries sector. Natural water bodies cover some 42,000 km², or about 18percent of Uganda's total area, and fisheries play a very important role as a foundation for subsistence and commercial livelihoods. Lake Victoria is by far the largest and most economically significant of the national fisheries bodies. However, other

³⁵ State of Uganda Population Report, MoFPED, 2017

³⁶ Uganda National Climate Change Policy, 2015

large lakes, including George, Edward, Albert, and Kyoga, along with the River Nile and a great variety of minor lakes around each of the large lakes, swamps and streams, also contribute substantially to the annual national catch. It is therefore imperative that Uganda manages these water bodies in a manner that will promote sustainable use of these resources. Overall, fisheries activities along the value chain contribute 3percent to national GDP and 12percent to agricultural GDP of Uganda. Fisheries sub sector employs up to 1.7 million people directly and over 3.5 million people indirectly and fish accounts for over 50percent of animal protein food with a per capita consumption of 10kg for Uganda. It is projected that capture fisheries production will increase by 530,000 metric tonnes by 2020 while aquaculture production is projected at 300,000 metric tonnes.

On SDG 15, life on land, Uganda has put in place several policies as well as legal and institutional reforms and measures aimed at promoting the conservation and sustainable use of the country's forest resources. These include: National Forestry Policy 2001, National Forestry and Tree Planting Act 2003, starting the Forest Sector Support Department, the National Forestry Authority and establishment of District Forestry Services and instituting enforcement measures through the Environmental Protection Police Unit. Within this context, Uganda is working towards reversing the trends in depletion of forest resources.

As Uganda was under lock-down due to COVID-19 pandemic, another disaster emerged - the rising water levels of Lake Victoria. The current rise of Lake Victoria water level started on 1st October 2019, and has constantly gone up from 12 meters to the current level of 13.32 meters as of 30th April 2020.³⁷ The quick rise in water level has been accelerated by human activities especially environmental degradation. Loss of forest cover, encroachment on wetlands, lakeshores and river banks including poor land use practices, have resulted in soil erosion leading to siltation of water bodies. The result is speedy movement of water into the lakes and rivers with a lot of silt, which has further reduced water storage capacities of Uganda's water bodies. In addition, urbanization has created highly impermeable surfaces like roads, roofs, pavements that have reduced water infiltration into the soil, interception and evapo-transpiration capacity of forests and wetlands. The rising water levels have had negative impacts, flooded hospitals, schools and infrastructure, disrupted businesses, destroyed property and displaced thousands of people living and working by Lake's shores.

Disaster Risk Reduction Infrastructure: The Office of the Prime Minister's Department for Disaster Preparedness and Management established the National Emergency Coordination and Operations Centre (NECOC) in October 2014, with the support of United Nations Development Programme (UNDP). NECOC is a 24 hour, 7-days a week central facility for early warning and the coordination of emergency and crisis response and recovery action. The NECOC is established under the National Policy for Disaster Preparedness and Management (NPDPMP) with the purpose of contributing towards the functionality and characteristics that make creation of an integrated and multi-sectoral system approach to planning, preparedness and management of disasters that is fundamental to sustained productivity and socio-economic growth. The primary purpose of the NECOC is to provide and disseminate early warning information, establish mechanisms for the effective coordination and networking emergency response and recovery assets and resources, support the assignment of responsibilities and establishment of procedures to safe guard the lives and properties of the population in-case of emergencies or disasters through organizational, planning, training activities designed to enhance the countries preparedness and response capabilities. It's goal is to establish institutions and mechanisms that will reduce the vulnerability of people, livestock, plants and wildlife to disasters in Uganda.

NECOC is responsible for the effective coordination and networking of various emergency response institutions of government including the fire brigade, Police Rapid Response Units, UPDF Emergency Support Units, Uganda Red Cross Society, hospitals emergency units and the private emergency firms. By coordinating together with humanitarian organizations, development agencies, and the Government of Uganda, NECOC centralizes disaster management and coordination. NECOC coordinates the following: Early Warning Analysis and Dissemination; Risk Reduction; Training and Knowledge Management, and Community Resilience. It has been able to produce National Vulnerability and Risk Atlas (Hazard Profiles) for Uganda.

DRR and Effects: Uganda is under threat from multiple hazards striking vulnerable communities and systems. The country, in the past decades, has been experiencing a widespread occurrence of natural and human-induced hazards including droughts, floods, earthquake, hailstorm, windstorms, lightening, landslides, fires, conflicts, disease (human, crop and livestock) – the current being Corona virus (COVID-19). Though their magnitude and coverage varies, these are a common phenomenon in almost all districts of Uganda. About 68%, 67%, 57%, 53%, 52%, 26%, 9%, and 7% of the total population of Uganda are respectively exposed to windstorm, earthquake, hailstorm, lightning, drought, flood, volcano, and landslides³⁸. From the 138 health facilities damaged by hazards (1993-2018), flood was blamed for 93% (129 health facilities in number) of the facilities while storm and earthquake account for 5% and 1% respectively. About 89% and 6% of health facilities destroyed were accounted for floods and fires respectively while storms destroyed 4% from the total 49 health facilities destroyed by hazard events. In terms of exposures, of the 11 sectors assessed and incorporated into National Voluntary Review (NVR) Assessment (2018), Social Development Sector followed by Agriculture appears to be the most sensitive across the seven prominent hazards included in the Atlas and certainly

³⁷ Uganda Media Centre. Ministry of ICT and National Guidance, May 2020.

³⁸ GoU & UNDP, 2018. Integrating Disaster Risk Management Concerns into National and Sector Development Plans for Resilience and Sustainable Development.

to other hazards as well. Education and sports; Lands, Housing and Urban Development sectors are highly exposed to four of the major hazards while water and environment; and works and transport are highly exposed to three³⁹.

Over a decade disaster and risks loss and damage has been on the rise in Uganda, with grave socio-economic consequences for survival, dignity and livelihood of citizens, particularly the poor. Uganda is exposed to an array of hazards striking the vulnerable communities, systems, and affecting the GDP growth of the country. Disasters is estimated to have reduced the GDP performance by average of 3.5% between the years of 2010 and 2014 and its impact was computed to be 7.5% of 2010 GDP.⁴⁰

2.4.4. Governance, Peace and Security

Uganda is a young democracy having attained independence from British in 1962. Uganda is one of the few countries in Africa where relative peace has been sustained for more than two decades. Although the political environment remains volatile, the country has moved from recovery and the discourse in Uganda is about moving the country to the next frontier of development, into middle income status. The discovery of oil was viewed as the potential push factor that could enable the country to cross this threshold. However, the discovery and attendant negotiations between the government and the multinationals that bid to develop the oil sector have been embroiled in opaque contractual and operational matters that have rendered the previous projections of oil production in Uganda by 2021 untenable. To avoid reversal in the development gains achieved so far, there is a need to sustain the hard-earned peace and security.

After forming the Government in 1986, the National Resistance Movement initiated the decentralization reform in a large scale. As part of devolution, local councils (called “resistance councils” at the time) played an important role for NRM during and after its guerrilla warfare in the first half of the 1980s. These councils were meant to resist the incumbent government before the NRM came to power and to maintain social order and peace as well as secure democracy thereafter. Decentralised governance represented part of the political strategy of the new regime to install a new and revolutionary concept of democracy: “democracy that is participatory, grass-roots based and popular.” The Local Government Act 1997 is clear in determining which levels of government are in charge of which functions and services. In order to empower local governments to fulfil their responsibilities, they are entitled to levy, charge, and collect local taxes and fees to receive a number of intergovernmental grants. With regard to taxes and fees, districts and urban local governments are allowed to impose property tax, several forms of non-tax revenue (market dues, trading licenses, parking fees, education contribution, etc.). According to the law, proceeds from local taxes and fees are retained locally and shared between different levels of local government administrative units but not with the centre. However, since these proceeds are extremely low, local government receive intergovernmental transfer for the centre in the form of unconditional, conditional and equalization grants.

Challenges on political patronage, effective governance, accountability, observation of human rights and gender equity and access to justice is one of the key areas that impact on Uganda’s fulfilment of the 2030 Agenda and achievement of specific SDG targets. In the 2018 Mo Ibrahim Index of African Governance (IIAG), which measures good governance in Africa, Uganda ranked 20th out of 54 countries on overall governance with a score of 55 percent; on safety and rule of law it ranked 23rd with a score of 58.1 percent; on participation & human rights, Uganda was ranked 23rd with a score of 54.6 percent; on sustainable economic opportunity it was ranked 15 with a score of 52.6 percent; and on human development, Uganda ranked 21 out of 45 with a score of 54.5 percent.⁴¹

On SDG 16, peace, justice and strong institution, there is some progress on some indicators. Data from the National Governance, Peace and Security Survey (NGPSS) indicates that overall 61% of respondents reported feeling safe with women reporting to feel safe walking around at 55% and men at 65%.⁴² For both categories feeling safe was more pronounced during the day time than in the night time. The feeling of safety increased significantly from 51% in 2013 to 94.3% in 2017 for those reporting feeling safe during the day time. The NGPSS indicated that 66 percent of respondents felt local councils were doing well although bribery is still a critical concern for Uganda. 21 percent of Ugandans report that they have paid a bribe to a public official. The proportion of the population that feels safe walking alone around the area they live have increased significantly from 51 percent in 2013 to 94.3 percent in 2017 for those reporting feeling safe during the daytime. However, for young Ugandans, they still have challenges related to violence against children. Children aged 1-17 years who experienced any physical punishment and violent disciplinary measures, in the past 12 months’ - for females the percentage is 84.6percent which is slightly less than the male whose numbers stand at 85.2percent who experienced physical violence.

Regional Peace and Security: Instability, peace and security in the Great Lakes regions have negatively affected Uganda, stretching available resources and having social-economic and environmental impact of the hosting communities. Uganda is currently hosting the largest refugee population in Africa and the third biggest in the world, with 1.4 million refugees⁴³. In 2016/17 alone, 800,000 refugees sought refuge in Uganda, mainly escaping political insecurity in South Sudan and DRC. Since

³⁹ Draft National Vulnerability and Risk Atlas, 2018.

⁴⁰ National Vulnerability and Risk Atlas, 2018; MSB Disaster Risk Issues in Uganda and Containing Alternatives, 2020.

⁴¹ 2018 Ibrahim Index of African Governance (IIAG). Human Development Report, 2019.

⁴² Report of the National Governance Peace and Security Survey 2017.

⁴³ UNHCR, Government of Uganda, Office of the Prime Minister, available at <https://ugandarefugees.org/en/country/uga>.

2017, Uganda applies the Comprehensive Refugee Response (CRRF), with its approach to refugees being among the most progressive in the world with a favourable legal and policy environment for refugees, including the freedom of movement, right to work, the right to documentation, and access to government services on par with nationals. Uganda applies a settlement and self-reliance approach where all refugee families receive a plot of land for subsistence farming. This additional population increases the demand for social service delivery, particularly health and education as 60% of the refugee population are children, and natural resources in the areas where they are hosted. Additionally, the vulnerability and risks of women and girls to SEA is quite high in refugee settlements, something to explain why there is needs for continued awareness raising of refugee population on their entitlements, rights and where to report for SEA as well the investigation/ feedback process on SEA allegations. Importantly, SEA risk mitigation measures need to be put in place in the refugee settlements. settlements. Therefore, Uganda in its NDP III, district development plans and sector strategies, will include refugees across sectors to increase capacity of the national and local systems to cater for the needs of refugees and host communities alike. The basis for this was already created through the Settlement Transformative Agenda (STA) in NDP II.

Even though the 2005 constitutional referendum introduced multi-party system in Uganda, the ruling party (the NRM) still remains the dominant political party in power since 1986. Other key political parties include the Forum for Democratic Change (FDC), Uganda People's Congress (UPC), and the Democratic Party (DP). But the democratic space faces challenges. Members of the opposition are targets of security organs and most of the time not allowed to, for example, organize political rallies or move freely to meet and address the public.

Uganda has a broad institutional and legislative framework that protects human rights. Over the years, Uganda elaborated a National Action Plan for human rights (awaiting Cabinet approval), established institutional bodies and structures to enhance the protection and promotion of human rights, including the Uganda Human Rights Commission, the Equal Opportunities Commission and the National Council for Disability. Uganda engages with international and regional human rights mechanisms, and in particular the Universal Periodic Review. In spite of this, the human rights situation in Uganda remains of concern, in particular with regard to restrictions of civic space and media freedom, as well as incidents of arbitrary arrest/detention and excessive use of force by security forces. With the general elections scheduled in 2021, tensions may further rise as opposition, media and other voices critical of the Government are increasingly intimidated and targeted, including through arrests and detention. Despite the existing protective legislative framework, including under Article 29 of the Constitution of Uganda,⁴⁴ the interpretation and misuse of existing legislation and persisting police practices indicate a seeming drift towards restrictions of freedoms of expression, assembly and association, targeting in particular opposition groups, media and civil society organizations. This includes, inter alia, targeted arrests of media workers and opposition members, a stricter control and disruption of peaceful gatherings and of media work. The continued misinterpretation and excessive discretionary powers exercised by the Uganda Police Force (UPF) under the Public Order Management Act, 2013 (POMA) have often resulted in unlawful restrictions of peaceful public assemblies, in particular those organized by opposition groups.

Since the entry into force of POMA, several gaps were identified in this law, resulting in the UPF having used its discretionary powers in implementing it. This led to the disruption of many peaceful assemblies. The security forces have also faced criticism for using excessive force in responding to the protests causing unnecessary harm to individuals while demonstrating conduct that is inconsistent with the principles of proportionality, legality and necessity in policing generally, and public order management in particular. While the conduct of the protestors included the blocking of roads and in some few instances burning car tyres, the use of live bullets by the security forces could be deemed to be excessive and an unjustified response to the threat posed by the crowds. On 26 March 2020, Uganda's Constitutional Court annulled section 8 of the POMA which granted the police wide and discretionary powers to disrupt public meetings. The UPF has indicated its intention to appeal this decision, and may in practice continue to repress public meetings, until the appeal is determined.

On SDG 17 on partnerships for the goals, binds all the other SDGs together. Its core argument is that a successful sustainable development agenda requires partnerships between governments, the private sector and civil society. The Government has set up the National Coordination Framework for SDGs under the leadership of the Office of the Prime Minister. The SDGs coordination structures also have the representation of non-state actors, through the Uganda National NGO Forum and the Private Sector Foundation of Uganda (PSFU). The framework provides strategic guidance on the roles and responsibilities of key institutions and it is steered by a multi-stakeholder SDG National Taskforce. It sets out and allocates responsibility for coordination, monitoring and reporting; planning and mainstreaming; resource mobilization and financing; data systems; and communication and popularization. Uganda has a Partnership Policy and a Framework for the Partnership Dialogue.

The Framework for the Partnership Dialogue also introduced the National Partnership Forum (NPF) as the highest level of consultation with participation of Local Partners Development Group (LDPG). This platform brings together stakeholders from the government, the United Nations and other development partners, and non-state actors including representatives from National NGO Forum and the Private Sector Foundation of Uganda. There is also a multi-stakeholder SDG National Task Force Team, which brings together technical people from government and non-state actors, supporting coordination, monitoring and reporting on SDGs.

⁴⁴ Article 29 of the Ugandan Constitution provides that "every person shall have the right to freedom of speech and expression which shall include freedom of the press and other media".

The CCA indicates that despite progress towards SDGs (which is average), Uganda has multi-sectoral gaps and challenges across society, economic, environmental and governance dimensions of 2030 Agenda. The factors and causes behind these gaps/challenge are highlighted below.

2.4.5 Uganda Social-economic impact of COVID-19

Uganda, like many countries in the world, has been impacted negatively by COVID-19, which has seen earlier economic growth projections for 2019/20 being slashed by a half. In response to the COVID 19 outbreak, the UN system undertook a study to ascertain the potential socio-economic impacts of the pandemic to provide evidence to inform interventions for the short, medium and long term⁴⁵. Findings indicate that COVID-19 has and will have multiple impacts on the economy, poverty, employment, livelihood and vulnerability including increase in the incidences of domestic violence, surge in rate of crime, and a worrying lack of access to emergency SRHR services, among others. The impact of the pandemic will be distributed unevenly across sectors, with the service and the manufacturing sectors being most affected and agriculture being the least affected sector. Tourism is expected to lose revenue of more than 5 billion in the next 5-year period (2020-2025) and close to 65 percent of the workers will either temporarily be laid off or will not be paid regularly. The widespread impact of COVID-19 across economic sectors will most likely slow down the speed of economic transformation, expansion of the industrial base, job growth and delivery of essential social and protection services envisaged under NDPIII. It will also impact negatively on the achievement of SDGs. The challenge is to protect people, especially the marginalized and vulnerable, from loss of livelihoods, hunger and limited access to quality social and protection services.

COVID-19 pandemic has interrupted and negatively affected the provision of quality health, education, social protection and other basic services across the country. Health services are overstretched and all attention is on how to prevent the spread of Corona virus, trace and treat those already infected. Learning and training institutions have been closed since the lock down three months ago, and learning is expected to be virtual (E-learning). But, access to the E-learning platform and content remains a challenge to many learners, especially those from marginalized and vulnerable households in rural areas and informal urban settlements.

⁴⁵ To better understand possible socio-economic outcomes and recommend effective interventions, the UN System in Uganda used economic models to explore different scenarios of the macroeconomic impacts but also assess the social impact in terms of health outcomes, food security, service delivery, poverty and vulnerability. (UNCT Uganda. "Leaving No One Behind in the COVID-19 Response: In-depth analyses on the socioeconomic impact of COVID-19 in Uganda" Report.

CHAPTER 3: FACTORS BEHIND PROGRESS TOWARDS SDGs IN UGANDA

3.1 Causes of economic recovery

Uganda's economy has been recovering, having experienced significant slowdown during most part of the Second National Development Plan (NDP II) 2015/16 – 2019/2020 period and was projected to grow from 6.2 percent in 2018/2019 to 6.3 percent in 2019/2020. The relatively strong performance of the economy over the last ten years is partly attributed to sustained peace and security that the country has enjoyed. Macro-economic stability and robust investment in infrastructure, particularly in roads and energy, has driven by expansion in the manufacturing and construction sectors. However, the earlier projected growth rate has been revised to 3-4 percent in 2019/20 due the outbreak of COVID-19 that is expected to have far-reaching negative impacts on the economy and people's livelihoods. Uganda's economy is rural-based and a large proportion of households (68.9 percent) – majority being women and youth – who are still stuck in subsistence economy and informal trade (micro and small enterprises). Agriculture has been a key sector in job creation, employing 80% of the working population, with 68% of these employed in subsistence agriculture.⁴⁶ A large segment of society is employed in the informal sector without contracts or legal protection. This expose many to the risks of labour exploitation, including child labour, trafficking, externalisation of labour, sexual harassment and violence.

3.2 Causes of increased poverty and inequalities

Poverty is driven by heavy reliance on subsistence rain-fed agriculture as the only economic activity. The majority of people in rural areas, and especially in fragile and marginalize regions of West Nile, Acholi, Karamoja, Elgon, Bugedi, and Busoga, depend on subsistence agriculture as the only source of livelihood. The recent slowdown of the economy, due to multiple of factors, including ecological, limited savings and investment, increased debt, unfavourable business environment, corruption and mismanagement of public resources among other factors, constrained growth on a per capita basis, resulting in a deterioration of the poverty levels in the country. Indeed, the slowdown in economic growth is attributed mainly to productivity losses in the agriculture sector, which is stuck in subsistence, and face various challenges including pests diseases, limited access to market, limited affordable and accessible agricultural financing, weather vagaries and associated climate changes. Ten years ago, when the economy was growing at an average of 7.0% per year, the proportion of Ugandans living below the national poverty line declined from 31.1% in 2006 to 19.7% in 2013 (Uganda being one of the leading countries in Africa in poverty reduction programme). But the situation has changed and more people are pushed into both monetary and multi-dimensional poverty. The recent slowdown in the growth of the economy has resulted in an increase in the proportion of people living in poverty (from 6 m to 8 million in the last five years). These are mainly vulnerable groups who have no sources of income, are engaged in subsistence agriculture, informal trade and employed in informal or formal sectors as labourers, and depend on social security support or donations.

The agriculture sector in Uganda is neither efficient nor resilient. Stagnating growth – only 2 percent annual growth in the past five years- and expanding yield gaps – only up to 40 percent of potential- are the hallmarks of subsistence agriculture in Uganda. Inefficient as it may be, the system produces nearly 80 percent of total agriculture output of the country. So, predominant is subsistence farming in Uganda that up to ninety percent of all farmers practice it and nearly half of the total land area of the country (106,000 km²) is dedicated to it (NFA 2017). As the dominant land use activity, subsistence farming also leaves a significant imprint on the environment and diminishes the natural resource base. Its expansion and practices have been linked to forest cover loss, soil erosion, wetland loss and land degradation. The livestock sub-sector alone contributes nearly 86 percent of all greenhouse gas emissions from agriculture (enteric fermentation, savannah burning, and manure left on pastures). Inefficiencies of production aside, the subsistence agriculture system is also highly vulnerable to shocks as well as prone to disruptions.

Low productivity of agriculture sector is directly linked to lack of quality inputs, low access to financial services, ineffective extension, deficient market information and lack of access to markets. Labour productivity in agriculture, moreover, is much lower than labour productivity in other economic sectors. Agriculture value added per worker in Uganda, a key average measure of productivity, is USD 574 in 2018 (World Bank Data 2019 and FAOSTAT 2019- data up to 2012). The same measure for middle income countries, in comparison, is USD 1587 (World Bank Data 2019).

The increase in poverty has been driven by the fact that while the growth has slowed down, Uganda's population is increasing, and people in vulnerable situation also increasing. Another factor is that the modest growth experienced over the last five years was driven by the service sector. However, the sector employs a small proportion of the population compared to agriculture and manufacturing sectors that have strong forward and backward linkages and spill-over effects in the economy.

3.3 Ecological and Climate Related Factors

The increase of poverty, slow economic growth and inequalities across Uganda experienced over the past five years is attributed negative effects of environmental destruction and climate change, in particular drought, floods, landslides, high temperatures,

⁴⁶ Ibid.

pests which affected agricultural production for most households that had previously been able to move above the poverty line, and the lack of social protection systems. Uganda is affected by Global warming, expected to increase the earth's temperature by 3C (5.4F) in the next 100 years, resulting into multiple adverse effects on the environment, livelihood and human well-being: including wide spread species loss, ecosystem damage, flooding, increased natural disasters, and displacement of people among others.

Despite having the necessary condition for increased agricultural production and food security, a large proportion of the population, especially those in fragile regions of Karamoja, Northern and Western Uganda, fall victims of droughts and floods regularly. The magnitude of disasters and risks is more of a result of the country (at National Government, Local Governments, sectors and households) limited and in some cases lack of planning and building resilience systems than a result of natural climatic or geological conditions.

In Uganda, increased population growth and increased use of natural resources for farming, grazing, and fuel has resulted in high environmental degradation, posing economic, social and governance challenges. Ecological injustices have increased and are perpetuating poverty and inequalities. For over two decades, Uganda's forest and natural resources have faced severe pressure from mainly agricultural conversion as a result of population increase, urban demand for charcoal, overgrazing, uncontrolled timber harvesting and failure to effectively implement the existing relevant policy and legal frameworks on environmental and natural resources management. The forest cover has shrunk from 24percent (4,933,271 hectares (Ha) of land area in the 1990 to less than the current 9percent (1,956,664Ha) in 2018, driven by heavy (90 percent) reliance on biomass for energy. Currently the rate of deforestation is estimated to be about 1 percent per annum. About 800,000M3 of logs are cut each year. The annual cost of deforestation in Uganda has been conservatively estimated at US\$3.8-5.7 million per year (Fahnenberg et al, 2000). Deforestation occurs mainly in privately owned land or ungazetted public forests, but minimal on gazetted forest reserves. Military warfare has also contributed to deforestation in Western part of the country.

Agricultural encroachment, logging, charcoal making, and harvesting for firewood consume more wooded area each year. Besides mismanagement, growing population, conservation, underutilization, weak law enforcement and poverty. There is growing corruption in government bodies that are mandated to conserve as well as among the citizens coupled with weak law enforcement institutions and officers, Poor planning, weak regulations and inappropriate processing technology have resulted in the unsustainable harvesting of forest products hence poverty because of low returns. There is limited institutional capacity and limited resources at both central and local government levels to regulate forests exploitation and there is limited incentive for private sector to improve its performance in the forests sector. Wetland area also reduced to 10.9 percent in 2017 from 15.6 percent in 1994 due to encroachment for settlement, infrastructure, agricultural production, urban development growth of urban centres and industrialization. Wetland area also reduced to 10.9 percent in 2017 from 15.6 percent in 1994 due to encroachment for settlement, infrastructure, agricultural production, urban development growth of urban centres and industrialization.

Such destruction has led to environmental and climate related disasters and risks, including frequently occurring landslides, floods, droughts, and in the last quarter of the year, locust invasion, and flooding due to rise of water levels of Lake Victoria.

Artisanal and small scale mining that dominates the mining sector in Uganda is characterized by unethical and unsustainable mining methods, dire health and safety conditions, child labour, gender inequalities, exploitative pricing and environmental degradation, among other challenges. In addition, there are weak institutions, coupled with corruption, that are mandated to manage the country's mineral wealth. These have led to clashes between the local communities and government operators.

Frequent environmental and climate related disasters and risks across Uganda have negative impact on socio-economic development of Uganda, affecting production, productivity, livelihood and reducing quality of life. More and more people across the country, especially in marginalized and fragile regions like Karamoja, are pushed into poverty.

3.3 Governance, Peace and Security Factors

Political Economy of Uganda and Internal Conflicts: Political economy analysis of Uganda helps the UN system in Uganda to understand the interaction of politics and economic processes at national and regional levels: the distribution of power and wealth between different individuals, groups and regions, and the processes that create, sustain and transform these relationships.

Uganda obtained its independence on October 9, 1962. Its borders, drawn in an artificial and arbitrary manner in the late 19th century (thank to colonial powers), encompassed two essentially different types of societies: the relatively centralized Bantu kingdoms of the south and the more decentralized Nilotic and Sudanic people to the north. The country's sad prolonged political and ethnic conflict in this region and also in Rwenzori region (Western Uganda), coupled with environmental challenges, hindered progress and growth, rendering many households into poverty. There are continued complaints and agitation from the public and some CSO from such areas, that the current Government have systematically marginalized these regions and choked them of effective development programmes and resources because of history of conflicts and war against security operators.

From 1966 to 1986 Uganda experienced political violence and conflict. This turbulent period was punctuated by unconstitutional changes in government and rebel activities in parts of the country. Although these conflicts were politically driven, they intertwined with other forms of conflicts and alliances in the region. Ethnic fragmentation was evident in the cycles of the conflict and has persisted to some political processes. The economic, social and psychological effects of the 20-year in the North of the country conflict fueled forced displacement, escalated the risks of physical and sexual GBV particularly for women and girls; and further exacerbated economic and regional inequalities in growth and food security, and having diverse negative impacts for women and children. To end these conflicts in some areas such as the West Nile region of the greater North, the government entered into peace pacts with the insurgents. These have remained largely unfulfilled creating disaffection and potential for new waves of conflicts.

Further, political conflicts have at times been fueled by the long-standing tensions between the central government and cultural institutions. Restored in 2005 by the current government, cultural institutions are constitutionally apolitical. However, in practice this is not so. Conflicts between the central government and some of the cultural institutions such as Buganda and Rwenzori have claimed lives and loss of property. Although a largely fractured relationship, an uneasy co-existence between them exist, at times compelled by use of force or a form of patronage by the government.

With the centralization and control of political power by NRM leadership (presidency), governance, accountability, corruption, weak policies/laws and impunities particularly of perpetrators of SGBV and other abuses, limited adherence to human rights and limited access to justice situation in Uganda remain areas of key concern. Additionally, restrictions of civic space and media freedom, as well as incidents of arbitrary arrest/detention and excessive use of force by security forces are among issues of gross concern in Uganda. The security apparatus has also been sucked into this power game and have become apparatus of repression and agents of shrinking democratic space, instead of protecting human rights. Independent institutions like the parliament, judiciary, and human rights commission among others have been infiltrated by politics and politicians. Therefore, they either play it safe and support those in power and political leadership or remain neutral. Although Uganda is a signatory and ratified international and regional commitments and frameworks on human rights, gender equality and social and economic rights, the power play and politics in Uganda makes adhering/practicing these commitments superficial, if not possible.

Governance and Public sector management: The positive economic growth outlook (and investment) in economic development in the last 10 years, there has been skewed towards urban centres for the benefit of the few; with the assumption that development will trickle-down to rural areas where more than 75 per cent of Uganda's lives. Investment and specific economic interventions targeting modernizing agriculture/developing rural areas, in particular the marginalized hard to reach regions are limited. This has resulted into increased rural-urban migration - people in particular the youth moving to urban centres to look for means of survival. Increasing population growth, with limited economic opportunities in both rural and urban areas has made the situation worse. Besides, areas that have been in prolonged conflicts and war, like Northern and Western Uganda feel that they have been neglected by the Central Government (by design as punishment for past agitation or because of lack of peace and security). Some of the key issues include the following:

- There exist weaknesses in effective management of public resources for development and social transformation. This means that under public investment management framework, government execution of development expenditure remains a challenge. For example, there are more public resources going to infrastructure compared to social sectors (health, education and social protection). Besides, delays in the completion of public investment projects prevent the productivity that could be gained by the economy from enhanced infrastructure, which in turn slows down growth.
- Low domestic revenues have resulted in challenges in the funding of public infrastructure projects. As a result, the government has been forced to increase its domestic borrowing to finance the government budget. This is having an adverse impact on private investment and may worsen the credit challenge by crowding out private sector borrowing, thus delaying the growth benefits of public investment.
- Uganda's public debt burden as a percentage of GDP has risen by 12.7% in the last four years from 25.9% in FY 2012/13 to 38.6% as at the end of FY 2016/17. This figure is expected to continue rising and is projected to peak at 42.6% in FY 2019/20 before declining to 28.4% by FY 2024/25. This is in accordance with the projections contained in the Ministry of Finance's Debt Sustainability Analysis Report (DSA) of December 2016. The projected decline in this ratio after the medium term will be due to lower borrowing following the completion of key infrastructure projects, as well as higher GDP growth as the economy becomes more productive⁴⁷.
- The debt burden has been growing faster than the government's own resources. Debt as a percentage of revenues has risen by 54% since 2012 and is expected to exceed 250% in 2018⁴⁸. The deteriorating debt situation is reflected in government budget, where interest payments are now the government's second biggest expenditure item after the

⁴⁷ Ministry of Finance and Planning. *Debt Sustainability Analysis Report*, Dec. 2016

⁴⁸ Bank of Uganda. *State of Economy*, Dec, 2016 Report

Works and Transport sector. For example, interest payments are to consume 12.3% of the total government's budgeted expenditure for FY 2018/19⁴⁹.

- Uganda's non-concessional borrowing is more costly and offers shorter grace and repayment periods. This in turn increases the debt service burden on the budget. The high cost of this non-concessional borrowing is also affecting the resources available to other sectors, such as health and education.⁵⁰

Corruption and mismanagement of public resources: Corruption in Uganda has reached unprecedented proportions and costs billions of shillings to the country, thereby affecting a significant portion of the national budget, and poverty reduction and social protection measures. Although the exact cost of corruption is not known, various institutions including the World Bank, IMF, and Transparency International have on several years pointed out that Uganda loses are staggering. According to Transparency International's Corruptions Perceptions Index, Uganda is ranked 149 out of 180. In addition, there is a perception of a slow and in transparent bureaucracy. Uganda is ranked 127 out of 190 in the World Bank's Doing Business Report (2018/19). The East African Bribery Index 2018, indicates the magnitude and perpetrators of corruption in Uganda, including MDA and public institutions.

In 2012, the Audit General Report indicated large scale misappropriation of donor funds in the Office of Prime Minister. As a result, the governments of Denmark, Ireland, the Netherlands, Norway, Sweden and the United Kingdom suspended in November 2012 their aid to Uganda. The reduction or discontinuing of services due to the suspension of the aid had profound effects on the population, in particular those who were directly supported by such monies.

Regional stability, peace and security: Regionally, Uganda is located in the Great Lakes, a region that continues to experience active conflicts- Somalia, Democratic Republic of Congo (DRC), Burundi and South Sudan. Within the region, South Sudan, DRC and Burundi continued to be troubled by continued civil strife in the last four years. The insecurity in these neighboring countries has not only caused the influx of refugees to seek protection in Uganda but also losses in terms of regional trade since South Sudan and Democratic Republic of the Congo (DRC) are emerging significant trade partners for Uganda. In 2018, Parties in the South Sudan conflict signed an Agreement of Cessation of Hostilities, Protection of Civilians and Humanitarian Access in December 2017 under the auspices of the Inter-Governmental Authority on Development (IGAD) and through the High-Level Revitalization Forum. Refugees have not only stretched resources in the host communities, but have also made the government to re-allocate resources to support them, that could have been used for development and social progress of Ugandans.

3.4. Factors Hindering Human-Well-Being in Uganda

Poor Health among marginalized and vulnerable groups: Diseases are another cause of poverty and poor human well-being in Uganda. Infant and child mortality rates remain high, with 131 deaths per 1,000 births. Families in Uganda are often large. With the lack of finances and resources, larger families are highly likely to fall below the poverty line. Poor health also reduces a family's work productivity, causing poverty to be passed down through generations.

High undernutrition, especially among children, is due to inadequate diets and inappropriate meal frequency, and a high prevalence of infectious diseases such as malaria, pneumonia and diarrhoea; weaknesses in health care provision; sub-optimal childcare and feeding practices; poor WASH services. Persistent inadequate complementary feeding practices appear to be related to poverty, inadequate knowledge and cultural practices, and chronic food insecurity in some regions of Uganda. Adequate nutrition is crucial for brain development, especially during the first 1,000 days of life. Nutritional deficiencies prior to conception, during pregnancy and in the first years of life put children at greater risk of not reaching their developmental potential in cognitive, motor and socio-emotional spheres.

Environmental pollution is one of the primary concerns of Uganda. In Uganda, the main cause of air pollution is transport, especially rapid motorization that is being experienced in urban areas as well as other causes open waste burning in mining. Studies by Ugandan scientists suggest about 14 percent of children between the ages of 8 and 14 living in Kampala have bronchial asthma, which is mostly caused by air pollution (New Vision, 2017). The economic growth has brought environmental problems in general and on the environmental pollution in particular.

While Over 80 percent of the population relies directly upon land, agriculture, and fishing for their livelihoods, environmental indicators reveal trends of increased pollution, degrading agricultural lands, soil erosion, deforestation, drainage of wetlands, loss of biodiversity and reduced range land capacity among others. Poor sanitation coupled with unsafe water sources increases the risk of water-borne diseases and illnesses due to poor hygiene, contributing immensely to the disease burden in Uganda. Households without proper toilet and sanitation facilities are more exposed to the risk of diseases such as dysentery and cholera, and approximately nine in 10 households use shared or unimproved toilets. The growth of urban populations throughout Uganda is placing particular stress on municipalities that already lack the infrastructure to meet current water and sanitation needs.

⁴⁹ National Budget Framework Paper for 2018/2019

⁵⁰ Ministry of Finance and Planning. *Debt Sustainability Analysis Report*, Dec. 2016

Flooding, poorly constructed latrines, and the resultant runoff of solid waste contaminates waterways and further exacerbates diarrheal disease outbreaks. In Uganda plastic waste disposal is on the increase.

The main challenges to accelerating progress in the areas of sanitation and hygiene promotion, as well as WASH institutions, are fragmentation of the WASH portfolio across various ministerial departments and agencies, the limited domestic funding with over-reliance on support from development partners, and the lack of robust monitoring systems in these areas. Allocations and spending on sanitation and hygiene promotion are under-prioritized and are not easily traceable in the broader budget categories of MoWE, MoH and local district governments. The total government spending on WASH over the past years has oscillated around 3 per cent compared to the national commitment of 6 per cent.

Disease outbreaks: epidemics are among the common biological hazards across the country. Uganda had 2,524 deaths (14% of the total deaths to hazards) to epidemics from 1990 to 2018. Data shows that districts across international borders appear to be affected more than others. The recent Ebola occurrence in DRC and its spill over impact in Uganda, and the COVID-pandemic in 2020 are few examples of disease outbreaks. Their socio-economic impact on households' income and loss of livelihood is directly linked to increased poverty and limited capacity to build resilience for a better quality of life.

HIV and AIDs epidemic diverse effect on households, the poor and vulnerable in particular- spend limited resources on treatment or care, deaths of bread-winners – draining household incomes, no investment, thus poverty. Similarly, the low status of girls and women and gender-based violence limit the ability to adopt and sustain HIV preventive behaviours.⁵¹ Outstanding factors include high levels of stigma, discrimination and violence against key populations such as sex workers (SW), men who have sex with men (MSM), persons who inject or use drugs (PWID), and other vulnerable groups such as AGYW. There are fears of stigmatizing attitudes and practices amongst some health care workers in facilities that prevent those at highest risk of HIV infection from accessing services including for HIV prevention, treatment, care and support.

Crop disease outbreak: Following the 2010/11 drought, Fall Army Worm affected 60 districts, destroying major livelihood of over 3.6 million households, and GoU spend UGX 1.0 billion for procuring emergency pesticides for farmers. In 2020, the invasion of locusts in the Northern and Eastern part of the country also had diverse effect on agricultural productivity and the environment, negatively affecting the livelihood of many households in these regions.

Limited Investment in Social Protection Programmes: Safety net programs are of limited availability in Uganda, which increases the vulnerability of households to fall back into poverty. Uganda spend only one percent of GDP on social security. This percentage is much lower than the 2.8 percent average for Sub-Saharan Africa. Due to this lack of social security, 35 percent of Ugandans rely on their life savings and 25 percent rely on their family. This makes falling back into poverty highly likely for a majority of people.

The coverage and design of social protection programs are currently insufficient to meaningfully lift marginalized and vulnerable households out of poverty and address a range and scope of vulnerabilities to shocks in Uganda. The existing direct income support programs in Uganda have low coverage, with the overall reach of the two main programs at only 3 percent of the population⁵²- which is very low given the needs across the country. Direct income support reaches more than 6 percent of the population in Kenya for example. Secondly, financing to the sector is limited. Direct income support in Uganda is currently composed of two major and several minor programs. The two major programs are the Senior Citizens Grant (SCG) and cash grants given through the Northern Uganda Social Action Fund 3 (NUSAF 3). Spending in the two major programmes amounted to about 0.14 percent of GDP in FY2017/18, which is lower than neighbouring countries like Kenya and Rwanda who spend 0.4 percent and 0.3 percent of GDP, respectively, on direct support.⁵³ Third, a larger part of spending on SCD and NUSAF 3 is provided by donor grants or concessional loans. This raises concerns about the medium and long-term sustainability of financing to the sector.

3.5 Social and Gender Inequality

Harmful social norms, attitudes, behaviours and practices – particularly discriminatory gender norms and inequitable power relations between women and men – are a root cause of gender inequality, gender-based violence including sexual exploitation and abuse (SEA), and child/early marriages. For example, 49 percent of women and 41 percent of men believe a man is justified in beating his wife in certain circumstances.⁵⁴ The patriarchal system in Uganda upholds values, beliefs and practices that reinforce the privilege of men and their role in society and within the household (including with the husband considered the main decision-maker). Women and girls with disabilities, living with HIV/AIDS, working in the informal sector, living in poverty and other marginalised groups often face additional intersectoral forms of discrimination.

⁵¹ See Uganda AIDS Commission (2018): *Acceleration of HIV Prevention: A Roadmap Towards zero new HIV infections by 2030*. Kampala, Uganda; While UDHS 2016 put comprehensive HIV knowledge at 45.7 for young women and 44.8% young men, the UPHIA indicates that only 24.8% of the boys and 26.3% of the girls aged 13 – 14 years had comprehensive knowledge of HIV (UAC, 2019).

⁵² World Bank Economic Update 2020.

⁵³ Government of Uganda (2018). *Uganda Social Protection sub-sector report 2018*. MGLSD. May 2018.

⁵⁴ UDHS (2016)

Social inequalities, and tensions and vulnerabilities, are majorly associated with gender, culture, and religion, and have created enabling 'platform for conflicts, fighting, resource abuse and eventual poverty. Religious differences (among Christians, Christians verse Muslims) and cultural differences in terms of speech, traditions, customs, belief and practices have continued to be at the centre of controversies, conflicts, violence, family breakdown, discrimination in the allocation of resources, distribution of benefits and access to basic and protection services, hence increased poverty. In many households, polygamy, domestic violence separation and divorce are cited as causes of poverty whereby many women suffer years of beating to avoid the consequences of family break-up and the food insecurity that often follows the loss of access to productive resources such as land. Gender based violence (GBV) and repugnant traditional practices such as FGM and child marriages exacerbate levels of poverty in the family, household, and the nation because families are fighting, not working together, separation, suspicion and counter suspicion of members and girls/women suffer greatly hence the whole nation.

Two social factors that have been identified in many studies that contribute to poverty or make others fall in to poverty (in particular women and children) in Uganda are gender relations and alcohol abuse. In Uganda Poverty Assessment Report and National Household Survey, among other surveys, indicate that poor gender relations were regarded as "causing and perpetuating poverty."⁵⁵ Key factors behind the perpetuation of unequal gender relations (identified very strongly as a central maintainer of poverty in the second PPA in particular) included the practice of paying a bride price; domestic violence (often linked to alcohol abuse); and conservative attitudes among both men and women. Excessive consumption of alcoholic drinks was widely regarded as a major issue in its own right and a widespread problem by both women and men, in terms of the amount of money spent on it as well as its effects. Although it was also recognised that the production and sale of alcoholic drinks was an important source of income, including for many women. Other important factors are being in a large (or polygamous) family, loss of spouse or marital breakup, loss of assets and insecurity. Each of these individually, and more so the presence of more than one of these factors simultaneously, them makes it very difficult for a household to escape poverty.

Multiple socio-economic and environmental/climate change shocks at the household and community level lead to many households and groups, especially the marginalized and vulnerable, descends into poverty, with socio-cultural factors playing an important role in this. This leads to the likelihood that the individuals and households (women in particular) that face these shocks, and multiple deprivations, are trapped in chronic poverty. Family defragmentation (following death of a key family member or marital breakdown) is a key shock, particularly impacting women and girls. Marginalized groups (such as the elderly, PLW or internally displaced), who typically have lower level of assets anyway, face further disadvantage of commonly being excluded from household and community support mechanism that exist.

CHAPTER 4: GROUPS LEFT BEHIND OR LIKELY TO BE LEFT BEHIND

The 'Leave No One Behind' principle is a central promise of the 2030 Agenda for Sustainable Development and hence a priority for the Uganda development programmes. It represents the unequivocal commitment of all UN Member States to eradicate poverty in all its forms, end discrimination and exclusion, and reduce the inequalities and vulnerabilities that leave people behind and undermine the potential of individuals and of humanity as a whole. From a Human Rights Based Approach, providing an opportunity/avenue for people to report and receive feedback on their complaints including on SGBV, ensuring that everyone has opportunities to meaningfully and effectively engage and participate, and access resources and benefit means empowering all women, men, girls and boys and in particular marginalized and vulnerable groups to be agents of positive transformation.⁵⁶

UNCT has identified marginalized/vulnerable groups that could be left behind if not deliberately targeted and planned for in Uganda's development and social transformation programmes and interventions. These include, among others, orphans & vulnerable children, children & youth, people with disabilities, persons with albinism, older people, indigenous people, ethnic minorities, people living in remote & hard-to-reach areas, sexual minorities, people living with HIV& AIDs, migrants/mobile population, refugees and stateless persons. Under this Cooperation Framework, special attention will be given to these people.

Orphans and vulnerable children

Poor and vulnerable children include orphans, street children, children affected by armed conflicts, children headed households, those that toil under exploitive conditions of labour and those that suffer sexual exploitation and abuse, domestic violence and other forms of discrimination. These groups have limited or no access to and benefit from basic and social protection services. Owing to the high levels of mortality from HIV, malaria and other preventable diseases as well as years of conflict, there are significant number of orphans and widows in Uganda. According to the 2016 Uganda Census report, 2.5 million children are orphans, of which 1.2 million are due to HIV/AIDS. Orphaned children face significant challenges related to abuse (physical, emotional and sexual). Uganda's multidimensional Profile Poverty Report indicates that 56 percent of children below 18 years of age experience multidimensional poverty. Orphans in Uganda are primarily taken care of by extended family, but the

⁵⁵ Republic of Uganda, 2000; NHS----; DHS.... Bird and Shinyekwa, 2003;

⁵⁶ <https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/CDP-excerpt-2018-1.pdf> and <https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/CDP-excerpt-2019-1.pdf>

resilience of this traditional society safety net is eroding and giving rise to extremely vulnerable categories of orphans – such as street children, child-headed and grandmother-headed households – who are exposed to various forms of abuse and discrimination, poverty and are driven into child labour and exploitation. Widows and orphans are routinely denied land and inheritance rights.

Children in marginalize and fragile regions of Karamoja, Northern Uganda and West Nile experience highest rates of multidimensional poverty because of socio-economic and environmental conditions of such regions, including conflicts and insecurity.

Women and Girls

Overall, women represent only 30 percent of landowners and the USIGI survey done in 2014 confirmed that 3 in 10 Ugandans support unequal rights on land in favour of men growing to as high as 5 in 10 for the Mid-Northern sub-region. Evidence suggests that because they tend to have less education and fewer formal business skills, women find it harder to deal with basic business requirements such as tax, branding, marketing and sales management. Women and girls face discrimination, abuse and mistreatment because of their gender and existing cultural beliefs and practices.

Gender inequality and violence are manifested throughout the life cycle of women and girls, in countless ways, and are widely accepted as a normal part of what it is to be a woman or a girl. Sector based gender and equity impact studies by Equal Opportunity Commission (EOC) indicates the gender gaps and women's disempowerment in various sectors.⁵⁷ Harmful social norms, attitudes, behaviours and practices – particularly discriminatory gender norms and inequitable power relations between women and men – are a root cause of gender inequality, sexual and gender-based violence, and child/early marriage. The patriarchal system in Uganda upholds values, beliefs and practices that reinforce the privilege of men and their role in society and within the household (including with the husband considered the main decision-maker). In this context, economic inequality and violence against women and girls are accepted as an integral part of gender relations. Slow change in attitudes towards gender equality by public institutions, weak implementation and enforcement of existing laws and policies, prevailing impunity of perpetrators of SGBV, absence of accountability mechanisms for duty bearers and a lack of knowledge and information by rights holders to claim their rights and demand accountability, and absence of mechanisms to report and receive feedback on complaints including SGBV related allegations, explain why women and girls in particular continue to suffer in silence. National statistics show that 56% of women (age 15-49) experience spousal violence, and 22% experience sexual violence.⁵⁸ 35% of girls experiences sexual violence and 59% of female report experiencing physical violence during childhood.⁵⁹

While VAWG and other harmful practices cut across all ages, economic, geographical and cultural spheres, certain groups of women and girls are particularly at-risk to SGBV due to multiple forms of vulnerability and marginalisation. In Uganda, those women and girls that are most at-risk of being left behind are those also exposed to poverty, lack of education, distance/remoteness from government services and protection systems, marital or parental status (widows, divorced women, and orphans), refugees, adolescent girls and youth, persons with disabilities or living with HIV/AIDS, among others.

People with Disabilities

Generally, Person with Disabilities (PWDs) are vulnerable by virtue of their impairment and negative societal attitudes arising from fear, ignorance, superstitions, neglect and lack of awareness of their rights. Historically, PWDs have been marginalized, discriminated against and deprived of the full enjoyment of their human rights and fundamental freedoms. Women and children with disability general suffer double discrimination and abuse.

Uganda has a rich policy and legislative framework for their inclusion, which emphasizes a rights-based approach to disability. Article 21 of the 1995 Constitution of Uganda bans discrimination based on disability. In this regard, Uganda has adopted national disability legislation and policies, including the National Council for Disability Act in 2003, the Persons with Disabilities Act and the National Policy on Disability in 2006. The country was also among the first countries to ratify the CRPD in 2008. In 2016, the Committee on the Convention on the rights of Persons with Disabilities (CRPD) reviewed Uganda's record and made a number of recommendations to fulfil the rights of PWDs, including the need for legislative reforms to modify provisions that are derogatory for them. Uganda is yet to ratify the "Protocol to the African Charter on Human and Peoples' Rights on the Rights of Persons with Disabilities in Africa".

In 2017, Uganda's Bureau of Statistics undertook a country-wide functional difficulties survey, which determined that approximately 3.5 percent of children between two and four years of age had some form of disability. For children between five and 17 years of age, approximately 7.5 percent had a disability, whereas adults 18 years and above had a 16.5 percent prevalence. For young children, the most common form of disability was psychosocial and/or intellectual difficulties, which was also the case for older children. Adults faced a wider range of disabilities, such as difficulty with vision, hearing, and

⁵⁷ Refer to various publication by Equal Opportunity Commission on Gender and Equity Compact on various sectors in Uganda (2016/2017 – 2019/2020).

⁵⁸ UBOS (2016), Demographic and Health Survey

⁵⁹ MGLSD (2018), Violence Against Children Survey.

walking/climbing, in addition to psychosocial and/or intellectual difficulties and difficulties in remembering or concentrating (UBOS, 2018).

In Uganda, PWDs still face discrimination and barriers in accessing equal opportunities, which deprives them the full enjoyment and realization of their human rights and fundamental freedoms. Studies have shown significant disparities between persons with and without disabilities. In Uganda, for instance PWDs are associated with higher poverty levels (90 percent) as compared to 57 percent for persons without disabilities, are more likely to have a shorter life expectancy due to poor health and well-being, are at risk of being left out in regard to access to sexual and reproductive health services (UN-DESA 2018).

Persons with albinism

Persons with albinism are a unique group whose human rights issues have generally gone unnoticed for centuries; the result being deeply engraved stigma, discrimination and violence against them across various countries. The complexity and uniqueness of the condition means that their experiences significantly and simultaneously touch on several human rights issues including, but not limited to, discrimination and stigma based on colour and disability, special needs in terms of access to education and enjoyment of the highest standards of health, harmful traditional practices, violence including killings, trade and trafficking of body parts for beliefs related to witchcraft, infanticide and abandonment of children. Albinism often results in two congenital and permanent health conditions: visual impairment to varying degrees and high vulnerability to skin damage from ultraviolet rays, in particular skin cancer. The inclusion of albinism as a form of disability in the Persons with Disability Act, 2019, was a positive step and has the potential to address marginalization and ensure greater inclusion of persons with albinism in government programs. However, given that this is only a recent development, the Uganda Bureau of Statistics has never included albinism in any census on persons with disability, and there is hence a lack of comprehensive data on the number of persons with albinism.

Older Persons

In Uganda, older persons are those aged 60 years and above. The number of older persons increased from about 1.6 million in 2012/13 to 1.7 million in 2016/17, constituting five percent of the population in Uganda. The majority of older persons live in rural areas where poverty is rife and economic activities are limited. For example, two in every ten persons (19 percent) aged 60 years and above are living below the poverty line with the majority in the Eastern region (29 percent) (UBOS, 2017). In addition, 85 per cent of the active older persons are engaged in crop farming with no social security, rendering them totally vulnerable. Their economic situation is worsened by the burden of looking after orphans and other vulnerable children left by young people who have either migrated to urban areas or died. Generally, in Uganda, older persons face challenges of loneliness, poverty, poor housing, poor health (e.g. hearing, memory loss, sight, non-communicable diseases) and nutrition, among others (UNFPA & HAI, 2012). Income short-fall is also a major challenge that could be forcing almost three in ten older persons to remain actively engaged in income generating activities well beyond the age of 60, which could continue to cause stress and strain on the lives of these older persons (Ntozi & Rutaremwa, 2013). Whereas the human rights of older persons are provided for under the National Council for Older Persons Act 2013, there are still gaps in addressing challenges facing the older persons.

Indigenous Peoples

The term “indigenous peoples” is an international human rights construct that has been contextualized and given an African-grounded specific meaning by the African Commission on Human and Peoples’ Rights. The human rights meaning of the concept “indigenous peoples” in Africa refers to a limited number of African traditional communities, whose land-based cultures and livelihoods face extinction as a result of prejudiced views or negative perceptions of their ways of life, which are unfairly considered as backward, savage, stone age and in contrast with ‘modern life style’. These are mostly hunter-gatherers and nomadic pastoralist communities, whose traditional use and occupation of lands were historically considered as inferior, requiring “modernization” and not good enough to be legally protected.

As conceptualised by the African Commission, the term “indigenous peoples” in Africa does not therefore mean first habitants or native of a given country, region or continent, in exclusion of other people who came from elsewhere. The African Commission also clarifies also that “indigenous peoples” do not simply equate “minorities” in Africa, where in many countries several groups including the most powerful ethnic groups can qualify as “minorities” under international law. The Commission further distinguishes “indigenous peoples” and “minorities,” noting that the human rights of the former are often framed as collective rights, while the latter generally claim individual rights.

Although different understandings exist in Uganda regarding the international concept of the term, the Government has indicated that indigenous peoples include the Batwa, the Benet, the Ik, Karamojong pastoralists and the Tepeth in Karamoja. This is consistent with the understanding of the term set out by the African Commission.

Existing data demonstrates that indigenous peoples in Uganda experience disproportionately high rates of poverty and exclusion, and often do not enjoy their human rights on an equal basis with others. Key issues include lack of land rights, lack of political representation and participation in decision-making processes that affect them; loss of culture and languages; and high

rates of poverty combined with lack of access to health care and social services.⁶⁰ Gender-based violence is also an issue of great concern owing to the reason that the majority of the indigenous people do not know their rights and entitlements and are often excluded from avenues to report their grievances.⁶¹ The establishment of national parks and conservation areas has had a particularly negative effect on indigenous peoples where their displacement led to a loss of livelihoods and exacerbated levels of poverty.

In 2019, the Government, under the leadership of the Ministry of Labour, Gender and Social Affairs formed a National Indigenous Peoples Reference Committee and initiated a drafting and consultation process for a National Affirmation Action Programme on Indigenous Peoples in Uganda.

Ethnic Minorities

The ethnic minority groups are scattered across Uganda, but are specifically found in the north – Alur, Ik (Teuso), Kakwa, Karamojong cluster, Lugbara, Luluba, Ma'di, Nubian; in the east – Bagungu, Bakenyi, Bavuma, Ik (Teuso), Soo; and in the west – Abayanda (Batwa), Ba'amba, Bakonzo. The usual retrogressive assumption is that minorities are 'temporary' societies destined to disappear as a result of 'modernization'. This leads to attempts to assimilate minorities into the dominant society, an approach that has had a tremendous impact on Ugandan minority groups. The majority of Uganda's ethnic minorities still suffer an acute lack of access to basic social services such as education, health and water and sanitation. Most of the schools are near urbanized parts of Uganda, which is far away from where the rural poor ethnic minority live. In many cases, members of ethnic minorities experience poor health and rely on their traditional knowledge of medicinal herbs.

People living in remote and hard to reach areas

People, including children living in remote and geographically inhospitable areas located in mountainous terrain, impenetrable rain forests, islands and floodplains are highly vulnerable to multi-dimensional poverty due to their physical separation from economic and social opportunities. Studies in Uganda cite long distances to urban centres, impassable roads, lack of affordable transport especially during rainy season, as barriers to accessing market and socio-economics services such as education, health, agricultural extension services, credit among others.

Sexual Minorities

Sections 145 and 146 of the Penal Code Act, Cap 120, criminalize "unnatural offenses" and their attempts. Homosexual acts, as part of these "unnatural offenses", are punished with imprisonment for life, and their attempts are punished with seven years of imprisonment, if convicted. There is evidence that sexual minorities have historically suffered isolation, marginalization and discrimination by family members and communities. There is a general social tendency to express aversion towards individuals who are, or are perceived to be, from sexual minorities.

In Uganda, the situation for the LGBTI community remains of concern – the atmosphere for engagement on these issues is difficult. This community has faced continued backlash in recent years, including the 2005 Presidential ban on same-sex marriage, the 2012 temporary ban on NGOs accused of "promoting homosexuality" and "undermining the national culture", and the Anti-Homosexuality Act 2014 which was later annulled by the Constitutional Court. Criminalization and limited protection of LGBTI persons has potentially increased their vulnerability to SGBV.

People living with HIV and AIDS

Country factsheets for HIV at UNAIDS⁶² show that in 2018, 1.4 million people were living with HIV; HIV incidence per 1,000 uninfected among all ages was 1.40; among adults 15-49 years was 2.60. Whereas the country has made significant progress in reducing the HIV prevalence from 7.3percent in 2011 to 6.2percent in 2017 among adults aged 15-64 years⁶³, and to 5.7percent as at December 2019⁶⁴, these proportions are still high. UNAIDS statistical estimates (2019) put HIV prevalence at 7.1percent for women and 4.4percent for men; 2.8percent among young women and 1.1% among young men, and also show that 53,000 people were newly infected with HIV (45,000 adults aged 15 and over; 26,000 women aged 15 and over; 19,000 men aged 15 and over; 7,500 children aged 0 – 14).

There are many factors driving the HIV epidemic that are behavioural, socio cultural and biomedical including concurrent sexual partnerships, discordance and non-disclosure, transactional and commercial sex, low and inconsistent condom use, low male

⁶⁰ A 2009 OCHA report noted, for example, that in Karamoja, an estimated 82% of the population lived in poverty (compared to 31% nationally); 9% had access to sanitation units (compared to 62% nationally); 31% had access to safe water (compared to 63% nationally); maternal mortality rates (per 100,000 live births) were 750 in Karamoja (compared to 435 nationally); and literacy rates were 11% (compared to 67% nationally). OCHA, *Focus on Karamoja, Special Report No. 3 – October 2008 to January 2009*, available at: <http://www.cultura21.net/karamoja/docs/FocusKja-SpecRep3.pdf>.

⁶¹ A 2010 study reported that 100% of Batwa women who participated in individual interviews had experienced some form of violence, *Minority Rights Group International, Uncounted: the Hidden Lives of Batwa Women (2010)*

⁶² UNAIDS AIDS Info, 2018: <http://aidsinfo.unaids.org/>

⁶³ Ministry of Health: *The Uganda Population-Based HIV Impact Assessment (UPHIA), 2016; Summary Sheet, 2017.* <http://health.go.ug/docs/UPHIA>

⁶⁴ Uganda 2019 HIV estimates 17th May 2019 – 21st Jan 2020 – Epidemiological Information data, <http://aidsinfo.unaids.org/>

circumcision, alcohol and drug abuse. Structural, socio-cultural and economic aspects include poverty, gender inequalities, stigma and discrimination as well as gaps in access to prevention, care and treatment services⁶⁵.

Migrants and Mobile Populations

Migration in Uganda is multi-faceted and exists within diverse social, political and economic contexts, driven by political, social and economic factors, poverty, rapid population growth and the porosity of the international borders. It is characterized by voluntary and forced migration happening both within the country's borders and across international borders. UN DESA migrant stock estimates as of 2019 show that about 1.7 million international migrants were in Uganda, constituting 3.9% of the total population in the country while approximately 740,000 thousand Ugandans were living outside Uganda in the same year. There is growing participation of Ugandans within labour markets at the regional, continental and even global levels contributing an average of 4.5 percent of GDP through remittances received. Since most Ugandans migrated within Africa (76.5%), the recently adopted free trade agreement (AfCFTA) would provide further opportunities for Ugandan diaspora to contribute to the economic development of Uganda. Rural-Urban migration is mostly driven by the search for employment with movements mostly taking place towards urban centres or regions of high economic activity.⁶⁶ While migration has gained significant Government interest in recent years and is considered a cross-cutting issue, gaps still remain in the governance framework with no comprehensive migration management policy in place and interventions being fragmented and ad-hoc.

Migrants and mobile populations, including migrant workers, facing sexual exploitation and abuse, victims of trafficking in persons, unaccompanied children, stranded migrants, displaced persons and pastoralists, are highly vulnerable and at-risk persons often left behind in development efforts. Migrants are always at risk of being pushed further behind by a variety of forces, including legal, political and economic factors and find themselves in vulnerable situations requiring protection and assistance at various points during their journey: in transit, upon arrival at their destination, and as they try to rebuild their lives in the new destination. Diminished access to social protection, and disempowerment due to poverty, food insecurity, and limited or no access to information exacerbate the risk (particularly SGBV) levels among migrant populations and have significantly led to exclusion of vulnerable migrants.

Uganda has adopted both the Global Compact for Safe, Orderly and Regular Migration and the Global Compact on Refugees. In line with the Global Compact on Migration, there is need to address and reduce vulnerabilities in the migration continuum by reviewing and implementing relevant policies and practices to ensure they do not create, exacerbate or unintentionally increase vulnerabilities of migrants. Governments will have to proactively apply a human right based, gender- and disability-responsive approach and develop partnerships that provide to vulnerable

Refugees

Many of the refugees hosting districts are among the least developed Districts in Uganda and the additional population requires more investments in particularly the health and education provision. Poverty remains high among the refugee population, it is more than twice as high as for the host communities. Despite the positive provisions on the right to work for refugees, attainment of self-reliance is elusive for the majority. The refugee population is excluded from economic growth and only benefit in a limited way from decent work. 28% of refugees are employed, but refugees earn wages that are 35 to 45% lower compared to hosts. The main sector of income is small scale agriculture.⁶⁷ In Uganda, refugees are given land and mobility rights but they remain food insecure (in 2018, 7 out of 10 households experienced severe food insecurity, compared to 5 out of 10 in the host community) and are heavily dependent on food and nutrition assistance).

Children constitute 60% of the refugee population, but only 65% are enrolled in primary education, whereas secondary school education is virtually inaccessible with 9% net enrolment rate in 2018 only⁶⁸.

The high proportion of women and girls within the refugee population (52%) poses specific protection challenges. Many experienced trauma, separation and gender based violence prior to and during flight with few specialized services available to provide appropriate treatment. Sexual and Gender Based Violence and Violence (SGBV) against Children remains a leading protection concern for refugee women and girls but is massively under-reported owing to a combination of a culture of silence within the refugee community coupled with inadequate services to respond to reported cases.⁶⁹ Access to quality maternal health care is limited and compounded by the scarcity of water and sanitation services. Due to lack of livelihoods opportunities, women are engaged in survival sex as a coping mechanism, exposing them to sexual violence, exploitation and trafficking.

In 2017, over 5000 new cases of SGBV were reported and responded to in the refugee settlements. In the first eight months of 2018, there were an additional 4000 incidents. Refugee women and girls are disproportionately affected by violence against women and harmful practices due to their increased vulnerability. For example, SGBV is systematically employed as a weapon

⁶⁵ Uganda AIDS Commission (2018): *Acceleration of HIV Prevention: A Roadmap Towards zero new HIV infections by 2030*. Kampala

⁶⁶ IOM, 2015: *Qualitative Research Study on Rural-Urban Labour Migration of Young Ugandans*.

⁶⁷ World Bank, *Informing the Refugee Policy Response in Uganda*, 2019.

⁶⁸ *Informing the Refugee Policy Response in Uganda*, 2019.

⁶⁹ Until May 2019 458 (419F/39M) SGBV incidents were reported from refugee hosting districts. 71 incidents managed were of child survivors. Physical assault (178) remained the most prevalent incident followed by rape (100), psychological/emotional abuse (80), denial of resources (61), forced/early marriage (33) and sexual assault (6).

of war and has been widely documented in ongoing regional conflicts, most notably in the Democratic Republic of the Congo and South Sudan.

Stateless Persons

People who do not have a nationality are often invisible and face high levels of discrimination and social exclusion. The stateless and at-risk population in Uganda is currently unknown although the phenomenon is reported among some marginalized tribes and segments of undocumented population, including children born out of war. Children born in Uganda to non-citizens will be stateless if their parents are stateless or, if they possess a nationality, but are unable to confer nationality under the laws of their State. The Government pledged in 2015 to regularize the status of some 15,000 long staying refugees that have developed strong social ties in Uganda⁷⁰ and is preparing to accede to the 1961 UN Convention on Reduction of Statelessness.

Prisoners

Globally, it is estimated that approximately 10.2 million people are held in penal institutions with an average imprisonment rate of 144 prisoners per 100,000 of the world population. Prison administrations continue to operate based on an occupancy level of over 100 per cent worldwide. It is important to highlight that imprisonment disproportionately affects people living in poverty and imprisoning large segments of society places a significant burden on State budgets.⁷¹

As of June 2019, prisons in Uganda held around 57,000 prisoners, with the prison facilities operating at 312percent of its actual capacity. 51percent of the prison population are convicted and 49percent held on remand. The World Prison Brief⁷² ranked Uganda as the 6th most overcrowded prison system worldwide. National authorities expressed serious concerns that the existing level of overcrowding in prisons does not allow prison authorities to properly classify prisoners and to adhere to the individualization principle.⁷³ Even the basic requirement of separating different categories pre-trial detainees from sentenced prisoners can only be partly be implemented, i.e. men from women and adults from children.

Prison overcrowding has become a global challenge and a threat to the application of humane custody as prescribed by the Standard Minimum Rules for the Treatment of Prisoners. Many states face challenges in meeting core functions of imprisonment. Overstretched and poorly managed prisons run the risk of degenerating into dangerous places for both prisoners and prison staff and can even turn into “crime schools” and fertile breeding grounds for radicalization.⁷⁴ If prison inmates are not targeted and planned for, and made part of the country’s development agenda, Uganda’s development and social transformation towards achieving 2030 Agenda will be slowed down, if not remaining elitist (benefiting only the few). The majority of the population, especially the vulnerable and marginalized groups and regions, will continue to experience low incomes, poor quality of life, and limited access to social and protection services. This situation has implication on peace and security of Uganda.

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Factors Behind Vulnerability and Exclusion: The identified groups above are vulnerable and/or marginalized because they are directly or indirectly not comprehensively targeted for socio-economic empowerment; may be deprived of normal opportunities to access and utilize basic social and protection services; and have limited or no opportunity to actively participate and engage in economic development and governance of their community, district and country. Generally, they the groups suffer from the following exclusion:

Economic and poverty reduction exclusivity: Poverty is high in rural areas (25% compared to 10% in urban areas; but higher in fragile remote and hard to reach regions/areas. Groups including orphans and vulnerable children, women, children, adolescent girls and boys, youth, people with disability, people living with HIV, indigenous people, among other, are excluded from Uganda’s development and social transformation. With slow economic growth over the last five years, these groups are pushed into monetary and multidimensional poverty. In most cases, they are not deliberately targeted and thus not reached by existing poverty reduction and social protection programmes and services. In some cases, unethical practices and corruption make financial resources targeting these groups be diverted to other areas/interventions, some of which are not important nor urgent. There could also be lack of capacity, especially at local government level, for equity-based planning, implementation and reporting.

⁷⁰ This groups include: Rwandans who fled the genocide and who now would fall within the scope of the Cessation Clause, (1959-1998); Congolese who fled in 1961; and the South Sudanese who fled the previous civil strife and who never returned in 2005 after the attainment of self-determination in South Sudan.

⁷¹ https://www.unodc.org/documents/justice-and-prison-reform/UNODC_Strategy_on_Addressing_the_Global_Prison_Crisis.pdf

⁷² <https://nilepost.co.ug/2018/01/31/ugandas-prisons-ranked-sixth-most-crowded-in-the-world/>

⁷³ Scoping Mission to Uganda on the implementation of the joint UN global programme on “Supporting the management of violent extremist prisoners and the prevention of radicalisation to violence in prisons” (2019-2021). (UNODC, UN Office of Counter Terrorism, & CTED).

⁷⁴ https://www.unodc.org/documents/justice-and-prison-reform/UNODC_Strategy_on_Addressing_the_Global_Prison_Crisis.pdf

Employment exclusivity: Apart from having limited inclusive employment creation programs, Uganda public and private sector exclude marginalized and vulnerable groups from formal employment. Most of these groups end up in informal sector (MSMEs) businesses, which are small, have limited funding, vulnerable to harassment and less productive. In some cases, people living with HIV, people with disability, and other marginalized groups are discrimination against, and thus excluded from formal employment and/or accessing financial resources to invest and expand their businesses. Most of them, thus remain helpless and continue surviving in poverty.

Social exclusivity: Social norms, values and practices push marginalize and vulnerable groups into poverty and limited access to basic and social protection services. Orphans in Uganda are primarily taken care of by extended family, but the resilience of this traditional society safety net is eroding and giving rise to extremely vulnerable categories of orphans – such as street children, child-headed and grandmother-headed households – who are exposed to various forms of abuse and discrimination, poverty and are driven into child labour and exploitation. Orphans are routinely denied land and inheritance rights.

Women, widows, female children, adolescent girls, and sexual minorities, especially those in rural areas and poor household, face gender discrimination and gender-based violence, and have limited access to resources as result of traditional culture and practices that perceive them as ‘second’ class citizens with limited rights. Many these group, widows in particular, are routinely denied land and inheritance rights. Sexual and gender-based perceptions, attitudes and violence make these groups vulnerable to socio-economic exclusion across the country. Uganda has relevant policy and legal frameworks that could be used to stop discrimination and abuses of these groups. But these are not effectively enforced/implemented.

Older persons, indigenous peoples, migrants and mobile populations, and refugees are also left behind because of erosion of traditional social support structures, discrimination and limited social support programs.

DRR exclusivity: People living in rural, remote and hard to rich regions, and informal settlement in urban areas are likely to be left behind in DRR programmes. This is because the planners, environmentalists, decision makers, and relevant institutions, have limited capacity and knowledge about inclusive and equity-based development of DRR programmes. The planning of DRR programmes are done without putting these groups in mind, excluded from national and district engagements on resilience building and mitigation of climate related shocks. Some of the DRR interventions could be described as elitist, focusing only on big formal investments and rich people and/or groups.

Political and governance exclusivity: Prisoners, women, adolescent girls and boys, youth, older people, indigenous people, migrants and mobile populations, refugees and sexual minorities are excluded and could be left behind governance engagement and participation because of public and leaders’ perception that they have no direct voice, but ably represented by others – adult male, rich women, urban based men and elite educated women. Prisoners are considered criminals, with no right of participation in governance.

Particular attention is required to ensure that marginalized and vulnerable groups in Uganda are brought into the fold of development and social progress efforts. This requires taking measures to effectively address discrimination (by design or not) against the identified groups, and others who are marginalized and vulnerable. Uganda’s socio-economic status and the frequent experience from disasters and risks, which push many groups into poverty and social exclusion, calls for comprehensive and sustainable nation action to promote and ensure access to equal opportunities - without Leaving No One Behind - in education, employment, health, environment, social protection and other services that will enable such groups to be protected, have resilience, adapt to climate related effects and develop their full potential and live a life in dignity.

5.0 UGANDA FINANCING LANDSCAPE FOR 2030 AGENDA

At the strategic level, the Government of Uganda is well positioned to fulfil its ambition to achieve Vision 2040, having established a robust planning framework, delivered through National Development Plans (NDPs).⁷⁵ Uganda is completing the implementation of the second National Development Plan (NDPII 2015/16—2019/20) in June 2020 and it has developed the third National Development Plan (NDP III). Both NDP II and NDP III integrates 2030 Agenda and the Sustainable Development Goals (SDGs), the African Union Agenda 2063 and its First 10-Year Implementation Plan, and the East African Community (EAC) Vision 2050. While the direction at that level is clear, delivering on these aspirations could be inhibited by several challenges related to mobilization and efficient use of resources, alignment of budgets, plans, policies and processes. It is in recognition to this that the GoU has commissioned Development Finance Assessment (DFA) with the support of UNDP in Uganda in 2019.

According to the certificate of compliance report that gauges the country’s commitment to achieving NDPII and the 2030 Agenda through Budget interventions and allocations, the alignment of the national budget to the NDPII and the 2030 Agenda is weak, estimated at 60 percent in 2018/19, although there was commendable improvement from 54 percent in 2017/18⁷⁶. Deficiencies

⁷⁵ HDR 2019

⁷⁶2018/19 Certificate of Compliance

in planning, budgeting and implementation are partly attributed to capacity gaps especially at sector and Local Government levels as well as inadequate data and integrated policy analysis to direct policy and programme mix, weak accountability and transparency systems. The persistent challenge of weak alignment of plans and budgets and policies compromises effective service delivery especially for the vulnerable groups at risk of being left behind from development processes. Furthermore, shocks such as climate related or even the outbreak of pandemic such as COVID-19 strain the public finances leading to eroding gains made in development and social progress.

The above is compounded by the strain on resource mobilization amidst significant pressure to advance investment in strategic priorities. For instance, while the country remains a low risk of debt distress, the drive to front-load large infrastructure projects to propel growth has resulted to the rise in debt, putting more strain on the budget, with interest payment accounting for an average of 27 percent of the total budget between 2015/16 and 2019/20⁷⁷ larger than critical sector budgets. The disproportionate growth in interest payment limits fiscal space to spend on social spending to address the needs of the most vulnerable such as women, youth, disabled people. NDPIII projects debt to rise from 41.5 percent of GDP to more than 50 per cent of GDP by 2022/23.

Growing debt is partly on account of limited capacity to mobilise domestic resources to reduce excessive reliance on external finance⁷⁸. At 12.9 percent of GDP in 2017/18, the country's domestic revenue mobilization capacity is still low and unlikely to reach the NDPIII target of 18 percent by 2024/25⁷⁹, unless the recently approved Domestic Revenue Mobilization Strategy is effectively implemented. The government expected to mobilize the private sector to finance 42 percent of NDPII and envisages private sector contribution to 38.6 percent to implement NDPIII. There has not been a clear mechanism for engaging the private sector in financing the plan. In addition, the tools and mechanisms for identification and facilitation of private investment into profit making opportunities in SDG oriented sectors and poorer localities are absent. The overall financing strategies for the country's plans do not adequately articulate how to integrate public and private finance as well as how government will develop and implement and manage innovative financing instruments such as the plethora of bonds-green, blue, diaspora.

Besides, Local Governments continue to grapple with the big question of mobilizing resources to deliver services and promote Local Economic Development (LED), which are key for the achievement of SDGs. Central government transfers as a proportion of the national budget have persistently declined from 25 percent in 2003/04 to 15 percent in 2013/14 and 8.5 percent in 2018/19⁸⁰, threatening the quality of service delivery as well as hindering the needs of the most vulnerable such as women, disabled and youth to be unmet. The growing national emphasis on flagship infrastructure projects to stimulate long-term growth, naturally implies that over-reliance on central government for local development needs will no longer yield sustainable development results at the local level. In addition, Local Government own-source revenue is inadequate for discretion to finance local priorities. The proliferation of districts from 56 in 2000 to an expected 133 districts by 2020 exacerbates resource constraints to meet administrative and service delivery demands at that level, amidst additional pressure to address weak adherence to PFM functions, inclusive procurement systems, accountability mechanisms, asset maintenance, local community engagement in resource allocation and implementation.

Amidst the above challenges significant opportunities exist that the government acknowledges and could harness. For instance, the Programme Based Budgeting approach provides an opportunity to better align NDPIII priorities to key social sectors. Second, a comprehensive Public Finance Management Reform Strategy (2018-2023) acknowledges the above challenges, demonstrating government commitment to address them. Third, the DFA in Uganda, which has just concluded recommended to develop an integrated financing framework after analysing all sources of financial flows.

Integrated National Financing Framework: During the UN General Assembly, Government of Uganda committed to be among the very first countries to prepare an Integrated National Financing Framework (INFF) and the UN System in Uganda, together with other partners, is committed to supporting Government in this front. Uganda has already developed a Domestic Resource Mobilization (DRM) 2019/2020 - 2023/24 Strategy and conducted the Development Finance Assessment which offers a snapshot of SDGs financing landscape for Uganda and is currently preparing a Public Investment Financing Strategy.⁸¹

Uganda's Development Finance Assessment (DFA) revealed that despite significant financing challenges the country faces, there is substantial upward potential for domestic resource mobilisation and use of other innovative financing sources such as blended finance and to some extent PPPs and non-concessional borrowing, a sizeable source of financing which the Government of Uganda should therefore prioritise to finance its development agenda. However, the current Government policy agenda and institutional framework are not fully equipped to maximize this potential.

⁷⁷ *Approved budget, several years*

⁷⁸ *Approved draft of the National Development Finance Assessment*

⁷⁹ *Draft National development Plan (2020/21-2024/25) as at February 2020.*

⁸⁰ *Local Government Finance Commission: <https://www.lgfc.go.ug/?q=content/transfers-local-government>*

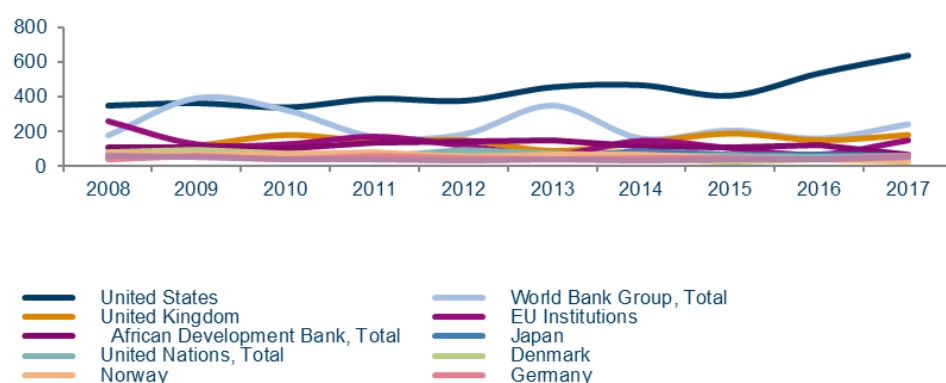
⁸⁰ *Ministry of Finance Planning and Economic development: Know your budget, FY 2015/16*

⁸¹ *Ministry of Finance, Planning and Economic Development. (2019). Domestic Resource Mobilization Strategy (DRMS) 2019/20-2023/24.*

Public flows: With regard to external finance, ODA, mostly in the form of grants, has remained the main source (at 26% of total public flows). The continued strength of ODA is supported by the continued good standing of Uganda among the donor community and is also linked to the refugee crisis in the North and West of the country, which has attracted significant amounts of humanitarian assistance. The continued high volume of support provided by China, in the form principally of non-concessional loans, is also noticeable. Non-concessional loans from other donors have also risen in recent years (partly from export credit agencies). As for climate change finance from public sources, it has remained relatively low, although increasing.

Overseas Development Assistance (ODA): ODA has been a major source of development finance in Uganda. ODA, mostly in the form of grants, has remained the main source (at 26% of total public flows). Although as percent of GDP ODA has been declining from 2008 to 2015, ODA levels have remained relatively constant in dollar (Figure 2.7). Figure 2.8 below outlines, the volume of aid from those donors increased in recent years. Uganda, compared to its neighbours (except Rwanda), remains a relatively large aid recipient, with aid averaging 8percent of GDP in 2017, compared to 5percent for Tanzania and Ethiopia and 3percent for Kenya.⁸² As indicated in Figure below, the main Uganda donors include the USA, the World Bank, the UK, the AfDB, the EU and the UN.

Figure 2.8 Main ODA donors to Uganda (Million US dollars)



Source: OECD-DAC CRS database

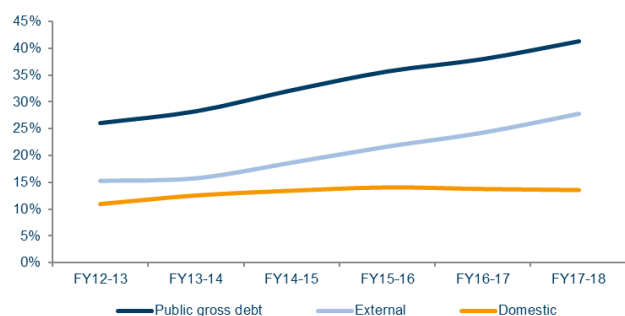
According to Absa African Financial Market Index 2018, Uganda is ranked as the 10th best country in Africa for foreign investors. The main factors supporting this ranking were stable performance with good foreign exchange access. By 2018, the FDI flows to Uganda account for USD 1.3 billion. The largest volume of investments comes from Netherlands, UK, France and Switzerland. The volume of remittances (in United States dollars) as a proportion of total GDP have over the past 20 years been increasing steadily while outflows have remained relatively stable. Uganda had over 1 billion US dollars of financial flows into the country in 2016 and is the sixth-highest recipient of remittances in Africa. South-South cooperation in Uganda is largely dominated by China, which provides about 91.3percent of all south-south funds.

Public Debt: Uganda has pursued an expansionary fiscal policy in recent years, which has resulted in average deficits of 3.8percent of GDP per year over the past decade. In the fiscal projections contained in the Medium-Term Expenditure Framework, the country projects that the deficit will stay around 5.5percent for the two coming years and will later drop to 3percent after FY 2020/21. The 3 percent deficit target is set as part of the convergence criteria for the East African Community (EAC) as they target to form a monetary union by 2024.⁸³ As a result of the Government's expansionary fiscal policy, the public debt stock has risen from 20percent of GDP in 2008 to 38percent in 2018. The IMF projects that the public debt stock will peak at 50percent of GDP by FY 2020/2021 and will then decrease in the following years. This target also matches the convergence criteria set by the EAC. The growing debt stock has also resulted in a higher cost of debt service, which in FY2017/18 reached 44.8percent of all government revenues.

Figure 2.17 Debt stock by type of debt (% of GDP)

⁸² DFA Uganda, 2019:

⁸³ IMF (2019), Uganda; Article IV consultation, IMF Country Report no. 19/125, May 2019.



Source: IMF Article IV Staff Report, May 2019.

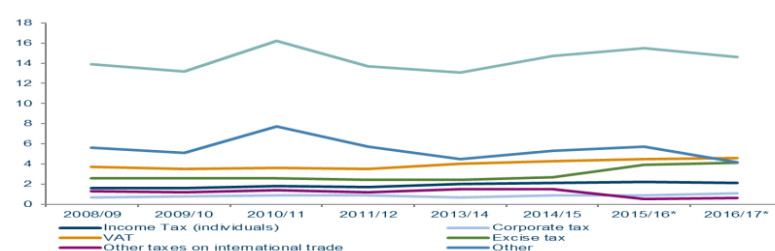
Over the past five years, Uganda's budget on repayments has been increasing exponentially, due to growth in the level of public expenditure. To this end, of some concern is the 25.1 percent increase in the cost of debt servicing with interest budgeted at UGX 3.1 trillion (almost 10 percent of total expenditure) in 2019/20. This increment is linked to the increased domestic and external borrowing required to fund the UGX 10.6 trillion deficits.⁸⁴

Remittances: The volume of remittances (in United States dollars) as a proportion of total GDP have over the past 20 years been increasing steadily while outflows have remained relatively stable. Uganda had over \$1 billion of financial flows into the country in 2016 and is the sixth-highest recipient of remittances in Africa. Remittances increased from US dollar 819 million in FY2010/11 to over US dollar 1 billion in FY2017/18 in nominal terms. Remittances from Ugandans abroad increased significantly from US dollar 819 million in FY2010/11 to US dollar 1.4 billion in FY17/18.

The increased inflow of foreign exchange through remittances impacted positively on the economy through boosting aggregate demand and economic growth as well as the national savings pool available for investment. Consequently, gross domestic savings as a percentage of GDP have grown from 14.5percent in FY 10/11 to 16.5 in FY17/18, while investment has grown from 21.1% to 28.5percent of GDP over the same period.

Domestic Financing Landscape: In terms of domestic sources, tax revenues have remained broadly stable at around 13percent of GDP, with some progress mostly in the area of VAT and excise tax, while non-tax revenues have declined, while revenues from extractive currently very modest. Revenues from oil extraction are only expected in 2023, while revenues from mining, at less than 0.1percent of GDP, are yet to pick up. Over the last 7 years the tax revenue to GDP ratio has improved from 11.7percent in FY 1999/00 to 14.3percent in 2018/19. More recently, the IMF concluded that revenue collection has improved over the FY 2017/18 with 0.3percent GDP. The figure below presents the historic development of the main sources of revenue.⁸⁵ Excise tax and VAT revenue pushed up total tax revenue, by demonstrating a clearly upward trend over the period FY 2013/14 to 2016/17.

Figure 2.3 Tax breakdown of selective Taxes (% GDP)



Source: Annual government Finance Statistics, Abstract October 2018, Uganda Bureau of Statistics/ preliminary data. Data for 2012/13 is missing in the Financial Statistics. Note: "Other Taxes and international trade" only includes custom duties on import and tax on exports.

The expected revenue growth is slightly below the target set at an annual increase of 0.5percent GDP increase. The NDPII targeted 16percent GDP by the FY 2019/20, which is most likely not going to be achieved. Based the MTFF projections, the target is most likely be achieved by FY2023/24. However, the Draft DRMS indicated that the NDPII target could also be reached earlier, by Y2020/21. The core objective of the DRMS is to improve the tax-to-GDP ratio to between 18-20percent GDP by FY 2023/24, whereby 20percent GDP reflects the upper-bound optimistic scenario where tax compliance

⁸⁴ DFA Study, October 2019.

⁸⁵ Annual Government Financial Statistics did not include data for 2012/13.

substantially improved. Uganda has to significantly increase domestic revenue mobilization especially at the local government level. Effective implementation of the new Domestic Mobilization strategy (DRM) is needed.

Local Governments Mobilization of local resources: As mentioned in chapter one, through Local Government Act 1998 local governments are entitled levy, charge, and collect local taxes and fees to receive a number of intergovernmental grants to fulfil their responsibilities they are entitled to. However, since these proceeds are extremely low, local government receive intergovernmental transfer from the centre in the form of unconditional, conditional and equalization grants. Approximately 3 percent of the total budget are today transferred to local governments as intergovernmental grants and 27 percent of total public expenditures are spent at the local level. But the main challenge with regard to local finance is that collection of taxes and fees is extremely low (about one third and one half below the potential (LGFC 2000). Reason for this are many include the politicisation of local taxes, wide reluctance among the population to pay tax due to arbitrary, regressive and sometimes forceful collection practices, lack of awareness of taxpayers about the connection between services and taxes, collusion between tax collectors and taxpayers, and lack of administrative capacity at local level (Steiner, 2006). In many occasions, the Government has pointed out that the high level of intergovernmental transfers also represents an additional disincentive for collection of own local revenue.

There is great opportunity to increase the level of local financial mobilization in all the districts across Uganda. The core objective of the DRMS is to improve revenue collection. This will bring Uganda closer to its theoretical potential and exceed the targets of a 16 percent tax-to-DGP ratio as set out in the NDPII and the Charter of Fiscal Responsibility.

Public Spending: Available public expenditure data indicates that fiscal space for social expenditures has remained tight in Uganda, in particular given the prioritization of infrastructure spending.⁸⁶ Due to the scaling up in infrastructure investment, which has been ongoing in recent years, the balance in spending between social sectors on the one hand and economic and productive sectors on the other has shifted significantly towards the latter. This shift has thus far not generated higher growth of gross domestic product (GDP), which slowed to 3.8 per cent in financial year (FY) 2016/17. The combination of low growth and inefficient tax administration has in turn limited the revenue base. Facing a tight revenue envelope, and with rising development spending, the government has had to tighten recurrent expenditure and increase borrowing to finance infrastructure. Taken together, these actions have led to a progressive increase in the debt/GDP ratio, placing social spending under pressure, and putting social indicators, such as primary completion rates, at risk.

Among the social sector (education, health, social development, water and environment) expenditures have been broadly stable in recent years, both as a percentage of GDP and in per child real terms. While fiscal space for social has benefited from a recent modest increase in domestic revenues, external debt disbursements and net internal financial flows, it was negatively affected by the increase in expenditures in other sectors. Over the fiscal years FY2012/13 to FY2015/16, Uganda's social expenditures have averaged about 3.4 per cent of GDP. They have also stagnated in real terms. In 2016 dollars, they amounted to US\$45 per child in FY2012/13 and US\$47 in FY2015/16 (excluding externally financed expenditures). The overall level of social sector expenditure as a percentage of GDP can be considered low, including by regional standards. The education sector has accounted for about 60 per cent of social expenditure. On the other hand, the resources spent in the water and environment and social development sectors have been especially low (respectively 0.1 per cent and 0.2 per cent of GDP). The significant differences in recurrent/development expenditures ratios across social sectors suggest that some sectors (education and health) are more constrained than others by the weaknesses in domestic revenue mobilization.

According to World Bank report, Uganda's fiscal system affects poverty and inequality. Uganda's fiscal policy is moderately equalizing, it was however poverty-inducing. It has lowered the Gini coefficient by 3.2 points, but increased poverty by 2.3 percentage points. Under NDP I & II, Uganda has invested heavily in the transport and energy sectors at the expense of social sectors. For instance, in the financial year 2017/18, the budget provision for transport and energy was around 7 percent of GDP compared to social spending of 4.4 percent of GDP- of which 2.4 goes to the education sector, 1.8 to health and around 0.2 to social protection (Figure 3.a). The low levels of social sector investments and narrower scope of social protection programmes leaves the poor and vulnerable, for most part to, depend on their own resources and ingenuity in dealing with risks and managing livelihoods. Currently, social protection floors/systems cover only 2.9 percent of the population. The only existing Direct Income Support—Social Assistance Grant for Empowerment (SAGE)— launched in 2016, only targets the elderly in some few districts, and its national rollout has been slow. Government programmes targeting the youth and women such as the Youth Livelihood Programme (YLP) and Uganda Women Empowerment Programme (UWEP), have remained fragmented to achieve large scale development results. Yet, according to the latest world bank report, direct transfers and social protection programs contributed to the redistributive effect benefiting the extreme poor.

The coverage and design of social protection programs are currently insufficient to meaningfully address the range and scope of vulnerabilities to shocks in Uganda. Firstly, the existing direct income support programs in Uganda have low coverage, with the overall reach of the two main programs at only 3 percent of the population – which is very low given the needs in the country. Secondly, financing to the sector is limited. Direct income support in Uganda is currently composed of two major and several minor programs. The two major programs are the Senior Citizens Grant (SCG) and cash grants given through the

⁸⁶ UNICEF. (2018). *Uganda: Fiscal Space Analysis*.

Northern Uganda Social Action Fund 3 (NUSAF 3). Spending on the two major programmes amounted to about 0-14 per cent of GDP in FY17/18.⁸⁷ Given the government limited fiscal space, it is important to prioritize social protection expansion and focus it on the poor and vulnerable groups in the neediest geographical areas.

Agricultural finance and insurance are critical in terms of reducing the vulnerability of household dependent on the agricultural sector for their livelihood. In 2018 about 87 percent of the working poor were engaged in agricultural activities. Further, nearly 85 percent of all farming households in Uganda are smallholder farmers^[1] and are characterized by low levels of productivity. The agricultural sector continues to be highly exposed to covariate (or country-wide) risks and access to finance continues to be a major constraint. Therefore, agricultural finance and insurance are critical to enable the structural transformation needed to accelerate growth in Uganda, alongside other interventions such as investing in irrigation systems, and

While new forms of development finance have emerged (south-south cooperation, blending), traditional forms of aid remain significant, in particular in social sectors. Uganda has not taken advantage of the opportunities in new and innovative financing opportunities such as concessional loans, PPP, green financing etc. The NDP III provides a good opportunity to articulate and develop a new development finance strategy that could harness effectively the country's own resources and deploy them effectively for rapid economic and social transformation.

MoFPED need support to strengthen the implementation of the Medium-Term Debt Management Strategy as outlined in the Public Finance Management^[1] (PFM) reform strategy, to ensure that concerns associated with rising cost of debt service, and use of domestic debt in particular, are addressed. There is on one hand a need to develop the domestic debt market, given the limited access to foreign capital markets, and on the other, a need for domestic borrowing to be kept under control.

Corruption perception and bureaucracy: according to Transparency International's Corruptions Perceptions Index, Uganda is ranked 149 out of 180. In addition, there is a perception of a slow and in transparent bureaucracy. Uganda is ranked 127 out of 190 in the World Bank's Doing Business Report (2018/19).

Infrastructure gaps: Uganda's infrastructure gap is a challenge for foreign investors in almost any sector. Particularly, low rates of electrification, reliable electricity supply, and low rate of connection to the water supply affect the operation of direct investments.

Lack of depth of local capital market: Deep and active capital markets are necessary for attracting foreign investors. Market capitalisation in Uganda in 2018 was 29% of GDP,⁸⁸ of which 81% responds to cross listings, meaning it is not fully reflecting local funds.⁸⁹ Furthermore, there is virtually no secondary trading in the Uganda Stock Exchange (USE). This is a result of a lack of active "market makers" with most large investors following a buy-and-hold strategy.

⁸⁷ World Bank. (2020). *Uganda Economic Update*.

⁸⁸ OMFIF (2018), *Abisa Africa Financial Markets Index 2018*.

⁸⁹ AECOM (2019), *Access to Finance: Diagnosis & Prescriptions*.

6.0 COMMITMENTS UNDER INTERNATIONAL AND REGIONAL NORMS AND STANDARDS

Uganda's commitment to international and regional norms and standards, in particular those related to advancing and promoting human rights, is demonstrated by its ratification of key international and regional instruments, many of which have become part of the country's domestic laws.

At the international level, in addition to becoming a UN Member State under the UN Charter, Uganda has ratified eight out of nine core human rights instruments: the International Covenant on Economic Social and Cultural Rights (ICESCR); the International Covenant on Civil and Political Rights (ICCPR); the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (CAT); the Convention on the Elimination of Discrimination Against Women (CEDAW); the Convention on the Rights of the Child (CRC) and its two optional protocols⁹⁰; the Convention on the Rights of People with Disabilities (CRPD) the International Covenant on the Elimination of Racial Discrimination (ICERD) and the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (CMW).⁹¹

Uganda is also committed to key declarations adopted by the international community related to human rights and gender equality, including the Beijing Declaration and Platform to Action, 1995 and the International Conference on Population and Development (ICPD), 1994, among others.

At the regional level, Uganda has ratified the African Charter on Human and Peoples Rights (ACHPR); the Protocol to the African Charter on Human and Peoples Rights on the Rights of Women in Africa (Maputo Protocol) and the African Charter on the Rights and Welfare of the Child; Uganda is also committed to implementation of the Africa Agenda 2063 and the Addis Ababa Declaration on the Demographic Dividend, among others.

In terms of labour and employment, Uganda has ratified all of the eight key Conventions under the International Labour Organisation. With regard to migration, settlement and refugees, Uganda is a State party to the Convention relating to the Status of Refugees and its Protocol, the Convention relating to the Status of Stateless Persons and The Hague Convention on the Protection of children and Co-operation in respect of Inter-Country Adoption. At the regional level, Uganda has ratified the OAU Convention Governing the Specific Aspects of Refugee Problems in Africa, and the 2009 African Union Convention for the Protection and Assistance of Internally Displaced Persons (Kampala Convention).

At the national level, Chapter 4 of the 1995 Constitution guarantees the promotion and protection of human rights. A number of laws and regulations are in place to provide a solid framework for the promotion and protection of human rights. In line with the provisions of the Constitution, the country established key oversight bodies, including the Uganda Human Rights Commission (UHRC), Equal Opportunities Commission (EOC) and National Council for Disability (NCD). Other key institutions called upon to play a key role in upholding human rights and fundamental freedoms are the Judiciary, the Inspectorate of Government (IGG), the Electoral Commission (EC), and the Uganda Law Reform Commission (ULRC).

Uganda has participated actively in the Universal Periodical Review (UPR) mechanism, in which every state is reviewed every five years by the Human Right Council (HRC). To date, Uganda has been reviewed twice – in 2011 and 2016. In October 2011, Uganda received 171 recommendations, of which it fully accepted 129, partially accepted 6 and rejected 46. In November 2016, Uganda received 226 recommendations, out of which 148 were accepted and 78 noted. Uganda has made progress in addressing some of the recommendations. For instance, a Standing Human Rights Committee of Parliament was created in 2012 with the mandate to ensure compliance of human rights standards in all business of Parliament. In 2014, an Inter-Ministerial Committee (IMC) on Human Rights was established to assist with coordination among Ministries, Departments and Agencies on human rights, including with regard to reporting to international human rights mechanisms. Uganda has recently made considerable progress in drafting long overdue State reports, as per the reporting obligations under the human rights treaties. These State reports are expected to be submitted to the respective treaty bodies during the first half of 2020. In addition, a National Action Plan on Human Rights has been developed and only awaits approval by Cabinet.

Despite the above progress, there are still a number of international and regional human rights instruments which Uganda has not yet ratified. If ratified, these instruments would further strengthen the protection of human rights and fundamental freedom in Uganda. These include:

1. The International Convention for the Protection of All Persons from Enforced Disappearance.
2. The Second Optional Protocol to the ICCPR on the abolition of the death penalty, as well optional protocols under CEDAW, CESC and CRC to accept the respective individual complaints procedures.
3. The 1961 Convention on the Reduction of Statelessness.
4. The African Charter on Democracy, Elections and Governance

⁹⁰ *Optional Protocol to the CRC on the involvement of children in armed conflict, Optional Protocol to the CRC on the sale of children child prostitution and child pornography.*

⁹¹ *Uganda has accepted the individual complaints procedures under ICCPR and CRPD, as well as the confidential inquiry procedure under CAT and CRPD.*

5. The Protocol to the African Charter on Human and Peoples' Rights on the Rights of Persons with Disabilities in Africa.

Uganda last accepted a country visit by a Special Rapporteur appointed by the Human Rights Council in 2007. It is hoped that Uganda in due course will soon accept one of the pending invitation requests by a number of Special Procedures mandate-holders.⁹²

7.0 CROSS-BOUNDARY, REGIONAL AND SUB-REGIONAL PERSPECTIVE

Uganda has shown commitment to several continental and regional development cooperation arrangements. Uganda Vision 2040 Paragraph 23 (page 7) states that: "Government will collaborate with its neighbours in the implementation of this Vision and in accordance with existing and future agreements, standards and protocols within the framework of East African Community, other regional blocs and African Union." Paragraph 74 (page 24) states that: "Government will also support externalization of labour by putting in place relevant legal and institutional frameworks and sign cooperation agreements with other countries where our people would work. Similarly, government will sign social security agreements with such countries so that Ugandans working abroad do not lose their social security benefits."

Subsequently, the Government of Uganda subscribes to the following protocols:

- a) *The East African Community (EAC)* comprised of Burundi, Kenya, Rwanda, Tanzania, and Uganda. The EAC has implemented the Customs Union, Common Market and the Monetary Union protocols. EAC Partner States are still committed and are on course to attaining the target of a single currency by the year 2024. In that regard, the Partner States are currently undertaking key programmes for the harmonization of Capital Markets and Payment Systems. So far, EAC Partner States have harmonized the critical policies that are essential for a sustainable Monetary Union. The East African Legislative Assembly has so far enacted the East African Monetary Institute Bill, 2018 and the East African Statistics Bureau Bill, 2018.
- b) EAC Partner States identified infrastructure as being one of the most important enablers for ensuring a successful regional integration. Infrastructure plays a catalytic role in facilitating growth and development of trade, agriculture, tourism and the movement of labour and other resources. The major focus on infrastructure relates to roads; railway; aviation; communications and inland waterways. The focus is in line with the Treaty for the establishment of the EAC which states that provision of basic infrastructure by the Partner states shall be one of the Operational Principles of the Community.
- c) *The Common Market for East and Southern Africa (COMESA)*, comprised of 21 member states (after admission of Tunisia and Somalia). COMESA provide a remarkable opportunity for Uganda's exports and will promote further industrialization and job creation. During FY 2018/19, COMESA embarked on the Digital Free Trade Area (DGFTA) programme³³. The programme aims to use ICT to improve efficiency in cross-border trade between Member States by further minimizing physical barriers.
- d) *African Continental Free Trade Area (AfCFTA)*: The AfCFTA agreement secured the minimum threshold of 22 ratifications required for it to come into force, in April 2019, Uganda was among the first 44 countries that signed the AfCFTA in March 2018. In line with the country's industrialization agenda, AfCFTA will offer Uganda a very large market base to support more trade in goods and services produced by industries and enterprises that target to create jobs and increase household incomes. As an LDC, Uganda will have more time to phase out its own tariffs than non-LDC.
- e) *EAC-EU EPA: The East African Community finalized the negotiations for an Economic Partnership Agreement (EPA) with the EU on 16 October 2014*. The EU-EAC EPA covers trade in goods and fisheries as well as development cooperation that aims to reinforce cooperation on the sustainable use of resources. It bans unjustified or discriminatory restrictions on imports and exports, which contributes to the EAC's efforts to eradicate non-tariff barriers in intra-EAC trade.²¹ The EPA is not yet in place, as Uganda (as well as Burundi and United Republic of Tanzania) have not yet signed it. As Uganda (and all other LDCs) export already duty-free quota-free to the European Union under the Everything-But-Arms initiative, the EPA does not improve market access in the European Union.
- f) To expand employment opportunities, the government of Uganda developed policy frameworks on the externalization of Labour that have given guidance on the bilateral agreements already signed with Royal Kingdom of Saudi Arabia, governments of Jordan and Qatar. Negotiations are under way for a bilateral agreement with the United Kingdom and Kuwait.
- g) Additionally, Uganda's trade and investment cooperation with the wider international community is increasingly embedded within regional approaches that many of the leading economies have adopted in dealing with the African countries. In-year developments within these approaches in FY 2018/19 and related plans are highlighted below.
- h) *China-Africa Cooperation: The Summit of the Forum on China-Africa Cooperation (FOCAC)* was held in September 2018. The forum was attended by several Heads of State and Government and other delegates from China, 53 African countries with diplomatic relations with China and the African Union Commission (AUC). The summit adopted the Beijing Declaration

⁹² See here: <https://spinternet.ohchr.org/ViewCountryVisits.aspx?visitType=pending&lang=en>

which is “Toward an Even Stronger China-Africa Community with a Shared Future and the FOCAC Beijing Action Plan (2019-21)”. During the Summit, Uganda and China signed three agreements graced with the witness of H.E. the President of Uganda and his Chinese counterpart, President Xi Jinping: an agreement on economic and technical cooperation worth 200 million Yuan; a memorandum of understanding on cooperation within the framework of the Silk Road Economic Belt and the 21st Century Maritime Silk Road Initiative to benefit from the US\$ 60 billion announced by China; and an agreement on emergency humanitarian assistance.

- i) *Tokyo International Conference on African Development: The 7th Tokyo International Conference on African Development (TICAD)* will be held in August 2019. TICAD is an international conference held under the leadership of the Japanese government. TICAD is aimed at contributing to the facilitation and promotion of high-level policy dialogue between African leaders and Africa’s development partners on a number of issues that relate to economic growth, trade and investment, sustainable development, human security, peace and stability and government. It is also a multilateral partnership that strongly promotes South-South and triangular cooperation among others. The Japan Government has previously supported Uganda’s infrastructural development including electricity transmission infrastructure, construction of regional referral hospitals, construction of the new Nile Bridge in Jinja, as well as interventions in other sectors like agriculture and education. The 7th TICAD is expected to cement Uganda-Japan relations in these areas.
- j) *United States –Africa Business Summit: The 12th United States –Africa Business Summit* was held in June, 2019 in Maputo, Mozambique. The Summit brought together more than 1,000 U.S. and African private sector executives, international investors, senior government officials and multilateral stakeholders. It will also act as a platform for U.S. and African business and government leaders to advance a resilient and sustainable U.S.- Africa Partnership through engaging on key sectors including agribusiness, energy, health, infrastructure, ICT, finance and more; network with key private sector and government decision makers; explore new business opportunities and meet potential business partners; and advocate to shape effective U.S.- Africa trade and investment policies. Furthermore, the USA signed the Better Utilization of Investments Leading to Development (BUILD) Act in October 2018. The Act provided for the creation of the United States Development Finance Corporation (USDFC) that introduces new and innovative financial products to better bring private capital to the developing world. The official objective of the DFC is to stimulate economic growth in less developed countries by promoting market-based, private-sector development, namely by providing capital to private investors to support commercial projects.
- k) *The Joint Africa-EU Strategy (JAES)*: JAES was launched at the Africa–EU Summit in Lisbon, Portugal in 2007. JAES sets out the intention of both continents to move beyond a donor/recipient relationship towards long-term cooperation on jointly identified, mutual and complementary interests. Under this strategy, the 5th AU-EU Summit was held in November, 2017 in Abidjan, Côte d’Ivoire. The EU and African leaders adopted a joint declaration on “Investing in Youth for Accelerated Inclusive Growth and Sustainable Development.” To further consolidate this position, a new Africa-Europe Alliance for Sustainable Investment and Jobs was launched in September 2018. The alliance aims to deepen the EU’s economic and trade relationship with Africa focusing on four key areas of; strategic investment and job creation; investment in education and matching skills; business environment and investment climate; and economic integration and trade. The alliance is expected to result in creation of 10 million jobs in Africa in the next 5 years, 24 million people accessing all season roads through leveraged investments in transport infrastructure, 105 students benefitting from Erasmus+ by 2027, 750,000 people receiving.
- l) *BRICS: The 10th BRICS Summit* – an international relations conference attended by the heads of state or heads of government of the five member states of Brazil, Russia, India, China and South Africa – convened in South Africa under the theme “BRICS in Africa: Collaboration for Inclusive Growth and Shared Prosperity in the 4th Industrial Revolution”. While no other African country has confirmed intentions to join the BRICS, a number have welcomed the prospect of partnership with the grouping. H.E. President of Uganda addressed the BRICS Africa Outreach meeting and also held bilateral meetings with other heads of state.
- m) Uganda has also demonstrated global leadership in South-South cooperation (SSC) and Triangular Cooperation (TrC), currently holding the Presidency of the United Nations High-Level Committee on South-South Cooperation and Government appreciates the value of SSC and TrC to the achievement of the national, regional and global development aspirations. To this end, Uganda continued to engage and take leadership in initiatives that are aimed at providing an enabling environment to promote South-South partnerships. Uganda was one of the countries that contributed to the first Africa Report on South-South Cooperation, which provided a basis for the Africa side event during the Second High-level United Nations Conference on South-South Cooperation (BAPA+40) held in 2019. In addition, a report on the Status of South-South Cooperation has been prepared to take stock of the current state of SSC and TrC and create awareness in the country.
- n) While all the above present amazing opportunities for economic growth, poverty reduction and socio-economic transformation, the country remains ill-prepared to exploit these prospects. For instance, the industrial base is still very low and faces threats of competition from other more industrialized economies on the continent. It is therefore imperative to build its capacity to benefit from the opportunities created by regional and continental integration.

As Uganda looks to turn-around its development and social transformation agenda for all, what opportunities exist that could accelerate the process of accelerating the achievement of SDGs. The key opportunities are highlight in the section below.

8.0 DEVELOPMENT AND SOCIAL CHALLENGES AND OPPORTUNITIES

The Common Country Analysis, informed by triangulation of data from various sources, identified key development and social challenges, which at the same time present opportunities with potential for acceleration of progress towards the achievement of NDP III and SDG targets. These include the following:

8.1 Sustaining good governance and strengthening capacity for effective service delivery

NDP III identifies governance as one of the key accelerators for the achievement of NDP III and SDGs targets. Uganda aims to take the government closer to the people to effectively address their development and social needs, and promote the rule of law, adherence to human rights, and enhancing equitable access to justice and basic social and protection services. Sustaining peace, security and stability in all regions, particularly in Northern and Western Uganda, and Karamoja, is critical to promotion of local economic development (LED), which is key for effective implementation of NDPIII and achievement of SDGs targets.

With the introduction of programmatic approach to planning, NDPIII provides opportunity to strengthen systems, institutional and peoples' capacities to fight corruption, mismanagement of resources for development and social transformation, and promote prudent management of public resources at national, local government and sector levels. Uganda commits to design and effectively implement an Integrated National Financing Framework (INFF). Activities towards INFF, which have already been done include: Development Finance Assessment for Uganda (2019), Uganda Domestic Resource Mobilization (DRM) 2019/2020 - 2023/24 Strategy, and the current preparation of a Public Investment Financing Strategy.

Other important opportunities for change under governance include:

- Digital solutions for transformation of the public/private sector
- Local Government to effectively mobilize and use local resources
- Strengthening institutional capacities for public/private sector performance and service delivery.
- Mobilizing alternative regional and international resources for development and social programmes.
- Targeting concessional debt as opposed to non-concessional ones, which are more expensive for the country.
- Going for domestic debt rather than reliance on external debt, in order to ensure long term economic stability.
- Enhancing the capacity of local governments to mobilize local resources
- Strengthening the capacity of Uganda Bureau of Statistics as well as ministries, departments and agencies to produce, manage and disseminate up-to-date disaggregated data on NDP III and SDG targets.
- Enhancing national and local coordination platforms across numerous stakeholder groupings, across public, private and CSO sectors.
- Ensuring that preparation for and the general elections in early 2021 are peaceful, democratic and credible
- Providing leadership and engaging effectively in enhancing peace, security and stability in the Great Lakes Region and the Horn. The existence of regional platforms like EAC, IGAD, COMESSA, AfCFTA, among others, provides great opportunity for establishing and sustaining peace and security. Uganda need to take advantage of and engage in strengthening the existing and future cross-boundary and internal transportation systems including water, railway, road and air as means of promoting trade and exports.

8.2 Promoting and sustaining poverty reduction and inclusive economic growth

Building on lessons learned in the last decade, Uganda needs sustainable and inclusive growth, including creation of decent employment and enhancing economic risk reduction. This requires building resilience to economic shocks, including investing in irrigation systems, modernizing agriculture production and practices; investment in manufacturing and value addition, targeting exports, and expansion of existing social protection programs or introduction of new ones – targeting the marginalized and most vulnerable groups - across the country.

NDP III identifies industry as one of the key accelerators for the attainment of critical targets that include agro-industrialization; fast-tracking oil, gas and mineral-based industrialization; promotion of local manufacturing and; export promotion. Opportunities are in several areas:

- Modernizing agriculture sector (small- and large holdings) to increase production and productivity. In this regard, learning from experiences by other LDCs that have made already progress towards graduation from subsistence to modern would be instructive ([UNCDP 2017](#)).

The agriculture sector in Uganda needs to be modernized and made efficient and effective to increase production and productivity. This requires investment in and provision of access to quality inputs, resources for women across the value chain, financial services and markets, effective extension services, deficient market information, post-production value addition, and supporting infrastructure.

Support to existing good practice policy initiatives like the multi-sectoral national nutrition policy and guidance note as well as the Multi-Sectoral Nutrition Coordination Committee that is in place would be critical in strengthening capacity of nutrition coordination structures at the local government level by providing information on the nutrition situation and the policy environment for addressing malnutrition in Uganda.

- *Addressing youth budge, creation of descent jobs and Human well-being:* Uganda has great opportunity to reap economic benefits from strategic investment in the current large youth population. However, if the youth bulge is not well planned for, it creates a challenge and potentially missing the demographic dividend. With more people in the labour force and fewer children to support, Uganda has a window of opportunity – but only if the right social and economic investments and policies are made in health, education, governance and the economy.

Enjoying demographic dividend in Uganda requires targeting the youth, promoting inclusive sustainable economic growth and decent employment for poverty reduction, addressing vulnerability, bridging the rich-poor divide, building resilience and reducing multi-dimensional inequalities require comprehensive, well-managed and sustainable interventions.

- Enhancing manufacturing, innovation and infrastructure sector – targeting agro-processing (value addition) for local consumption and export.
- Uganda needs to leverage partnerships with the youth, private sector, academia and research institutions in promoting and harnessing digital technologies. These have the potential to propel innovation in integrated approaches for business, job creation, and increased productivity in agriculture and other sectors.

Uganda should build on lessons learned during NDP II, and expand good practices and target supporting human development and building resilience through:

- Investing more resources into health and education systems
- Strengthening health, education and social protection infrastructure
- Promoting access to and utilization of quality basic social and protection services
- Supporting education and skills development
- Supporting government efforts in addressing maternal and new-born mortality, and development of Quality of Care Standards
- Promoting of Water, Sanitation and Hygiene (WASH) such as hand washing facilities and increased pit latrine coverage in schools and homes;
- Supporting government efforts to fight against new HIV infections, especially among youth.
- Supporting capacities for increased accountability by Government MDAs, Local Governments, communities, and non-state actors including the private sector.

8.3 Strengthening national and local Disaster Risk Reduction System

NDP III identifies environment as one of the key accelerators for the attainment of SDGs and the NDP III targets. This requires enhanced institutions and capacities for disaster risk reduction (DRR) at national, local government and sector levels. Uganda needs to enhance the capacity of National Emergency and Coordination Centre for effective implementation, monitoring and reporting on its mandate and roles. Uganda has to design and effective implementation of the Sendai Framework for Disaster Risk Reduction 2015-2030 (the global plan for reducing disaster losses and Africa Programme of Action -POA- for implementation of the Framework) and monitor the progress made towards delivering the seven targets together with Africa' POA commitments.

Some other specific issues include the following:

- The current Uganda disaster risk management (DRM) system to build resilience to risks and hazards is not to the level that matches the existing needs. The current practice in the country is more of disaster management (responding when it happens) than it does with risk management (proactive measures- before it happens).
- There is need for coordinated efforts on policy, financing, coordination arrangements, and sectoral and cross-sectoral interventions at all levels. This would make a significant difference for millions of poor Ugandans and economic growth of the country.
- Uganda's Increased vulnerability and frequently occurring landslides, floods, droughts, diseases, pests, and of late locust invasion and the COVID-19 pandemic, present the Government, Local Government, the private sector, communities, households and development partners with challenges, useful lessons and opportunities, including: the need to develop local production capacity, especially of essential goods, rather than rely on imports; the need for Uganda to have a home-grown,

resilient, effective/sustainable emergency response systems in the public and private sectors at national, local and sector levels; need to build strong and sustainable coordination and leadership at institutional and sector levels; need to strengthen surveillance, laboratory support and point of entry management; having effective social mobilization and community engagement systems; strengthening case management, infection prevention and control systems; enhancing electrification, connectivity and E-learning; enhancing science, technology and innovation as enablers of socio-economic transformation and job security; promotion of WASH, Mental Health & psychological support; having strong functioning national and local/community health facilities; and having effective, comprehensive and inclusive social protection programmes targeting the marginalized and vulnerable people and regions.

- Effective and coordinated support to National Emergency Coordination Centre, in particular District- and Sector-based, is needed, including building effective multisectoral and multi-agency support, monitoring and reporting.
- Enhancing attention to risk management and resilience building by various sectors and MDAS, which are vulnerable to frequent economic and livelihood loss and human mortality from disasters, hazards and risks.

8.4 Addressing Human Rights, Gender Equality, and SGBV

Uganda's commitment to mainstream SDGs in NDPIII provides opportunity to promoting development and social transformation, without Leaving No One Behind. NDP III provides an opportunity under the "Community Mobilisation and Mind-set Change" and "inclusive Rural Development". The goal of this programme is to empower families, communities and citizens to embrace national values and actively participate in sustainable development. This is in line with the 1995 Constitution of Uganda, mandates the state to mobilize, organize, and empower its citizens to build an independent and sustainable foundation for development and social transformation. The Local Governments Act (Cap 243) also offers a statutory role for local authorities to take lead in community governance and promote the well-being of the community.

The existing institutions, MDAs, and policy and legal frameworks provide enabling environment and platforms to promote gender equality and women's empowerment, human rights, and fighting SGBV and other discriminatory and harmful practices like FGM and child marriage, only if such platforms are strong, have necessary capacities and are effectively monitored.

Uganda requires the effective implementation of the National Social Protection Policy, and strengthening national and local systems to effectively deliver social security and social care services, especially for the marginalized and vulnerable groups, as well as direct income support, to ensure that the human capital of Uganda is protected and its full potential is promoted to harness the demographic dividend. There is also a need to harmonize social protection and humanitarian assistance to refugees, seeking synergies between services provided to host and refugees communities.

The existence of the National SDG Secretariat and E-platform for citizen engagement and participation provides good opportunity for localization and populization of SDGs at national, local government and sector levels. These are good opportunity for advocacy for future engagement with citizens on SDGs across the country.

9.0 RISKS TO FUTURE PROGRESS ON SDGS

Uganda's development and social transformation in general, and addressing SDGs in particular, faces potentially risks, that if not mitigated could negative impact influence the achievement of the SDGs, going forward. These risks include the following:

- Natural disasters, environmental degradation and impact of climate change and other socio-economic disasters and risks. Uganda will continue to face climate shocks such floods, landslides, drought, famine, severe storms, wild fires, zoonotic diseases and pests that negatively impact on economic production and productivity, thus affecting households' livelihoods, with serious consequences on food security across the country. The country is also vulnerable to spread of diseases such as Ebola and COVID-19. Such disasters and shocks have destructive impacts on investment in many parts of the country and could jeopardize the achievement of SDGs.
- Poor economic growth and increased inequalities poses social, economic and environmental threats in Uganda. Unemployment, loss of income and livelihood will be made worse with the effect of COVID-19 pandemic in the medium and long-term across the country and in all sectors. Uganda risks slow and unequal economic growth and shared prosperity reduced foreign direct investment, limited creation of decent jobs for youth and women, and food insecurity. Many vulnerable groups, as articulated above, could be left behind development and transformation of Uganda.
- Land disputes and ethno-political conflicts: Land remains a conflict driver across Uganda, especially in the Albertine Graben, central Uganda, Karamoja, and northern Uganda where there are prospective business interventions related to extractive and economic industries, timber, commercial farming and mining. In other areas such as the Mount Elgon region, Teso and South Western Uganda, there are protracted conflicts pitching the local communities against government led conservation efforts. In Western Uganda, specifically in the Rwenzori sub-region, there is an ethno-political long-standing conflict between three ethnic groups over resources, including land.
- Election related violence: The On-going political tension has the potential to affect the implementation of national programmes. This is likely to worsen during the upcoming 2021 elections basing on past trend unless there is increased investment in civic education and orientation of the leadership of police and other security organs.
- Dwindling resource allocation to basic social and protection sectors. Public expenditures in health, education and social protection are below the required threshold of investment for a developing country like Uganda, and for example, far below commitments under the Abuja Declaration on public health expenditure. External debt presents the biggest risk, and unless government strikes a balance between the need for public investment and managing public finances, Uganda economic growth could be negatively impacted especially through rising inflation. The current nominal debt to GDP ratio of 42.2 per cent in 2018/19 is expected to rise in the next five years given that government has already a number of commitments. There are also challenges related to accountability and inefficiency in the use of public resources. Addressing the financing gap for development and social transformation of Uganda is an area of attention.

Risk Analysis Framework

Nature of Risk	Description / Analysis of Risk	Assessment	Impact
Environment and Climate Change	Environmental degradation and impact of climate change and other socio-economic disasters and risks. floods, landslides, drought, famine, severe storms, wild fires, zoonotic diseases and pests	High	High
Economic Growth and Shared Prosperity	Poor economic growth, loss of jobs and livelihood and increased inequalities. Uganda risks slow and unequal economic growth and shared prosperity reduced foreign direct investment, limited creation of decent jobs for youth and women, and food insecurity. Unemployment, loss of income and livelihood will be exacerbated by effect of COVID-19 pandemic in the medium- and long term across the country and sectors.	High	High
Land Disputes and Ethno-political	Land remains a conflict driver across Uganda, especially in Northern and Western Uganda. There is an ethno-political long-standing conflict between three ethnic groups over resources, including land.	Medium	Medium
Election Related violence	The On-going political tension and protests by the opposition is likely to increase as Uganda approaches 2021 national elections. has the potential to affect the implementation of national programmes.	Medium	Medium
Public Resource Allocation	Public expenditures in health, education and social protection are below the required threshold of investment for a developing country like Uganda	Medium	High

CCA indicates that Uganda progress toward achievement of SDGs provides challenges and opportunities for change in the three dimension of 2030 Agenda: social, economic and environment. However, there are also risks that if not mitigated could have adverse effect on how the country achieves NDP III and SDG targets.

The country's development and social transformation, requires proper inclusive and participatory problem identification, comprehensive planning, national integrated financial framework, and closer monitoring and reporting. All these depends on how Uganda addresses the data gap, for both NDP III and SDG targets.

Comprehensive annual review of CCA as a means of updating national, district and sector repository and data is imperative, going forward. This means that the national statistics office (UBOS) need to strengthen its capacity for data collection, analysis, management and report.

10. ANNEXES

Annex I: Abbreviation and Acronyms

AARR	Average Annual Rate of Reduction
ACPHR	African Charter on Human and People's Rights
AIDS	Acquired Immune Deficiency Syndrome
AfCFTA	African Continental Free Trade Area
AfDB	African Development Bank
AGI	Agro-Industrialization
AU	African Union
AUC	African Union Commission
ARCSS	Agreement for the Resolution of the Conflict in South Sudan
ASM	Artisanal and Small Scale Mining
BAPA	Second High-level United Nations Conference on South-South Cooperation
BTNET	Business Technical, Vocational Education and Training
BOU	Bank of Uganda
BUILD	Better Utilization of Investments Leading to Development
BRICS	Brazil, Russia, India, China and South Africa
CCA	Common Country Analysis
CCD	Climate Change Department
CCHF	Crimean Congo Haemorrhagic Fever
CESCR	Committee on Economic, Social and Cultural Rights
CF	Cooperation Framework
COMESA	Common Market for East and Southern Africa
CO ₂	Carbon Dioxide
CSOs	Civil Society Organisations
CEDAW	Convention on the Elimination of Discrimination Against Women
CRPD	Convention on the Right of Persons with Disabilities
CMW	Migrant Workers and Members of Their Families
COMESA	Common Market for East and Southern Africa
COVID-19	Corona Virus Disease 2019
CRC	Convention on the Rights of the Child
CRPD	Committee on the Convention Related to Persons with Disabilities
CRRF	Comprehensive Refugee Response Framework
DESA	Department of Economic and Social Affairs
DFA	Development Finance Assessment
DFC	Development Finance Corporation
DGFTA	Digital Free Trade Area
DINU	Development Initiative for Northern Uganda
DP	Democratic Party
DPT3	Diphtheria-tetanus-pertussis
DPP	Directorate of Public Prosecution
DRC	Democratic Republic of Congo
DRM	Disaster Risk Management
DRM	Domestic Resource Mobilization
DRMS	Domestic Resource Mobilization Strategy
DRR	Disaster Risk Reduction
EAC	East Africa Community
EC	Electoral Commission
ECCE	Early Childhood Care and Education ECD Early Childhood Development
EPA	Economic Partnership Agreement
EOC	Equal Opportunities Commission
EU	European Commission
FAOSTAT	Food and Agriculture Organization Statistics
FBO	Faith Based Organization
FDC	Forum for Democratic Change
FDI	Foreign Direct Investment
FGM	Female Genital Mutilation
FOCAC	Forum on China-Africa Cooperation
FSDS	Financial Sector Development Services

FY	Financial Year
GAPR	Government Annual Performance Report
GBV	Gender Based Violence
GDP	Gross Domestic Product
GER	Gross Enrolment Ratio
GEWE	Gender Equality and Women's Empowerment
GKMA	Greater Kampala Metropolitan Area
GNI	Gross National Income
GoU	Government of Uganda
HP	Harmful Practices
HCI	Human Capital Index
HDI	Human Development Index
HIV	Human Immunodeficiency Virus
HRBA	Human Rights Based Approach
HRC	Human Right Council
HRW	Human Rights Watch
HSDP	Health Sector Development Plan
IAG	Ibrahim Index of African Governance
ICERD	International Covenant on the Elimination of Racial Discrimination
IGAD	Inter-Government Authority on Development
ICT	Information and Communication Technology
ICCPR	International Covenant on Civil and Political Rights
ICESCR	International Covenant on Economic Social and Cultural Rights
ICPD	International Conference on Population and Development
IEC	Information education and communication
IGG	Inspectorate of Government
IFMIS	Integrated Finance Management Information System
IGC	Inspectorate of Government
IMF	International Monetary Fund
INFF	Integrated National Financing Framework
IMC	Inter-Ministerial Committee
ITNs	Insecticide-treated nets
JAES	Joint Africa-EU Strategy
JP	Joint Programme
JUPSA	Joint Programme Support on HIV and AIDS
KARUNA	Karamoja United Nations HIV programme
KCCA	Kampala Capital City Authority
LC	Local Council
LDC	Least Developed Country
LDPG	Local Development Partners Group
LG	Local Government
LED	Local Economic Development
LGBTI	Lesbian, Gay, Bisexual, Transgender and Intersex
LGFC	Local Government Finance Commission
LNOB	Leave No One Behind
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries
MAD	Minimum acceptable diet
MDAs	Ministries Departments and Agencies
MoH	Ministry of Health
MoFPED	Ministry of Finance Planning and Economic Development
MoGLSD	Ministry of Gender, Labour and Social Development
MoJCA	Ministry of Justice and Constitutional Affairs
MoLG	Ministry of Local Government
MSME	Micro, Small and Medium Enterprises
MTCT	Mother-to-child transmission
MTR	Mid-term Review
MWE	Ministry of Water and Environment
NAPs	National Action Plans
NAPIII	Third National Action Plan
NCCP	National Climate Change Policy
NCD	Non-Communicable Diseases
NCD	National Council for Disability
NDC	National Council for Disability
NDPI	The First National Development Plan

NDPII	The National Development Plan
NDPIII	The Third National Development Plan
NECOC	National Emergency, Coordination and Operations Centre
NGO	Non-Governmental Organization
NGPS	National Governance, Peace and Security Survey
NPF	National Partnership Forum
NFA	National Forestry Authority
NRM	National Resistant Movement
NSPP	National Social Protection Policy
NSS	National Statistical System
NUSAF 3	Third Northern Uganda Social Action Fund
OAU	Organization of African Union
ODA	Overseas Development Assistant
O&M	Operations and maintenance
OVC	Orphans and Vulnerable Children
PAP	Policy Action Plan
PIM	Public Investment Management
PIP	Public Investment Programme
PFM	Public Finance Management
PNSD	Plan for National Statistical Development
PLWD	People Living with Disabilities
PSFU	Private Sector Federation of Uganda
PWD	People with Disabilities
POMA	Public Order Management Act
ReHoPE	Refugee and Host Population Empowerment
RMNCAH	Reproductive, Maternal, New-born Child and Adolescent Health
RC	Resistance Council
RVF	Rift Valley Fever
SAGE	Social Assistant Grant for Empowerment
SDGs	Sustainable Development Goals
SEA	Sexual Exploitation and Abuse
SEZ	Special Economic Zone
SGBV	Sexual and Gender Based Violence
S-G	Secretary General
SIED	Sustainable and Inclusive Economic Development (SIED)
SP	Social Protection
SP	Strategic Prioritization
SRH	Sexual and Reproductive Health
SSA	Sub-Saharan Africa
SSC	South-South cooperation
SWG	Sector Working Groups
TICAD	Tokyo International Conference on African Development
TrC	Triangular Cooperation
TVET	Technical and Vocational Training
UBOS	Uganda Bureau of Statistics
UHRC	Uganda Human Rights Commission
ULRC	Uganda Law Reform Commission
UGGDS	Uganda Green Growth Development Strategy
UHRC	Uganda Human Rights Commission
UGX	Uganda Shilling
UK	United Kingdom
ULRC	Uganda Law Reform Commission
UPE	Universal Primary Education
USE	Uganda Stock Exchange
UNAIDS	United Nations Programme on HIV/AIDS
UN	United Nations
UNCDF	UN Capital Development Fund
UNHS	Uganda National Household Survey
UNDAF	United National Development Assistance Framework
UDHS	Uganda Demographic Survey
UN DESA	United Nations Department of Economics and Social Affairs
UNDP	United Nations Development Programme
UNDS	UN Development System
UNFPA	United Nations Population Fund

UNODC	United Nations Office on Drugs and Crime
UNCTED	United Nations Security Council Counter Terrorism Executive Directorate
UNECA	United Nations Economic Commission for Africa
UNSCR	UN Security Council Resolution
UNSDCF	United Nations Sustainable Development Cooperation Framework
UNSP	United Nations Social Protection Policy
USDFC	United States Development Finance Corporation
UPPAP	Uganda Participatory Poverty Assessment Process
UPR	Universal Periodical Review
USA	United States of America
USD	United States Dollar
UWEP	Uganda Women Enterprise Programme
UPC	Uganda People's Congress
UPF	Uganda Police Force
VAC	Violence Against Children
VAT	Value Added Tax
VAWG	Violence Against women and Girls
VNR	Voluntary National Report
WASH	Water, Sanitation and Hygiene
WB	World Bank
WHA	World Health Assembly
YLP	Youth Livelihood Programme
4IR	Fourth Industrial Revolution

ⁱ Enhancing the production/value addition of items such as: sugar, soap, mineral water, fruit juice, milk & products, cement, steel products, maize meal, plastics, beauty products, cooking oil, among others.