



**MINISTRY OF FOREIGN AFFAIRS  
OF DENMARK**  
*Danida*

# COUNTRY POLICY PAPER FOR UGANDA 2018-2022





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# 1. VISION AND STRATEGIC OBJECTIVES

Located between the Horn of Africa and the Great Lakes and having received hundreds of thousands of refugees over the past many years, Uganda plays a pivotal role in the stability and development in East Africa, including as a neighbour of countries from which people flee.

As a Danish priority country, Uganda is part of the group of poor and stable countries that have the potential to develop into robust growth economies, but which are still characterised by a risk of increased fragility. In the past 30 years, Uganda has experienced a relatively high degree of political, economic and social stability. Fewer people live in poverty, and substantial improvements have been realised within areas such as education, HIV/AIDS and drinking water.

Uganda is however still facing crucial challenges: High population growth, which reduces the economic growth, regional instability which leads to massive refugee flows as well as low productivity, extensive corruption and high and rising inequalities. In North Uganda, a decade has passed since the end of the bloody civil war waged by the Lord's Resistance Army, but the region is still poorer and more fragile than the rest of the country. The pressure on Northern Uganda is intensified by the fact that the region is hosting the majority of the almost one million refugees who are currently in Uganda. The present ruling party has dominated the political and economic development since 1986 and Uganda has yet to experience a peaceful transfer of power. Despite progress, inclusive growth, democracy, human rights and good governance are not sufficiently rooted, thus involving a risk of instability.

Denmark has a clear interest in ensuring that Uganda maintains and builds on the progress achieved so that the Ugandan government's objective of achieving status as a middle-income country can be realised. Specifically, it is in Denmark's interest to contribute to supporting and strengthening Uganda's role in relation to stability and security in a fragile region, including as a country to which people flee from neighbouring countries, as well as to contribute to development and freedom through sustainable, inclusive growth and promotion of democracy, human rights and gender equality. Furthermore, it is in Denmark's interest to maintain a dialogue with the Ugandan government on the obligation to readmit rejected, Ugandan asylum-seekers. Uganda's potential as a trading and investment partner is also in Denmark's interest.

With the prioritised UN Sustainable Development Goals as its platform (see Box 1), Denmark's engagement in Uganda will be based on Denmark's overall development policy vision for a securer, freer, more prosperous and just world where the individual's potential for self-reliance is realised.

*It is in Denmark's interest to contribute to supporting and strengthening Uganda's role in relation to stability and security in a fragile region.*

The vision for Denmark's partnership with Uganda is:

*to contribute to the continued development of a stable and democratic Uganda, which through inclusive and sustainable growth improves the prospects for the population and brings the country closer to a status as a middle-income country, and which plays a stabilising role in the region.*

In the period 2018-2022, Denmark will work to realise this vision with three strategic objectives in areas where Uganda and Denmark have clear, overlapping interest and aims:

1. Contribute to poverty reduction through inclusive and sustainable economic development.
2. Promote democracy, good governance and human rights.
3. Support Uganda's stabilising role in the region.

Gender equality will also continue to be an important Danish priority in Uganda. In addition, Denmark will prioritise initiatives targeting young people as almost half of Uganda's population is between 10 and 30 years old. Denmark will continue its human rights-based approach to development in Uganda.

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#### **BOX 1: PRIORITISATION OF THE UN SUSTAINABLE DEVELOPMENT GOALS**

As part of a geographically differentiated development policy, Denmark gives priority to the Sustainable Development Goals where we are best able to promote the potential of a poor and stable country such as Uganda. The Danish engagement will primarily focus on Goal No. 1 (ending poverty), Goal No. 5 (gender equality and empowerment of girls and women), Goal No. 8 (promotion of sustainable growth and decent work), Goal No. 10 (reduction of inequality) and Goal No. 16 (peace, justice and strong institutions). Denmark will support Goal No. 3 (good health and well-being) through its multilateral assistance – particularly through the Danish support to UNFPA, WHO, UNICEF and the World Bank – rather than as an independent priority of the Danish bilateral country programme. Goal No. 17 (partnerships) will be a cross-cutting priority for Denmark's engagement in Uganda.

## 2. METHOD, INSTRUMENTS AND PARTNERSHIPS

The strategic objectives have been selected based on Danish foreign policy, security and development policy interests and Uganda's own development policy priorities. They are based on analyses of the major socio-economic challenges and risks facing Uganda and take into consideration Uganda's development policy priorities as described in the strategy *Uganda Vision 2040* and in the *National Development Plan 2015-2020* which integrates the UN Sustainable Development Goals. Experience from the Danish engagement in Uganda so far, including where and how Denmark can best contribute and play a catalytic role, has informed the strategic objectives. Denmark's development cooperation with Uganda is described in Annex 3.

The three strategic objectives are complementary and inter-dependent. Fighting poverty through inclusive and sustainable growth that increases employment in the private sector is crucial to economic and social resilience. A well-functioning democracy based on good governance and respect for the human rights is key to finding peaceful solutions to social conflicts – and thus also to political inclusion and stability. In addition to being separate objectives, together they form the basis for long-term stability and for Uganda playing a constructive and stabilising role in the region.

The Danish engagement will be based on various instruments, including development cooperation, political dialogue, business cooperation, humanitarian assistance and partnerships. The Danish country programme for Uganda for 2018-2022 will form the basis for Denmark's engagement and will be complemented by other initiatives and engagements. The development funds will, to a greater extent than previously, support the civil society and the private sector as positive change agents. However, going forward Denmark will also support selected government institutions that play an important role for good governance.

Successful promotion of the three strategic objectives requires mutually binding and innovative partnerships, both in the form of cooperation between Ugandan and Danish authorities as well as cooperation with civil society organisations, labour market organisations, research institutions, the private sector, multilateral organisations and other development partners.

The Danish engagement aims to integrate the various instruments to achieve mutual reinforcement and thus create the best possible results. This is also applicable in relation to establishing a close coherence between humanitarian and development-oriented initiatives. This is an area where Uganda has attracted international attention with its very liberal policy for receiving and integrating refugees. Inclusive and sustainable economic development for

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*Denmark will support Uganda in continuing to play a positive role as a host country where refugees from neighbouring countries can obtain refuge.*

both refugees and their host communities can contribute to ensuring that the refugee flows are managed regionally and could help to prevent irregular migration and secondary refugee flows. Denmark will support Uganda in continuing to play a positive role as a host country where refugees from neighbouring countries can obtain refuge. In its political dialogue with the Ugandan government, Denmark will have clear expectations for and insist on continued cooperation on the readmission of rejected Ugandan asylum-seekers. In this connection, Denmark is ready to put pressure on the Ugandan government, bilaterally as well as through the EU.

Denmark will prioritise the cooperation with the EU, the UN, the World Bank and other multilateral institutions, including in the work for increased synergy, enhanced coherence and a more effective division of labour. Denmark will work to ensure continued coordination between development partners on a national level as well as build on initiatives in which other development partners have subsequently engaged. Close cooperation with other development partners is key to ensuring continuous enhanced prevention and combating misuse of development funds. Denmark will look into the possibility of creating stronger links with the multilateral organisations' engagements in Uganda through a combination of Danish core contributions and thematic/regional earmarking, including considerations to supporting Uganda's role as a neighbour of countries from which people flee.

The Danish-Ugandan partnership has existed for more than 30 years, and Denmark has gained a reputation as a reliable development partner. This does not only apply among government institutions, the civil society and the private sector, but also generally among the Ugandan population. It is important to maintain this positive image of Denmark as a basis for constructive cooperation. This can be done based on Denmark's official development cooperation and, equally important, through a continued strong and diversified popular Danish engagement in Uganda through civil society organisations, universities and the private sector.

## 3. STRATEGIC OBJECTIVES

### 3.1. CONTRIBUTE TO POVERTY REDUCTION THROUGH INCLUSIVE AND SUSTAINABLE ECONOMIC DEVELOPMENT

From 1993 to 2013, the share of the Ugandan population living below the World Bank's poverty line has been halved. However, extensive challenges still remain, and one third of the Ugandans continue to live in poverty. Particularly in the northern part of the country where the lack of employment for the constantly growing number of young people is significant. At the same time, progress is fragile as it, particularly for the poorest, is due to favourable prices and weather conditions rather than increased productivity. Two out of three who are lifted above the poverty line thus fall back into poverty, and food safety remains a recurring challenge. Agriculture is the most important sector in the Ugandan economy: It contributes 25 percent of the gross national product and provides employment for 65 percent of the population. At the same time, agricultural growth reduces poverty up to four times more effectively than other types of growth. Denmark has a long-term engagement in the agricultural sector, both in relation to primary production and processing.

Therefore, Denmark will contribute to reducing poverty and increasing economic and social resilience through inclusive and sustainable economic development, particularly in the agricultural sector. Based on the obligation of the UN Sustainable Development Goals to leave no one behind, the initiatives under this strategic objective will be guided by Goal No. 1 (ending poverty), Goal No. 5 (gender equality), Goal No. 8 (sustainable growth) and Goal No. 10 (reduction of inequality).

The Danish engagement will especially focus on promoting a coherent development of selected value chains in the agricultural sector to ensure that products are increasingly processed in Uganda, thus creating jobs and increasing export income. Denmark will specifically support small farmers, including the many young farmers, in improving their productivity and earnings, work to improve access to financing for small and medium-sized processing businesses and strengthen the link between the various elements in the value chains. Based on previous experience, climate and environment, gender equality and human rights will also be priorities in future, using the UN Guiding Principles on Business and Human Rights as the underlying basis. To strengthen the framework conditions that make up the final link in the value chains, Denmark will also continue to support regional economic integration and thus the export possibilities as described in more detail under the third strategic objective.

Denmark will build on its two decades of development initiatives in North Uganda to reduce poverty and enhance inclusive and sustainable growth based on the agricultural sector. Specifically, Denmark will contribute to increased productivity and improved market access through training in cli-

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*Danish businesses can play an important role in creating growth and jobs in Uganda.*

mate-smart agricultural methods, complemented with sexual and reproductive health and rights education as well as training in economics. Using financing from the Climate Change Envelope, Denmark will also support adaptations to climate changes and environmental sustainability through better management of water resources. In addition to local small farmers, refugee populations will also largely be targeted more than previously. This will not only contribute to reducing poverty, but it will also support the third strategic objective by contributing to reducing the pressure put on Uganda by the large number of refugees. These initiatives will aim to make young people more interested in agriculture as a business opportunity.

In cooperation with local partners, Danish businesses can play an important role in creating growth and jobs in Uganda, which are prerequisites for successfully reducing poverty. This can generate increased earnings and new business opportunities for the businesses. The Ugandan government is increasingly focusing on green and sustainable growth - an area where Danish businesses hold a strong position. Opportunities are particularly expected to exist within agriculture, water supply and management, waste water management, transport and logistics as well as the emerging oil sector. However, there are also significant barriers in Uganda, particularly in relation to the widespread corruption, land rights, investor protection and infrastructure. The Danish good governance interventions aim to contribute to reducing some of these challenges.

Denmark will make an effort to increase interest in the Ugandan market among Danish businesses, i.e. in partnership with the Nordic Business Association in Uganda and through export promotions and Trade Council services in cooperation with other Danish embassies in East Africa. Danish businesses in Uganda will also be able to benefit from Danida's business platform, especially Danida Business Finance, Danida Market Development Partnerships, Denmark's Export Credit Agency and the Investment Fund for the Developing Countries, including the Danish Climate Investment Fund and the Danish Agricultural Investment Fund.

### **3.2. PROMOTE DEMOCRACY, GOOD GOVERNANCE AND HUMAN RIGHTS**

In recent years, particularly in connection with the latest presidential and general election, developments in Uganda have been characterised by the ruling party's increased politicisation of the state and the economy and the narrowing of the political space. This may result in an increased risk of political instability and violation of the fundamental human rights.

Therefore, Denmark will contribute to increased political resilience through support to better grounding of democracy, good governance and human rights. Denmark will support the forces that work to ensure that Uganda increasingly becomes freer and more just based on 25 years of Danish interventions in the area. The initiatives under this strategic objective will be guided by the UN Sustainable Development Goal No. 16 (peace, justice and strong institutions) and Goal No. 5 (gender equality).

Denmark will seek influence in the areas with the biggest possibilities of creating positive changes and supporting the players who are real change agents.

The initiatives will include support for the civil society, support for selected state institutions and cooperation between them and Danish authorities as well as political dialogue and other diplomatic instruments.

The civil society in Uganda plays a pivotal role in the development of a peaceful and democratic society based on respect for the human rights, in which also the most vulnerable people have a voice. Denmark will use its positive experience to continue supporting a large number of Ugandan civil society organisations in cooperation with other development partners, with special focus on the rights holders. There will be increased focus on involving young people, both as the target group and as partners, and on supporting young people as leaders. In future, the support will also increasingly go to organisations that are working for increased gender equality and inclusion. This work is expected to be complemented by the many Danish civil society organisations that are present in Uganda and work in areas such as gender equality, LGBT rights and active citizenship. These issues will also be reflected in the political dialogue with the Ugandan authorities.

Similarly, the strengthening of government institutions that promote transparency and accountability in public administration and fight corruption also plays an important role in the expansion of the democratic space and strengthens the framework conditions for the private sector. Denmark will support selected institutions with a view to strengthening their role as duty bearers. Cooperation between Danish and Ugandan authorities will lie at the heart of the Danish engagement, and Denmark already has positive experience from the existing cooperation between the Danish Director of Public Prosecutions, the Danish Ombudsman and relevant Ugandan authorities. The possibilities of supporting Uganda's mobilisation of the country's own resources through more effective tax systems, e.g. in relation to combating illicit financial flows, will also be considered.

The political dialogue will include both a Danish and a joint EU dialogue with Ugandan authorities on e.g. promotion of democracy, good governance, human rights and readmission of rejected asylum-seekers. The dialogue will be based on the national and international obligations of the Ugandan government. The close Nordic cooperation in Uganda on common values such as gender equality, access to information and freedom of the press will continue. The use of international, normative instruments such as the Universal Periodic Review will also be strategically applied.

### **3.3. SUPPORT UGANDA'S STABILISING ROLE IN THE REGION**

Eastern Africa is characterised by political instability, extensive refugee flows and radicalisation. It is in Denmark's interest that the region moves towards peace and increased stability as this is a precondition for people not being displaced and for enabling refugees to return to their home and contribute to its reconstruction and development. At the same time, Denmark has a clear interest in ensuring that international terrorism does not find further fertile ground in East Africa. Uganda mainly plays a constructive role in the region in relation to counter-terrorism, hosting of refugees and economic integration.

*The civil society in Uganda plays a pivotal role in the development of a peaceful and democratic society based on respect for the human rights.*

*Denmark will work to ensure a continued, active Ugandan commitment to the fight against international terrorism.*

Therefore, Denmark will continue to support Uganda in its efforts to promote peace, stability and economic integration in the region. With peace, refugees and reconciliation as the pivotal points, the initiatives under this strategic objective will be guided by the UN Sustainable Development Goal No. 16 (peace and justice) and Goal No. 8 (promotion of sustainable growth). Goal No. 5 (gender equality) is also relevant due to the particular vulnerability of women and girls in humanitarian crises.

Denmark will work to ensure a continued, active Ugandan commitment to the fight against international terrorism, especially in Somalia where Uganda has been the biggest contributor of troops for the African Union's military campaign against Al Shabaab for several years. Denmark will also work to ensure that Uganda in the conflicts in the region, including South Sudan, as well as in questions of relevance to the entire continent, to a larger extent plays constructive role. This will be realised through a bilateral political dialogue as well as through the EU framework. Denmark will continue to contribute to the training of Ugandan soldiers prior to their deployment in peace-building missions, focussing on e.g. international humanitarian law and integration of military and civilian interventions.

At the very core of issues in the region are the large refugee flows. With almost one million refugees, especially from South Sudan, Uganda is the country hosting most refugees in Africa. A crucial element in Uganda's internationally recognised approach to admitting refugees is that small plots of land are made available to the refugees as a means for building self-reliance. Together with full freedom of movement and the right to work, this provides a basis for sustainable and lasting solutions, which benefit both the local community and the refugees. Denmark will support Uganda in maintaining and further developing the country's refugee policy through the initiatives in Northern Uganda as described under the first strategic objective as well as through political dialogue.

It will be a clear priority to create enhanced coherence between humanitarian assistance and long-term development initiatives for the benefit of both the local community and refugees, of which the majority are women. This will be done by strengthening the basis for self-reliance for both groups. The objective will be promoted in cooperation with civil society organisations, the private sector, the Ugandan authorities and multilateral institutions, using the New York Declaration for Refugees and Migrants as the underlying basis.

Continued stability and development in northern Uganda are separate aims but they are also a precondition for Uganda being able to handle large refugee flows in future. It takes more than the absence of civil war – it takes an inclusive and just dialogue and reconciliation process, which is still very much needed. Through Ugandan, Danish and international partnerships, Denmark has supported the reconciliation process in North Uganda in the past decade, and this engagement will continue.

Denmark will also work to ensure long-term stability in East Africa by supporting continued regional economic integration based on the previous, positive experience. The initiative will complement Uganda's own active effort to ensure continued integration in the East African Community (EAC), which has come a long way in the establishment of a single market.

## 4. RISK MANAGEMENT, RESULTS AND MONITORING

The realisation of the vision and achievement of the strategic objectives of the Danish engagement in Uganda in the period 2018-2022 is dependent on the political, economic and social development. Therefore, Box 2 presents three different scenarios that describe possible, general trends for the development in Uganda in this period.

### **BOX 2: THREE SCENARIOS FOR UGANDA'S DEVELOPMENT IN THE PERIOD 2018-2022**

**The optimistic scenario:** Uganda's political stability and economic progress are consolidated and the objective of achieving status as a middle-income country is realised. Specific steps are taken by the ruling party to genuinely respect the separation of powers. The political space is expanded, allowing the opposition and the civil society to operate without particular restrictions. The economic growth becomes more inclusive, thus reducing youth unemployment. Uganda enhances the regional stability, i.a. through consolidation of lasting solutions for refugees.

**The pessimistic scenario:** Uganda experiences increased political instability and achieves only moderate economic growth. The ruling party tightens its grip on the power and the economy further, e.g. by lifting the age limit for presidential candidates in connection with constitutional amendments, and undermines the independence of a number of fundamental, democratic institutions. The economic inequalities in the society grow rapidly and youth unemployment reaches a new high, leading to increased instability and social unrest. Local political and ethnic conflicts escalate and excessive power is used in an attempt to solve these conflicts. Accelerating refugee flows lead to a more restrictive Ugandan refugee policy and Uganda is no longer playing a stabilising, regional role.

**The status-quo scenario:** The ruling party maintains the political and economic power but leaves room for certain reforms. The population experiences limited progress in living conditions but the implementation of reforms is not sufficiently effective to an actual transformation of the economy, and Uganda remains a low-income country. The opposition remains fragmented and the regime is not seriously challenged by the presidential and parliamentary elections in 2021. Uganda continues to play a predominantly constructive role in the region.

The last-mentioned status-quo scenario seems to be the most likely. The implementation of the initiatives etc. described in this country policy is based on this scenario, but with the overall aim of supporting Uganda progress towards the optimistic scenario and contributing to avoiding manifestation of the pessimistic scenario.

*The overall aim is to support Uganda progress towards the optimistic scenario and contributing to avoiding manifestation of the pessimistic scenario.*

*Denmark's engagement will be adapted to the specific circumstances if developments so require.*

The current monitoring, evaluation and learning in connection with Denmark's engagement in Uganda will be anchored in the Danish Embassy in Kampala, which will regularly report on the developments in Uganda, important risks and preliminary results. If the development moves towards the pessimistic scenario, the political dialogue will be intensified, the support to selected government institutions will be reconsidered and the continued relevance of the other initiatives etc. will be carefully assessed. In all cases, Denmark's engagement will be adapted to the specific circumstances if developments so require.

The preparation of the bilateral development efforts in Uganda in 2018-2022 will as part of an overall country programme, include concrete descriptions of the development objectives to be realised and establish a clear framework for measuring results.







## 5.2. ANNEX 2: KEY DATA

Key economic data		Value	Source
Area (2014)		241,600 km <sup>2</sup>	WB WDR
Population (2014)		37.8 million	WB WDR
Gross national product, GDP (2014)		27 billion USD	WB WDR
Percentage of population under 30 (2014)		78%	UBOS
Annual economic GDP growth (2014)		4.8%	WB WDR
Gross national income GNI per capita (2014)		670 USD	WB WDR
Growth in GNI per capita (2014)		0.5%	WB WDR
Ease-of-doing-business index, Sub-Saharan Africa, 1-47 (2015)		12	WB EDBI
Value creation (% of GNP) (2014)	Agriculture	25.3%	WB WDR
	Industry	20.0%	WB WDR
	Manufacturing	8.3%	WB WDR
	Services	54.8%	WB WDR
Public expenditure, % of GDP (2014)		Not stated	WB WDR
Tax revenue, % of GDP (2013)		11%	WB WDR
Official development assistance, net per capita (2014)		43.2 USD	WB WDR
Official development assistance, net % of GNI (2014)		6.2%	WB WDR
Balance of payments, % of GDP (2014)		-9.9%	WB WDR
Central government debt, % of GDP (2013)		33.3%	WB WDR
Inflation (2014)		4.3%	WB WDR
Key social data		Value	Source
Annual population growth (2014)		3.3%	WB WDR
Average life expectancy (2014)		58.5 years	WB WDR
Infant mortality, number of deaths per 1,000 live births during the first year (2014)		39.1 children	WB WDR
Percentage of population with reasonable access to an adequate amount of water from an improved water source (2014)		78.9%	WB WDR
People between 15-49 living with HIV (2014)		7.3%	WB WDR
Literacy rate, aged 15 and older (2014)		73.2%	HDR
Primary school, enrolment ratio (2013)		93.7%	WB WDR
Completion of primary education (2013)		55.6%	WB WDR
Percentage of population living for less than 1.90 USD a day (2013)		34.6%	WB
Inequality measured as a gini coefficient (2014)		44.6	HDR
The poorest 20% of the population, % of GNI (2012)		6.1%	WB WDR
The richest 20% of the population, % of GNI (2012)		49.4%	WB WDR
Health, % of public expenditure (2014)		1.8%	WB WDR
Social sectors, % of public expenditure		Not stated	WB WDR
Military expenditure, % of GDP (2015)		1.3%	WB WDR
Key environmental data		Value	Source
Annual deforestation (2010-2015)		3.1%	WB WDR
Access to improved sanitary facilities (2015)		19%	WB WDR
CO2 emissions (2011)		3.8 million tons	WB WDR
Key human rights data		Value	Source
Political rights, 0-40 points (2016)		11 points	Freedom House
Civil rights, 0-40 points (2016)		25 points	Freedom House

WB WDR: World Bank World Development Report 2016

UBOS: Uganda Bureau of Statistics

WB EDBI: World Bank Ease of Doing Business Index 2016

UN HDR: United Nations Human Development Report 2015

### **5.3. ANNEX 3: DENMARK'S DEVELOPMENT COOPERATION WITH UGANDA**

Denmark has had development cooperation with Uganda for almost three decades and has over the years provided support in areas such as education, health, roads, water, sanitation, agriculture and good governance. Denmark has also had a special focus on northern Uganda, both during and particularly after the end of the civil war in 2006. During the years and as a consequence of global decisions to secure better coordination and a better division of labour between the development partners, Denmark has gradually focussed its initiatives on fewer sectors. The following paragraphs provide a brief overview of the most important intervention areas for Denmark's development cooperation with Uganda.

#### **Democracy, human rights and good governance**

Denmark has supported aspects of democracy, human rights and good governance in Uganda for more than two decades. The current programme for good governance (2011-2017) thus builds on results and experience from previous programmes that have focussed on democracy, peace and reconciliation, strengthening of the justice sector, public sector reforms as well as anti-corruption. In the current sector programme, focus and cohesion in the Danish support for good governance has been strengthened through support to central democratic institutions and the civil society. In more specific terms, the support which totals DKK 320 million has been given to 1) the Democratic Governance Facility which is a joint donor facility to which eight development partners contribute and which primarily supports civil society organisations so that they can contribute to consolidating democracy and respect for human rights; 2) the justice, law & order sector with a view to increasing access to fair legal proceedings for poor people and 3) strengthened accountability and administration of services at local level. Through the Danish support for good governance, Denmark has over the years contributed substantially to the establishment of a relatively independent judicial system. Also, the case processing times at the courts of justice has been substantially reduced. In addition, the Danish support has contributed to the Ugandan Human Rights Commission being named the best functioning in Africa a few years ago.

#### **Growth and employment**

Agriculture represents the most important part of the Ugandan economy. The sector contributes 23 percent to Uganda's GDP and provides jobs for approx. 80 percent of the population. For decades, Denmark has been involved in the development of the agricultural sector, with a special focus on small farmers' primary production and improved food safety. The current second phase of the Uganda Growth Programme (U-Growth II, 2014-2018) is informed by the experience from previous programmes and has been adapted to current Danish and Ugandan policies and strategies. The programme continues to focus on the agricultural sector and now concentrates especially on the private businesses in the agricultural sector, which are the primary drivers of sustainable and inclusive growth in Uganda. In this regard, the programme supports poverty reduction through increased productivity, employment and income in the sector. The three mutually supporting programme components are: a) accelerated structural development in the agricultural sector through stimulation of

manufacturing businesses, b) increased inclusion of the fragile but potentially very productive northern Uganda (see also below) in the formal economy and c) promotion of a favourable environment for the private sector, including particularly farmers, manufacturers, business and trade in the agricultural sector. The results have i.a. included more than 700,000 small farmers having been reached by the activities under U-Growth II, either through income improvements or through access to loans and credit facilities. Based on the average number of family members in an agricultural household, U-Growth II reaches more than 3.5 million poor people in Uganda.

### **Northern Uganda**

Denmark has had a specific focus on Northern Uganda since 1998 with a view to contributing to the handling of the, at times, large refugee flows from the neighbouring countries, the internally displaced as well as to reconciliation and reconstruction of the region after the civil war. Denmark first supported the Ugandan government's strategy for self-reliance among refugees, and has since also supported initiatives aimed at lasting solutions with inclusion of the local host communities. Later, Denmark supported the Ugandan government's programme for peace, reconstruction and development in Northern Uganda, while Denmark has since then focused its support more directly on districts and agricultural communities in the region. The current initiatives focus on increased inclusion of Northern Uganda through increased productivity and market access for small farmers. Through various Ugandan, Danish and international partnerships, Denmark has actively supported the reconciliation process in Northern Uganda in the past decade. Both the initiatives focusing on inclusive economic growth and reconciliation are expected to continue.

### **Water, sanitation and climate changes**

Denmark has been among the most important development partners for Uganda in the water and sanitation sector since the early 1990s. Denmark has focussed especially on supporting in the areas of decentralisation, drinking water in rural areas, better management of water resources as well as improved maintenance through involvement of the local population and the establishment of regional, technical support units. Denmark supported the establishment of a climate change unit in the Ugandan Ministry of Water and Environment, which has since its establishment formed the basis for Uganda's participation in international climate negotiations and implementation of climate change agreements. Currently, Uganda's water and sanitation sector receives DKK 450 million for the period 2013-2018 through a joint government and donor programme. The majority of the funds are channelled as in the form of sector budget support and funds the improved access to clean drinking water in rural areas in all Uganda's districts. Furthermore, Denmark supports a joint donor trust fund under the Ugandan Ministry of Water and Environment, focussing on capacity development, large water projects in the rural areas, integrated water resource management and climate changes. Finally, Denmark finances technical advisers, studies and evaluations. Considerable progress has been achieved – e.g. the proportion of Ugandans in the rural areas who have access to an improved water source has increased from approx. one-third in 1997 to approx. two-thirds today. Several studies have highlighted budget support for the water and sanitation sector in Uganda as a success, which has contributed to improved capacity, quality and sustainability over the years. But

the sector is still facing significant challenges, primarily due to the combination of high population growth and stagnant public budgets for the sector, particularly the rural areas. While climate action and environmental sustainability will be integrated in the coming country programme, additional support for the water and sanitation sector as a whole is not expected.

### **Health and HIV/AIDS**

Since the 1980s, Denmark has been an important contributor to the health sector in Uganda. In 1999, the cooperation led to the development of a national health policy with subsequent support for a health sector programme (2000-2010). Also, an HIV/AIDS programme was implemented in 2007. This programme i.a. contributed to the establishment of Uganda's AIDS Commission and the establishment of a joint donor trust fund to support the civil society organisations' work with preventing the spreading of HIV. In 2010, Denmark chose to phase out its support for the health sector as part of a prioritisation and donor coordination process, but continued to support HIV/AIDS initiatives specifically until end-2015. The support placed Uganda on the right track until 2013 with regard to achieving the Millennium Development Goal of reducing the prevalence of HIV/AIDS. From 1992 to 2013, the prevalence dropped from 18 percent to 6.5 percent. In recent years, however, it has turned out to be a challenge to maintain the positive development, and in 2013 the prevalence had risen to 7.3 percent. Today, Uganda accounts for 7 percent of the world's total increase in the number of HIV cases – the third largest increase in any country.

### **The road sector**

Denmark has supported the road sector in Uganda from 1999 to 2016 in close cooperation with the Ugandan government and other development partners. Road transport is the dominant mode of transport in Uganda, representing 95 percent of all freight and passenger transport. Denmark's focus has been on feeder roads and on assisting in improving access to markets and services for the population in the rural areas. In terms of intervention methods, the prime focus have been capacity building and inexpensive and labour-intensive techniques. The last phase of the Danish support i.a. led to the renovation of 709 km district roads and the training of 1,000 local engineers in the planning of infrastructure improvements. The Danish support has had a strong focus on gender equality, working conditions and the environment. Denmark no longer supports this sector through a separate programme due to increased focus on a smaller number of sectors, but continues to support the upgrade of community access roads in northern Uganda through the Growth programme.

### **Private sector programmes**

Through Danida's business platform, Denmark has supported partnerships between Danish and Ugandan businesses for several years. From 2006 to 2016, such partnerships were supported through, first, the Business-to-Business-programme (B2B) and then Danida Business Partnerships (DBP). The results were mixed – lasting and productive partnerships were formed, but documenting substantial job creation proved to be difficult. With the introduction of Danida Market Development Partnerships (DMDP) in 2016, focus is now on partnerships between civil society organisations and the private sector. DMDP are rooted in the Ministry of Foreign Affairs in Copenhagen, but are implemented in close cooperation with the embassies.

**Culture**

In the past decades, Denmark has supported Uganda's cultural identity and diversity. Most recently, DKK 7.4 million was earmarked for cultural cooperation for the period 2014-2016. The support i.a. contributed to strengthening young Ugandans' engagement in innovative art in such a way as to further social co-existence and economic progress. Further support for culture is not envisaged.

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# DENMARK – UGANDA COUNTRY POLICY PAPER 2018-2022

MAY 2017

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Design: Datagraf Communications  
Photo, frontpage: Democratic Governance Facility

The publication can be downloaded from: [www.danida-publikationer.dk](http://www.danida-publikationer.dk)  
The text of this publication can be freely quoted.

ISBN: 978-87-63616-29-5



[www.um.dk/en/danida](http://www.um.dk/en/danida)