

**DENMARK-UGANDA PARTNERSHIP**

**COUNTRY PROGRAMME DOCUMENT**

**2018-2022**

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## Abbreviations

aBi	Agricultural Business Initiative
AMISOM	African Union Mission in Somalia
ARLPI	Acholi Religious Leaders' Peace Initiative
AU	African Union
BSU	Building Stronger Universities
CCE	Climate Change Envelope
CF	Coordination Function (for NURI)
CSA	Climate Smart Agriculture
CRRF	Comprehensive Refugee Response Framework
CSO	Civil Society Organization
DED	Development Engagement Document
DGF	Democratic Governance Facility
DKK	Danish Krone (Currency)
DLG	District Local Government
DP	Development Partner
DRC	Democratic Republic of Congo
EAC	East African Community
EU	European Union
FINMAP	Financial Management and Accountability Programme
FMU	Facility Management Unit (for DGF)
FSD	Financial Services Development
GBV	Gender Based Violence
GDP	Gross Domestic Product
GNI	Gross National Income
GoU	Government of Uganda
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
HRBA	Human Rights Based Approach
HUGGO	Human Rights and Good Governance Office
IFF	Illicit Financial Flows
IFU	Investeringsfonden for udviklingslande/Investment Fund for Developing Countries
IG	Inspectorate of Government
IMF	International Monetary Fund
IP	Implementing Partner
JLOS	Justice, Law and Order Sector
KfW	Kreditanstalt für Wiederaufbau (German development bank)
LRA	Lord's Resistance Army
M4P	Making Markets Work for the Poor
MTEF	Medium Term Expenditure Framework
M&E	Monitoring and Evaluation
MDG	Millennium Development Goals
NDP	National Development Plan
NGO	Non-Governmental Organisation
NRM	National Resistance Movement
NTB	Non-Tariff Barriers
NURI	Northern Uganda Resilience Initiative
ODA	Official Development Assistance
PFM	Public Financial Management
RDE	Royal Danish Embassy
SDG	Sustainable Development Goals
SME	Small and Medium Sized Enterprises
SRHR	Sexual and Reproductive Health Rights
SRI	Social Responsible Investments
TA	Technical Assistance
TMEA-U	Trade Mark East Africa - Uganda

UK	United Kingdom
UNFPA	United Nations' Population Fund
UNHCR	United Nations High Commissioner for Refugees
UPGRADE	Uganda Programme for Governance, Rights, Accountability and Democracy
UPSIDE	Uganda Programme for Sustainable and Inclusive Development of the Economy
USD	United States Dollars
VCD	Value Chain Development
WRM	Water Resource Management

## 1. Introduction

With Uganda being a poor but stable country situated in an increasingly unstable region, and being the largest refugee-hosting country in Africa, Denmark has a clear interest in a continued Danish-Ugandan partnership. The overall aim of the Country Programme is:

*To contribute to the continued development of a stable and democratic Uganda, which through inclusive and sustainable growth improves the prospects for the future of its population and heads for middle-income status, while playing a stabilizing role in the region.*

During the period 2018-2022 three strategic objectives, which reflect shared Danish-Ugandan interests and goals, will be pursued:

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.*

This document describes how Denmark's bilateral development cooperation with Uganda for the period 2018-2022 will operationalise objectives 1 and 2 and partly objective 3. Importantly, all three objectives will also be pursued through multilateral assistance, political dialogue and other instruments. The Country Programme is aligned to the Danish priorities in the Danish strategy for development cooperation and humanitarian action, called *The World 2030*; Uganda's own development plans as well as the Sustainable Development Goals (SDGs).

## 2. Strategic considerations and justification

### 2.1. Key findings and conclusions from the preparatory phase

Being among the 20 poorest countries in the world, Uganda's *economic development* presents a mixed picture. Between 2000 and 2010, the country experienced impressive economic growth rates, averaging seven percent per year. This made Uganda one of the fastest growing economies in the world, albeit coming from a very low level. However, recent years have seen a slowdown, with rates averaging 4.5 percent between 2011 and 2016. This is further diluted by the high population growth. With a gross national income (GNI) per capita of USD 660 in 2016, Uganda is well below the Least Developed Countries' (LDC) average of USD 950.

In spite of this, the Government of Uganda's (GoU) second *National Development Plan* (NDP II) ambitiously aims at reaching lower middle income status by 2020, meaning a GNI per capita of just above USD 1,000. Achieving this will require annual growth rates of 10 percent per capita. The key priority areas in NDP II are related to infrastructure development, commercialization of the agricultural sector and promotion of tourism. It gives less priority to social service delivery (education, health, water and sanitation) and good governance, though it stresses that an enabling environment is key to a competitive economy.

While *macroeconomic performance* in Uganda is generally sound, GoU is primarily financing infrastructure development with external and increasingly non-concessional loans. This has led to a drastic increase in public debt to almost 40 percent of gross national product (GDP).

While this is relatively low compared to international standards, servicing the debt consumes a significant share of the national budget, and has resulted in lowered credit ratings.

Rapid *population growth* is a key factor that offsets Uganda's economic growth and obstructs its transition to middle income status. Although the total fertility rate has declined from 6.2 in 2011 to 5.4 in 2016, the population growth rate of three percent remains among the highest in the world. Lack of information on and access to sexual and reproductive health and rights (SRHR) contributes to the high fertility rate amongst Ugandans.

In terms of overall *poverty reduction and vulnerability*, the proportion of the Ugandan population living below the international extreme poverty line of USD 1.90 per day was halved from 1993 to 2013 according to the World Bank (from 68.1 to 33.2 percent). Much of this can be attributed to the agricultural sector, which engages 70 percent of the working population, and contributes 24 percent to economic growth and 40 percent to export earnings. However, according to the World Bank the positive results have largely been due to external factors such as favourable weather conditions and high commodity prices, rather than sustainable improvements in technology, productivity and value addition. This is evident in the most recent national statistics, which show an increase in the poverty rate of seven percentage points. The continued lack of real transformation of the agricultural sector renders achievements unsustainable and leaves the population very vulnerable to external shocks, such as *climate change*. Due to its overreliance on rain fed agriculture, Uganda is highly vulnerable to climate change and has low readiness for adaptation. The impact of prolonged periods of drought and decreasing and more erratic rainfall is exacerbated in Northern Uganda by the large refugee influx and the high levels of poverty.

According to UN and the World Bank, lack of *gender equality* has a detrimental effect on economic development in Uganda. Limited gender equality increases the risk of unequal and unsustainable economic progress and reduces the quality of life. Strong perceptions of what constitutes appropriate gender roles limits Uganda's progress in reducing gender inequalities and accounts for lower female earnings, partly due to unequal access to land and capital.

*Inequality* has been increasing in Uganda over the past decade. Poverty and vulnerability are especially pronounced in Northern and Eastern Uganda, which are home to the majority of people living in poverty. Furthermore, the richest 10 percent of the population enjoy more than 35 percent of national income, while the poorest 10 percent only claim a 2.5 percent share. This is one more factor impeding economic growth.

Around 700,000 *young people* enter Uganda's labour market every year, and 70 percent of the population is younger than 24. Uganda has so far not been able to capitalize on this, as private sector development in the key sectors of agriculture, industry, and services lags behind what is required to meet the growing demand for jobs. Combined with rapid urbanisation, this results in widespread unemployment, but also represents an enormous untapped potential.

The lack of *private sector* development is reflected by Uganda hovering around 115 out of 190 countries in recent years on the World Bank's Ease of Doing Business index. Some

improvements have been seen in relation to cross-border trade. However, Uganda continues to face significant challenges concerning trade, not least because of low value addition to agricultural exports, high transport costs due to inadequate infrastructure, poor standards and quality control systems, and a high trade deficit. Also, unclear and poorly enforced land and property rights combined with systemic corruption severely hampers the investment climate.

In terms of political developments, the National Resistance Movement (NRM) and President Museveni have been in power since 1986. Overall, the regime has provided much needed stability in the wake of numerous violent conflicts since the independence in 1962 and more than 20 years of bloody civil war in Northern Uganda. Stability and economic growth is often cited as the main reasons behind continued regime popularity and sustainability.

*Democratic space* is however challenged, and Uganda has not yet experienced a peaceful transition of power. The latest general elections in 2016 was according to international observers marked by restrictions on the space for the political opposition and media. Freedom of expression was also challenged during elections, and as a result, Uganda dropped 10 places in the latest World Press Freedom report attributed to intimidation of journalists and close down of social media.

Uganda also presents a mixed picture when it comes to *human rights*. At its recent Universal Periodic Review (November 2016), Uganda was commended for developing a National Action Plan on Human Rights; for establishing an Equal Opportunities Commission; and for enacting the Prevention and Prohibition of Torture Act in 2012. However, as also documented by the Uganda Human Rights Commission fundamental rights such as the freedom of expression, assembly, and association continue to be violated, not least by the security apparatus, with the Ugandan Police being the main human rights violator. Especially women continue to experience disproportionately high levels of discrimination and human rights violations. Discrimination also remains a challenge for minority groups, including sexual minorities.

In general, Ugandan *civil society organizations*, in particular those engaged in service delivery, have a relatively free space to operate in, while organizations working on more sensitive issues, such as accountability, natural resource management and minority rights, continue to experience some challenges.

*Corruption* in Uganda continues to be both systemic and endemic, and while state and non-state institutions have made some effort to curb this trend, numerous high-level corruption scandals continue to surface. According to Uganda's NDP II "corruption impacts the poorest sections of society disproportionately, and generally benefits those already in positions of power and authority".

Although Uganda has experienced relative peace in most parts of the country since 1986, and in the entire country since the end of the civil war in Northern Uganda in 2006, there are still signs of *fragility*. The Fragile States Index for 2016 places Uganda in the 'alert' category. A major risk relates to the inequality between regions combined with other potential conflict drivers such as high unemployment, poor governance, politicisation of religious and ethnic identity, lack of truth and reconciliation processes, including weak conflict resolution structures, as well as a massive influx of refugees.

Regionally, Uganda plays a predominantly stabilizing role in the volatile area between the Horn of Africa and the Great Lakes Region, currently being the largest *troop contributor* to the African Union Mission in Somalia. Furthermore, Uganda has for decades hosted large groups of *refugees* from various conflicts in the neighbouring countries and is now Africa's largest refugee-hosting country with more than 1.3 million refugees, including one million from South Sudan. Most live in Northern Uganda. Uganda has a very progressive refugee policy, which aims at self-reliance on the basis of open settlements and access to agricultural land, and is a pilot country for application of the UN *Comprehensive Refugee Response Framework* (CRRF). The recent influx has severely strained the system though, not least in terms of access to land and social services.

## **2.2. Justification and rationale for Danish support**

The analysis of the above-mentioned challenges and opportunities in Uganda together with the priorities in *The World 2030* and Uganda's development agenda form the basis for the strategic considerations of the Country Programme.

The overarching justification for the Danish support is the necessity to promote a truly inclusive and sustainable economic and political development in Uganda. Internally, this is a prerequisite for safeguarding Uganda as a stable and peaceful country on its way to middle-income status. Externally, it is a prerequisite for maintaining Uganda's role as an anchor of stability in the region, which is of direct interest to Denmark. Three underlying key considerations relate to: a) economic inclusion, b) political inclusion, and c) regional stability.

The combination of inequality, low resilience, rapid population growth and increasing youth unemployment may become a source of social unrest, which potentially could lead to Uganda sliding backwards and becoming a poor and *unstable* country. Therefore, it is of paramount importance to insist on sustainable *social and economic inclusion*. As the vast majority of the population are subsistence farmers, emphasis should be on income generation, increased productivity, value addition, and creation of employment in the agricultural sector, in particular for women and young people and by focusing on small & medium-sized enterprise (SME) development. This should be done through socially and environmentally responsible and long-term structural improvements in production, processing and marketing approaches and technologies. A prerequisite for success is a strong emphasis on the development of a competitive and resilient private sector to lead the inclusive growth. Special attention will be given to Northern Uganda due its high poverty levels and the large number of refugees hosted there. Thus, *Denmark will through the Country Programme support sustainable and inclusive economic growth, ultimately reducing poverty and increasing resilience.*

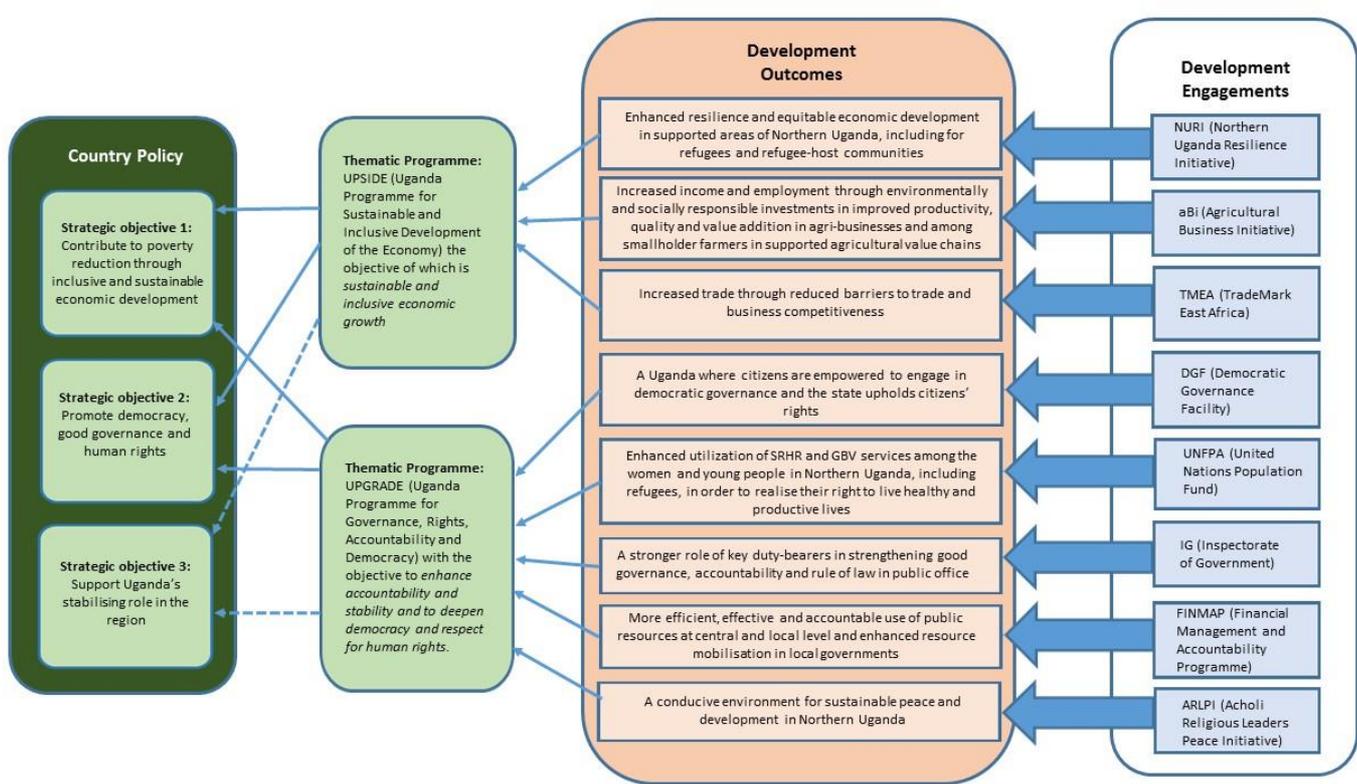
The contestation of the political space combined with simmering and unsolved local conflicts, impunity and a fast growing youth population, majority of whom are unemployed, are all potential sources of political unrest. Promotion of *political inclusion* is therefore essential. This will require identifying key democratic and accountability state institutions as well as agents of change in civil society and bring them together in constructive and responsive partnerships to enhance the rule of law, transparency, democratic space and respect for human rights. Strong right-holder and duty-bearer partnerships have the potential to make the state more accountable to its citizens and improve service delivery. At the same time, peace and reconciliation in post-conflict and refugees-hosting communities, in particular for women and

young people, is essential for strengthening resilience and preventing renewed conflicts, and thereby facilitate economic development in the long term. Thus, *Denmark will through the Country Programme contribute to a more rights-based, accountable, inclusive and stable society with respect for human rights.*

As a lead African nation in the fight against terrorism and by means of its progressive refugee policy, Uganda today plays a predominantly constructive role in promoting *regional stability*. The refugee policy constitutes a significant contribution to peace and security in East Africa and will continue to be supported by Denmark. As most refugees are settled in Northern Uganda, this region requires particular attention. Given the expectation that the displacement will be protracted, a more long-term development approach to the refugee response needs to be promoted in order to ensure a cost-effective response contributing to safeguarding the vital asylum space in Uganda. Thus, *Denmark will through the Country Programme support equitable economic development and peaceful co-existence in Northern Uganda, including for refugees and refugee-hosting communities as well as further regional economic integration.*

Support for the water and environment sector will be phased out, when the current programme ends based on *The World 2030's* prioritisation of SDGs, and in light of the overall reduced budget level of the Country Programme compared to previous years.

The Country Programme will contribute to the overall vision and the three strategic objectives through two thematic programmes: Uganda Programme for Sustainable and Inclusive Development of the Economy (UPSIDE) and the Uganda Programme for Governance, Rights, Accountability and Democracy (UPGRADE) with a total of eight development engagements, as illustrated in the below model:



### **2.3. Key programmatic principles**

In addition to the above considerations, the country programme has been formulated based on the following principles:

*Creating the right balance between support to private sector, civil society, and selected key democratic and accountability public institutions.* This principle reflects the need to identify and engage key actors and real drivers of change to promote the objective of developing a more participatory and broad-based Ugandan society. Also, interaction and synergies between the various key partners will be crucial for the success of the Country Programme.

*A long-term approach to development.* This principle recognises that Uganda's development is not a linear process and that there are no easy solutions. Uganda will probably encounter set-backs, regression, and instances of instability on its way towards middle income status. Denmark's long-term commitment to its partnership with Uganda will take into consideration the need for flexibility to adapt to emerging challenges, while also insisting on the need to gradually build up capacity of key partners, contributing to a broad-based and sustainable development.

*A focused and lean programme.* This principle reflects the general reduction of the Danish development budget. It also reflects the need to concentrate on fewer thematic areas of intervention as well as the need to reduce the number of development engagements (from the outset only eight). Only those partners considered real drivers of change will be engaged.

*Innovative and catalytic interventions.* This principle recognises the need – in the face of scarce resources and in support of SDG 17 – to leverage and increase the impact of the Danish development interventions. In the proposed key thematic programs, Denmark has already been successfully engaging other key Development Partners (DPs) in joint-donor intervention modalities.

*Humanitarian-development nexus.* This principle takes cognisance of the need to increasingly address protracted humanitarian crises through long-term development interventions. Two of the eight development engagements will directly target refugee and host communities in Northern Uganda as primary beneficiaries.

### **2.4. Adherence to aid effectiveness, alignment to national objectives and SDGs**

Uganda's dependency on official development assistance (ODA) has reduced in recent years from about 50 percent of the budget a decade ago to about 25 percent today, most of which is loans. The actual ODA contribution in the form of grants stands at 5.7 percent. Today, few DPs provide on-budget development assistance with even fewer providing general and sector budget support. This is mainly a result of a number of major corruption scandals in recent years, paired with the global trend of moving away from the principles of the Paris Declaration. Because of this, the dialogue between the GoU and DPs is less frequent and robust compared to five years ago, and it is no longer based on an overall joint results framework. However, in some sectors (water & environment, justice, law & order and public sector reforms) the dialogue with GoU and the coordination among DPs is stronger, including in some cases with joint programming.

Uganda is implementing its *Vision 2040* through five year National Development Plans, the current one being NDP II covering 2015-2020. However, the Medium Term Expenditure Framework (MTEF) is not well aligned to the strategic objectives in the NDP and some development priorities in the NDP II are underfunded or not funded at all. The actual allocations in the annual budgets often differ from what is stated in both the MTEF and the NDP. This has implications for the achievement of Vision 2040 and NDP II objectives.

The NDP II was developed in parallel with the development of the SDGs. At strategic level the NDP II has 'localised' the SDGs with an alignment rate of 69%. The process of aligning sector development plans and local government plans to the NDP II is ongoing. GoU has established monitoring systems and relevant structures to oversee and communicate implementation as part of the National SDG Coordination Framework, which will be operationalised through a National SDG Roadmap. Availability and reliability of data within the current statistical framework remains a challenge.

The Country Programme has been designed based on Uganda's national priorities and has been aligned to the NDP II through consultations with GoU, private sector, civil society and other DPs. The country programme is also aligned to the SDGs, in particular SDG 1 (End poverty); SDG 3 (Health and wellbeing), SDG 5 (Gender equality); SDG 8 (Inclusive and sustainable economic growth, employment and decent work); SDG 10 (Reduce inequality); SDG 16 (Peace, access to justice and accountable institutions); and SDG 17 (Global partnerships).

## **2.5. Considerations on Danish strengths, interests and opportunities**

Lessons learned, and the position of Denmark as a trusted and respected partner of Uganda, has been drawn upon to create the right balance between support to the private sector, civil society, and selected key democratic and accountability public institutions.

The Country Programme will strive to maximize synergies with other Danida instruments as well as to create stronger links between humanitarian and development-oriented assistance. The Danish engagement will aim at alignment of the various instruments so that they mutually reinforce each other to create the best possible results. One such example is the integration of funds from the Danish Climate Change Envelope (CCE) into the support for increased resilience and equitable economic development in Northern Uganda for both refugees and host communities.

Possibilities exist for the *Danish private sector* in collaboration with local partners to play an important role in generating growth and jobs in Uganda. However, the investment climate in Uganda remains highly challenging, owing primarily to the systemic corruption, unclear and poorly enforced land rights and poor protection of investors. As the consequences of climate change are becoming evident in Uganda, there is an increasing focus on green and sustainable growth – an area where Danish companies are strong. There are particularly opportunities in agriculture and agribusiness, water supply and management, wastewater, sustainable energy, transport and logistics. Danida Business instruments can assist Danish companies in contributing to Uganda's development, not least Danida Business Finance, which for example can be used to leverage decades of Danish support to the water and sanitation sector.

Given Denmark's decade-long engagement with the public sector in Uganda, *Danish authorities* - in particular the Ombudsman and the Directorate of Public Prosecution (Rigsadvokaten) - have already fostered relationships with Ugandan institutions engaged in fighting corruption and poor governance in the public sector. These relationships will be further explored and supported under the Country Program.

Many both large and smaller *Danish civil society organizations* have over the last decades developed strong ties with Ugandan partner organisations. These partnerships represent a unique opportunity to support the role of potential change agents in Ugandan civil society working within areas of strategic importance to Denmark, including gender equality, youth, SRHR, minority rights and active citizenships.

Finally, a number of *Danish universities* have established links with Uganda through the Building Stronger Universities (BSU) programme and numerous research projects within areas of health, agriculture, anthropology etc. Given the participation of Gulu University in BSU, opportunities for synergies are primarily in the Country Programme's interventions in Northern Uganda. The current Danida alumni in Uganda is estimated at more than 500.

## **2.6. Contextual risks and scenarios**

The Country Programme for Uganda is expected to operate in a relative stable context, but with some potential risks, which could disrupt its implementation.

In the RDE's preparatory analytical work, three possible scenarios for the period 2018-2022 have been identified:

- **Optimistic**: Consolidation of political stability and democracy, including peaceful transition of power. Sustainable and inclusive economic development leading to reduced youth unemployment. Uganda becomes a middle-income country.
- **Pessimistic**: Significant domestic political and social instability, including increased pressure on civil society. Lack of economic growth leading to macroeconomic instability and significantly increased unemployment and inequalities. Uganda remains a low-income country. Conflicts in the region escalates with negative spill-over effects to Uganda. No peaceful transition of power.
- **Status quo**: Low economic growth without real transformation of the economy. Uganda remains a low-income country with a high degree of unemployment and inequality. Certain reforms are implemented. No peaceful transition of power.

Despite GoU's ambitions of further political and economic development within the current NDP II, the RDE currently finds the status quo scenario most likely. However, the materialisation of one or more of the following three contextual risks could trigger a move towards a more pessimistic scenario (see Annex E for a more detailed risk analysis):

*Escalation of conflicts in the region*, in particular in South Sudan and DRC, could negatively affect Uganda's domestic stability and economic development. A further and rapid increase in the already massive influx of refugees could lead to a 'breaking point', which could prompt Uganda to abandon its current refugee policy with potentially profound consequences for regional

stability. This escalation could cause some disruption to the implementation of the Country Programme’s planned activities in Northern Uganda. In terms of risk response, there is very little the Country Programme in itself can do to prevent further escalation of these conflicts, but continued Danish support to Uganda’s progressive refugee policy, including increased humanitarian and long-term development support will be important.

*Increased political instability* leading to social and political unrest due to internal localized conflicts and/or significant changes in the Ugandan Constitution without broad-based consensus. Social unrest in Uganda has so far been relatively limited and sporadic, but when it happens it often leads to violent clashes between security forces and civilians. Increased instability could cause some disruption to the implementation of the Country Programme, primarily democratic governance interventions under UPGRADE. In terms of risk response, this is largely outside the direct influence of the Country Programme, but UPGRADE is in essence a response to it by forming strong right-holder and duty-bearer partnerships intended to contribute to political inclusion and making the state more accountable to its citizens.

*Macroeconomic instability* due to external shocks, high population growth, narrowing of the fiscal space, high corruption and low resource mobilisation. Negative economic development would make it difficult for GoU to implement necessary economic reforms and finance its development plans, which are important framework conditions for a successful implementation of the Country Programme. The materialisation of this risk would cause some damage to the Country Programme, but is largely outside the direct influence of the Country Programme. UPSIDE will partly contribute to the response by raising agricultural productivity and income generation, assumed a precondition for economic stability and progress in the long term. Through the FINMAP engagement, Denmark will pursue the dialogue with GoU on the necessity of continued public sector reforms.

The contextual, programmatic and institutional risks will be monitored on a continuous basis and the risk matrix, including risk responses and mitigation efforts, updated in light of new developments. An assessment of the risks will be an important element in the RDE’s annual report on the results and progress of the Country Programme.

## 2.7. Budget at thematic programme level (DKK million)

<b>Programme elements</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>Total</b>
UPSIDE	3.00	101.50	168.50	168.00	164.00	<b>605.00</b>
UPGRADE	65.00	75.00	65.00	65.00	55.00	<b>325.00</b>
Programme costs	1.00	2.50	2.50	2.50	1.50	<b>10.00</b>
LGA	1.00	1.00	1.00	1.00	1.00	<b>5.00</b>
<b>Total</b>	<b>70.00</b>	<b>180.00</b>	<b>237.00</b>	<b>236.50</b>	<b>221.50</b>	<b>945.00</b>

### **3. Uganda Programme for Sustainable and Inclusive Development of the Economy (UPSIDE)**

#### **3.1. Objective and justification**

UPSIDE is a private sector development programme the objective of which is “sustainable and inclusive economic growth”. The objective of UPSIDE will be pursued through three development engagements with three corresponding outcomes. The focus of UPSIDE is agricultural development with the main beneficiaries being smallholder farmers as well as SMEs within agri-business. The general approach applied is value chain development with an improved emphasis on making the markets work better for the poor (M4P).

UPSIDE will support Uganda in pursuing one of the four overall development objectives of the NDP II, namely to “increase sustainable production, productivity, and value addition in key growth opportunities”. At the same time, UPSIDE will help Uganda realise SDG 1 (“no poverty”), 5 (“gender equality”), 8 (“decent work and economic growth”), 10 (“reduced inequalities”) and 16 (“peace, justice and strong institutions”). UPSIDE is directly addressing the first Danish strategic objective while contributing to the third.

Based on lessons learned from previous support, UPSIDE will largely build on existing interventions and approaches, including value chain development, access to finance and trade facilitation. The previous focus on Northern Uganda will be maintained, with a renewed emphasis on including refugees and their host communities as beneficiaries. Guiding principles of M4P, climate-smart agriculture (CSA), women, youth, SRHR<sup>1</sup> and Socially Responsible Investments (SRI – including the UN Global Compact and the UN Guiding Principles on Business and Human Rights) will constitute key aspects of the UPSIDE engagements.

Interventions funded under the CCE will be fully integrated into UPSIDE, and will build on results achieved through decades of Danish support to the water and environment sector. UPSIDE will also be complemented by relevant Danida Business instruments, particularly Danida Business Finance, and possibly other activities under the Danish Investment Fund for Developing Countries (IFU).

#### **3.2. Rationale and assumptions**

The premises behind the development engagements under UPSIDE are: 1) the clear interest that Denmark has in forging a strong partnership with Uganda on sustainable and inclusive economic growth, 2) the recognition that at the foundation of this partnership should be a competitive private sector that drives increases in incomes, employment, productivity, value addition, and exports, 3) the fact that agriculturally-based growth is up to four times more effective in reducing poverty among the rural population than non-agricultural growth and 4) the high levels of poverty in Northern Uganda coupled with a large influx of refugees that has increased pressure on food security and natural resources in a context where climate change is already having adverse effect on agricultural productivity.

<sup>1</sup> SRHR will primarily be provided for in the development engagement with UNFPA under UPGRADE, ensuring complementarity and tangible synergies between the two thematic programmes.

UPSIDE recognises the agricultural sector, and specifically private sector actors within it, as being the primary drivers of sustainable and inclusive economic growth. The overall rationale behind UPSIDE is that environmentally and SRI in improved production, processing and trade coupled closely with interventions to improve pro-poor market linkages and targeted capacity and business development of value chain actors, will at outcome level enhance resilience and equitable economic development in Northern Uganda, including for refugees and refugee-hosting communities; increase income and employment in agribusinesses and smallholder farmers in selected agricultural value chains; and increase trade through reduction of barriers to trade and business competitiveness. Combined, and on the basis of synergies between the outcomes, this will reduce poverty and contribute to sustainable and inclusive economic growth, which will improve the prospects for the future of Uganda's population, push the country towards middle-income status and support it in playing a stabilizing role in the region. Underpinning this rationale are a number of assumptions: Firstly, GoU will continue to see private sector development as an engine of economic development, meaning that previous efforts at liberalisation and privatisation will not be abandoned and that GoU will continue to promote public-private partnerships. Secondly, the conditions for investment in agriculture will not deteriorate significantly. While especially corruption and land issues hamper agricultural and agri-business development, it is assumed that the overall business environment will not get considerably worse. Thirdly, the East African Community (EAC) governments will generally remain committed to continued regional economic integration.

### **3.3. Integration of experience and results from previous cooperation**

Denmark has supported agricultural development in Uganda for many years. Initially, the target group was mainly smallholder primary producers through farmer training and organisation, research, education and improved extension services. In 2004, a strong focus on the involvement of the private sector through agricultural value chain development was introduced. This focus has been significantly expanded through the subsequent two phases of the Uganda Growth Programme (U-Growth). Important lessons have been learnt from this as documented in various assessments, reviews and evaluations. The following are of particular relevance to UPSIDE:

- Making markets work better for the poor (M4P): There is a need to apply a more comprehensive M4P approach under UPSIDE. This means an improved emphasis on the linkages between supply and demand throughout the entire value chains, in order to create benefits for the poor and not just the bulk traders and logistics companies. Increased profits must be equitably and inclusively throughout the targeted value chains. An enhanced focus on inclusion will ensure that women, youth and refugees benefit from the interventions.
- Climate Smart Agriculture (CSA): Previous efforts have shown an increasing need to promote climate smart agricultural practices to strengthen resilience, not least in Northern Uganda and in refugee hosting areas, which often receive little rain and have marginal fertility. This should be complemented by an increased recognition of the importance of water resources management for agricultural livelihoods.

- Women and youth: Under UPSIDE, women and youth will continue to be a core target group. In previous agricultural livelihood interventions, women and youth have comprised the majority of beneficiaries. This suggests that the challenge is not so much in ensuring equitable participation of women and youth, but rather in ensuring that this translates into their economic and social empowerment. This can be pursued for example through complementary training in financial literacy and SRHR/family planning.
- Socially Responsible Investments (SRI): Opportunities have been identified for a more comprehensive employment of the SRI principles. This includes compliance with the principles set out in the UN Global Compact and the UN Guiding Principles on Business and Human Rights. Especially through its agri-business (aBi) and regional economic integration (TMEA) investments, UPSIDE will further increase the focus on SRI in its development approach.
- Synergies between programmatic interventions: Synergies between UPSIDE development engagements will be reinforced by bringing smallholder farmers closer to the demand side agri-businesses (agro-processing, trading, and exporting SMEs) in equitable and mutually beneficial partnerships. Beneficiaries will collectively benefit from UPSIDE support to regional and global trade facilitation, addressing the last link of the value chains.

### 3.4. Development engagement partners

#### *Northern Uganda Resilience Initiative (NURI)*

Building on many years of support to economic development in Northern Uganda, NURI will pursue *enhanced resilience and equitable economic development in supported areas of Northern Uganda, including for refugees and host communities*. Previous support to Northern Uganda has been managed by the Coordination Function (CF), which is a decentralized unit of the RDE headed by a Danida adviser and supported by local programme officers, mostly placed in the beneficiary areas. This modality will be continued under the name NURI CF on the basis of good experiences with its lean and flexible setup, which has delivered significant results. The CCE funding will be fully integrated into NURI as one of three outputs, and will support climate change adaptation through improved water resources management (WRM). The necessary staffing level for NURI CF will be carefully assessed in light of the increased budget allocation for NURI.

Concretely, NURI will pursue its outcome through the following interventions:

- Training of smallholder farmers, both Ugandans and refugees, in CSA practises, animal traction, and post-harvest handling in order to increase and sustain their agricultural production. This will lead to improved food security and increased incomes for their households.

- Renovation and construction of community access roads and other relevant infrastructure in order to improve access to markets and training in collective marketing combined with dissemination of market price information. This will result in more efficient markets and higher incomes for agricultural households.
- Improved management of water resources, such as dam construction, wetland rehabilitation and river bank protection, in order to improve the enabling environment for smallholder farming by increasing water availability and reducing the impact of climate change.
- Training in financial literacy and SRHR in order to contribute to increased gender equality, improved household financial management, and lowered dependency ratios.

Including both host communities and refugees as beneficiaries will promote peaceful coexistence between the two groups and help counter the negative impact of the refugee influx on the long-term development prospects of Northern Uganda. This will contribute to safeguarding the vital asylum space in Uganda, to ensuring a more cost-effective response to the refugee crisis, and to strengthening the humanitarian-development nexus.

NURI CF will provide overall management of NURI, while RDE will maintain an oversight and monitoring role. For training in CSA and marketing, the preferred implementing partners will be District Farmers' Associations (DFAs), provided they have the necessary capacity, or alternatively local NGOs with strong experience and field presence. The implementation of rural infrastructure and WRM interventions will be tendered. The basis for all outputs will be the use of existing structures, and with planning and supervision by local authorities and deconcentrated GoU structures. NURI will have a budget of DKK 285 million and implement in accordance with the Danida guidelines for decentralized units. Due to the inclusion of WRM interventions and the significantly increased budget for NURI, this engagement will undergo final quality assurance in 2018.

#### *Agricultural Business Initiative (aBi)*

Building on years of experience with agri-business development, aBi will pursue *increased income and employment through environmentally and socially responsible investments in improved productivity, quality and value addition in agri-businesses and among smallholder farmers in supported agricultural value chains*. Concretely, aBi will pursue private sector led agri-business development through a combined value chain focus on increased and improved primary production (supply side) and improvements in processing capacity (demand side). The idea is to establish close win-win partnerships through stronger and more equitable market linkages between primary production and processing/trade/export, ultimately benefitting households in the agricultural sector.

aBi consists of two separate legal entities, namely aBi Finance and aBi Trust. Currently, aBi employs approximately 60 staff in total. The modality for the support will be core support for the two separate entities and will be based on aBi strategies and business plans. aBi sub-grants to implementing partners who themselves are stakeholders in the supported value chains.

*aBi Trust* has primarily been contributing to the objective of aBi by providing matching grants as support to productivity improvements and value addition for smallholder farmers and agribusiness SMEs. Two main approaches have been applied:

- Value Chain Development (VCD): six value chains (coffee, cereals, oilseeds, pulses, dairy, and horticulture) are currently supported. Support has been provided to development of demonstration plots, training of farmers in good agricultural practices, post-harvest handling, quality aspects and other value addition interventions. Primary producers, processors, traders, and exporters are the main implementing partners/beneficiaries.
- Financial Services Development (FSD): aBi Trust supports financial institutions to expand and strengthen their rural outreach, targeting key value chain actors. The objective of the approach is to increase inclusion and access to finance for these actors.

*aBi Finance* is a social investment fund, capitalised with money it has received in tranches from Danida. These funds are invested in financial instruments, such as lines of credit for agriculture and agricultural loan guarantees, through partner financial institutions to stimulate agricultural lending. The long term vision for aBi Finance is that it becomes a comprehensive and innovative vehicle for Ugandan agricultural financing, offering financing for agri-business development through the use of various financial instruments.

From late 2015 until today, aBi Trust has been undertaking a significant restructuring of its grant portfolio and grant management systems to address major accountability issues that emerged as a consequence of deficient administrative and control systems and widespread misappropriation of funds. This process has had a significant impact on the implementation capacity and reputation of aBi Trust. More robust administrative systems and procedures are being implemented and new staff has been recruited for key fiduciary oversight functions. Partly as a result of this, aBi Trust will undergo a review to determine the impact of the programme and the relevance of the organisational setup before the start of UPSIDE. Therefore, support to aBi will undergo final quality assurance in 2018.

#### *TradeMark East Africa (TMEA)*

The overall objective of the TMEA Uganda Country Programme (UCP) 2017-2023 is to contribute to sustainable and inclusive prosperity in Uganda. At outcome level, this will be achieved by means of *increased trade through reduced barriers to trade and business competitiveness*. The support for TMEA will be provided as core support to the work plan of the UCP 2017-2023. TMEA itself is a not-for-profit company, seeking to increase regional trade through better market access, an enhanced enabling environment and improved business competitiveness across the EAC. As a joint-donor facility, TMEA harmonises the support it receives into a common basket fund, ensuring a joint approach to financial management, M&E and results reporting. While Danida has previously earmarked its support to TMEA, the support under UPSIDE will not be earmarked toward specific activities.

The interventions of TMEA have (and will continue to be) primarily focused on the downstream part of the value chain, having to do with facilitation of trade across borders. However,

under the UCP 2017-2023, TMEA will strengthen its focus on equitable market linkages with mid- and up-stream value chain actors (processors and primary producers – the main beneficiaries of both NURI and aBi), thereby reinforcing the M4P approach of UPSIDE. The five key elements of the TMEA UCP 2017-2023 are:

1. Further reductions to time and costs of doing business.
2. Supporting export-led growth.
3. Enabling Uganda as a regional logistics hub.
4. Realising the potential of the Western Corridor (i.e. trade with the Democratic Republic of Congo).
5. Greater inclusion and gender mainstreaming.

The rationale for supporting the TMEA UCP 2017-2023 builds on the logic that reduced barriers to trade and improved business competitiveness will increase market efficiency and trade, leading to better agricultural commodity prices and consequently increased income for households in the agricultural sector. In line with the thematic objective of UPSIDE, reinforced efforts will be made by TMEA to enhance the sustainability and inclusiveness of the economic growth, thereby enhancing the developmental pro-poor impact of TMEA.

In spite of the support to TMEA being core support, three selected outputs that are key to the intervention logic and approach of UPSIDE, and which provide for synergies with the other UPSIDE engagements, have been singled out for reporting under this development engagement. These are: 1) Improved trading standards and reduced non-tariff barriers (NTB) to trade, 2) Effective trade systems and procedures, and 3) More inclusive trade with a focus on inclusion and empowerment of women and youth.

### 3.5. Results framework

<b>Thematic programme</b>		<b>Uganda Programme for Sustainable and Inclusive Development of the Economy (UPSIDE)</b>	
<b>Thematic programme objective</b>		<i>Sustainable and inclusive economic growth</i>	
<b>Impact Indicator</b>		<ol style="list-style-type: none"> <li>1. Gross National Income (GNI) per capita.</li> <li>2. Percentage of population below the Ugandan national poverty line.</li> </ol>	
<b>Baseline</b>	<b>Year</b>	2016	<ol style="list-style-type: none"> <li>1. USD 660 (below the 2016 Least Developed Country (LDC) GNI average of USD 950)</li> <li>2. 27.0 % (according to UNHS 2016/2017)</li> </ol>
		2016	
<b>Target</b>	<b>Year</b>	2022	<ol style="list-style-type: none"> <li>1. Above the LDC GNI average</li> <li>2. Below 20 %</li> </ol>
		2022	
<b>Engagement title</b>		<b>Northern Uganda Resilience Initiative (NURI)</b>	
<b>Outcome</b>		<i>Enhanced resilience and equitable economic development in supported areas of Northern Uganda, including for refugees and refugee-hosting communities</i>	

<b>Outcome indicator</b>		<ol style="list-style-type: none"> <li>1. Increase in average annual agricultural cash income of participating households (segregated by age, gender of household head and refugee status).</li> <li>2. Reduction in average period participating households are food insecure in a year (segregated by age, gender of household head and refugee status).</li> <li>3. Total number of people benefitting from supported WRM interventions (segregated by age, gender and refugee status) (core CCE indicator).</li> </ol>	
<b>Baseline</b>	<b>Year</b>	2018	<ol style="list-style-type: none"> <li>1. TBD (baseline survey in targeted areas)</li> <li>2. TBD (baseline survey in targeted areas)</li> <li>3. 0</li> </ol>
<b>Target</b>	<b>Year</b>	2022	<ol style="list-style-type: none"> <li>1. 20 %</li> <li>2. 20 %</li> <li>3. TBD</li> </ol>
<b>Engagement Title</b>		<b>Agricultural Business Initiative (aBi)</b>	
<b>Outcome</b>		<i>Increased income and employment through environmentally and socially responsible investments in improved productivity, quality, and value addition in agri-businesses and among smallholder farmers in supported agricultural value chains</i>	
<b>Outcome indicator</b>		<ol style="list-style-type: none"> <li>1. Number of Full Time Equivalent employment positions created in aBi-supported businesses.</li> <li>2. Percentage of beneficiary agri-businesses and smallholder farmers, men and women, indicating at least 30 % increase in income/gross profits due to aBi support.</li> <li>3. Increases in the size of lending (from own sources) portfolios oriented toward agriculture by aBi Finance partner financial institutions, leading to increased access to finance for agri-business and smallholder farmers.</li> </ol>	
<b>Baseline</b>	<b>Year</b>	2018	<ol style="list-style-type: none"> <li>1. TBD</li> <li>2. TBD</li> <li>3. TBD</li> </ol>
<b>Target</b>	<b>Year</b>	2022	<ol style="list-style-type: none"> <li>1. TBD</li> <li>2. TBD</li> <li>3. TBD</li> </ol>
<b>Engagement Title</b>		<b>TradeMark East Africa (TMEA)</b>	
<b>Outcome</b>		<i>Increased trade through reduced barriers to trade and business competitiveness</i>	
<b>Outcome indicator</b>		<ol style="list-style-type: none"> <li>1. Total trade (USD billion, constant prices) and growth rate (%).</li> <li>2. Average time to complete export and import formalities and transport goods from origin to destination in the Eastern Africa Trading Network (EATN).</li> <li>3. Total trade in targeted sub-sectors, Free On Board (FOB) value (USD millions, constant prices) disaggregated by gender of business owner.</li> </ol>	

		4. Proportion of “business competitiveness” programmes successfully mainstreaming gender.	
<b>Baseline</b>		TBD	<ol style="list-style-type: none"> <li>1. USD 10.9 bn total trade</li> <li>2. 13.3 days Northern Corridor to Kampala</li> <li>3. TBD</li> <li>4. TBD</li> </ol>
<b>Target</b>	<b>Year</b>	2022/23	<ol style="list-style-type: none"> <li>1. USD 86 m net added trade (1.34 % increase above trend)</li> <li>2. TBD</li> <li>3. TBD</li> <li>4. TBD</li> </ol>

### 3.6. Budget at outcome level

The programme will start its main implementation at the beginning of 2019, except for the activities relating to the CCE for WRM, which will start in 2018. Funds for communication, studies and reviews are allocated at overall country programme level. The table below shows the preliminary disbursement budget for the UPSIDE at outcome level:

UPSIDE	2018	2019	2020	2021	2022	Total
NURI		38.00	70.00	70.00	72.00	<b>250.00</b>
CCE	3.00	8.50	8.50	8.00	7.00	<b>35.00</b>
aBi		40.00	65.00	65.00	60.00	<b>230.00</b>
TMEA		15.00	15.00	15.00	15.00	<b>60.00</b>
Unallocated			10.00	10.00	10.00	<b>30.00</b>
<b>Total</b>	<b>3.00</b>	<b>101.50</b>	<b>168.50</b>	<b>168.00</b>	<b>164.00</b>	<b>605.00</b>

### 3.7. Summary of risk analysis and risk responses

#### *Programmatic Risks*

Risk Factor	Likelihood	Impact	Risk response
Engagement partners do not deliver expected results.	Unlikely	Major	In the individual Development Engagement Documents with the partners, a defined annual cycle of work spelling out the reporting requirements, monitoring visits etc. has been agreed upon. All partners will receive at least one joint programmatic and financial monitoring visit every year, which will focus on results, value for money and sound financial management. In addition, the Embassy will strengthen its internal processes

			for scrutinizing financial and narrative reports, budgets and annual audits.
Conflict, violence and unrest as a result of tension between refugees and their hosting communities.	Unlikely	Minor	The development engagements all have a focus on inclusion of marginalised groups, including refugees. Especially NURI will seek to contribute to reducing the pressures that the large influx of refugees induce in Northern Uganda, not least on the natural resources. NURI will promote peaceful coexistence between host communities and refugees through inclusion of both as beneficiaries and through mixed beneficiary groups where feasible.
GoU retracts its commitment to regional integration processes and reforms.	Unlikely	Major	The overall M4P approach of UPSIDE is designed to target market linkages throughout the value chain, including access to regional and global markets. Directly facilitating trade, increased quality and improved standards for Uganda's agricultural commodities will constitute key interventions under all three development engagements. Improved balance of trade together with increased revenues from increased trade will bolster GoU support for deepened regional integration. Also, more directly, TMEA and aBi will continue to facilitate dialogue between public and private stakeholders in relation to trade and regional integration. Private sector/civil society-led advocacy will help ensure that regional integration remains high on the agenda of GoU.

*Institutional Risk*

<b>Risk Factor</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Risk response</b>
Danida is associated with a major corruption case within one or more of the development engagements.	Unlikely	Major	The Embassy will continue and further strengthen its existing anti-corruption measures and profile. All partners will receive an induction to the Danida anti-corruption policy, including clear guidance on prevention, detection and reporting requirements when implementing with Danida funds. Further, the Embassy will continue to actively communicate to its partners and the public about its zero tolerance towards corruption.

## **4. Uganda Programme for Governance, Rights, Accountability and Democracy (UPGRADE)**

### **4.1. Objective and justification**

UPGRADE is a governance programme with the objective to *enhance accountability and stability and to deepen democracy and respect for human rights*.

Through five development engagements, the programme will support strategically positioned state institutions mandated to promote human rights, good governance, accountability and rule of law as well as Ugandan civil society. Special focus will be on the role of youth and women's social and economic inclusion and participation in development.

UPGRADE will contribute to pursuing two of the four overall development objectives under NDP II, namely to i) enhance human capital development and ii) strengthen mechanisms for quality, effective and efficient service delivery. UPGRADE also contributes to Uganda's *Vision 2040*, which emphasises that good governance and respect for human rights are fundamental principles at the core of the nation's development planning. UPGRADE supports Uganda in achieving SDG 3 (health and wellbeing), SDG 5 (gender equality), SDG 10 (reduced inequalities), SDG 16 (peace, justice and strong institutions) and SDG 17 (global partnerships).

UPGRADE directly addresses the second Danish strategic objective while also contributing to the first and the third objective.

Interventions under UPGRADE will benefit from the Embassy's strategic partnerships with Danish NGOs operating in Uganda, current partnerships between Danish authorities and Ugandan state institutions, as well as active Danish engagement in relevant political fora, including political dialogue with GoU primarily within the established EU framework. UPGRADE builds mostly on already existing engagements with key agents of change working to strengthen democracy, governance and human rights in Uganda.

### **4.2. Rationale and assumptions**

The rationale for the interventions under UPGRADE is premised on the expectations that 1) in the longer term, strengthened democracy supports stable political conditions, which again leads to inclusive economic growth and sustainable development, 2) enhanced accountability will contribute to a more fair distribution of public goods and reduce the risk of local unrest, 3) promotion of women and young people's participation in society as equal actors with the ability and opportunity to engage in development activities to contribute to broad inclusiveness, which ultimately is vital for Uganda to remain a resilient country in a fragile region.

The programme builds on the expectation that an increase in the public demand for inclusion, transparency, democratic space and respect for human rights in combination with stronger public governance institutions, will provide the foundation for a more accountable, inclusive and resilient society.

Underpinning this are the assumptions that 1) the principle of constitutional democracy is adhered to; 2) that the operational space for civil society and public accountability institutions is maintained; 3) that GoU is willing to continue working with the traditional DPs and has an interest in strengthening democracy, transparency and accountability mechanisms; and 4) that GoU and civil society are willing to change oppressive practices and norms negatively affecting women and young people.

#### **4.3. Integration of experience and results from previous cooperation**

Denmark has for more than two decades supported strengthening of accountability, access to justice, democracy and respect for human rights. This has encompassed support to both government agencies, such as independent accountability institutions and the Judiciary, as well as to CSOs focusing on issues such as human rights, free media, women's rights, democratisation, fair elections, anti-corruption and accountability. Youth has in the past decade primarily been targeted through SRHR/HIV programmes implemented by UNFPA and CSOs.

Results from previous engagements indicate that Danish assistance to democratic governance and respect for human rights continues to be highly relevant to the national policies and strategies and responds to the entrenched governance challenges and the political context.

The five development engagement partners proposed for UPGRADE are all well-known and longstanding partners with Denmark. Reviews of the partnerships have documented a number of lessons learned, which will guide the partnership engagements under UPGRADE. These include:

- Need for *constructive and responsive partnerships between rights-holders and duty-bearers* towards enhanced transparency and accountability, and promotion of non-discrimination and civic values. Impetus of such partnerships were confirmed in past engagements and will be pursued further under UPGRADE.
- Need for applying a more *flexible framework* for support to democratic governance issues in order to address the many dynamic and interlinked challenges within the governance agenda most successfully. Engagements under UPGRADE will include flexibility to continuously assess and adapt to opportunities and threats facing democratic development in Uganda.
- Need for strengthening the *local presence and outreach* to bring issues of good governance closer to the citizens. This pertains to state and non-state partners alike.
- Need for increased *engagement with young people and women* in order to ensure inclusion, healthy lives, economic well-being and productivity with respect for human rights.

Support to the Justice Law and Order Sector (JLOS) will be phased out, when the programme comes to an end. This is based partly due to the reduced budget for the Country Programme and because other DPs are taking over support to this sector. Support to local governance will also be phased out as the potential democratic benefits of decentralisation have been put under

pressure by the proliferation of new districts and therefore continued engagement is assessed not to yield much impact.

#### **4.4. Development engagement partners**

##### *Support to the Democratic Governance Facility (DGF)*

The multi-donor facility DGF was created in 2011 based on Danish experiences with the Human Rights and Good Governance Office (HUGGO). DGF has in its first phase (2011-2017), with a total budget of Euro 140 million, provided support to more than 80 governmental and non-governmental partners.

The second phase of the programme (2018-2022) will be funded jointly by Austria, Denmark, Ireland, the Netherlands, Norway, Sweden and the EU. Focus will be on working towards an overall vision of contributing to *'a Uganda where citizens are empowered to engage in democratic governance and the state upholds citizens' rights'*. This will be pursued through approximately 60-70 partnerships focusing at four high level outcomes, namely i) Strengthened democratic processes that respond to citizens' rights, ii) Strengthened rule of law and improved access to justice for all citizens, iii) Increased protection and fulfilment of human rights and gender equality, and iv) Improved citizens' inclusion and engagement in decision-making processes.

The overall rationale for Danish support to the DGF is dual. The support constitutes significant support to Ugandan civil society and its work related to building a vibrant civil society. This is expected to contribute to transitional change, in particular in areas related to democratic governance, freedom of speech, human rights, gender, youth, accountability and anti-corruption. An equally important rationale for supporting DGF II is the focus on the interaction and cooperation between non-state actors and the responsive institutions of the GoU, which is assumed to contribute to improved service delivery whilst also strengthening democratic processes.

A review of the first phase of the DGF concluded that it had achieved considerable results in promoting democratic governance. More concretely, DGF had contributed to constructive civil society engagement with government and parliament; citizens' understanding of their rights, stronger accountability; and provision of legal aid to over four million Ugandans.

Based on this, DGF will in its second phase aim not only to consolidate its efforts in supporting and strengthening civil society, but also reinforce its approach and its engagement with GoU to demonstrate the value of a governance programme, which connects to the national priorities and commitments of GoU. DGF will ensure an ongoing contextual assessment, which continuously will inform the strategic direction and decision-making on partners.

It will take an adaptive programming approach based on principles around identifying and addressing local and national governance related issues. DGF will function as an active facilitator or convenor for partners to come together to build synergies between areas of intervention contributing to the realization of the four high level outcomes mentioned above.

The programme will apply Human Rights Based Approach (HRBA). It will seek to empower rights-holders, including those that are particularly marginalized, to claim their rights and demand accountability – and at the same time seek to strengthen the capacity of duty bearers to fulfil their obligations as well as fostering a constructive dialogue and process between rights-holders and duty bearers. Gender and youth are strategically prioritized in the programme partnerships to ensure participation and inclusion of women and young people.

The DGF is governed by a Board comprising Heads of Missions of the funding DPs. The Board is in charge of setting the strategic direction for DGF. A Steering Committee comprising DP technical representatives will provide oversight of, and give impetus to, the implementation of interventions according to the strategic direction provided by the Board. Active DP engagement with DGF partners will ensure that the political dialogue with Gou is based on evidence.

Denmark will continue its role as legal entity for DGF. However, all the contributing DPs share the political and financial responsibilities jointly. As the legal entity, the Embassy will be overall responsible for the management of a Facility Management Unit with envisaged five international Danida advisors and approximately 30 local staff, who will manage the daily work of the DGF. Financial management is done in accordance with Danida rules and procedures. The total budget envisaged for DGF II is Euro 89 million, of which Denmark will contribute DKK 145 million (approximately 22 percent).

#### *Support to United Nations Population Fund (UNFPA)*

*UNFPA will be supported to pursue enhanced utilization of SRHR and GBV services among the women and young people in Northern Uganda, including refugees, in order to realise their right to live healthy and productive lives.*

Focus will be on empowerment of young people and women to demand for their SRHR and gender rights and to foster gender sensitive environments, while local authorities will be supported to provide integrated quality SRHR and GBV services. UNFPA will also address the need for young leaders to be nurtured to develop and implement innovative solutions for the improvement of SRHR and GBV outcomes.

The rationale for engaging with UNFPA is to promote women and young people's participation and influence in society as equal actors with the ability and opportunity to take development into their own hands. The engagement will target Northern Uganda as it lags behind most of the rest of the country on all human development indicators, and host a large number of refugees.

The majority of refugees are women and young people of which a large number have been mentally and physically abused. Amongst refugees and host communities alike, GBV is widespread and access to SRHR remains limited. Young girls are victims of violence and harmful practices like defilement and child marriage leading to a high number of school dropouts. Not only does this have negative psycho-socio effects on the women, young girls and

their children, but it also prevents them from improving their economic well-being and productivity thus contributing less to the development of a resilient society.

The intervention logic of this engagement is that by enhancing women and young people's access and utilisation of quality SRHR and GBV services – and by linking health and economic empowerment – women and young people will live more healthy and productive lives and be able to contribute to their own development and to broader social changes in their communities. It is based on the assumptions that i) Uganda's economic growth is dependent on a healthy and productive workforce, which includes women and youth and ii) financial security, long-term productivity and social empowerment cannot be achieved if the SRHR of women and young people is not protected,

The engagement builds on priorities set in UNFPA's Country programme for Uganda (2016-2020), the UN Development Assistance Framework (2016-2020) and the NDP II. It furthermore supports efforts to pursue SDG 3 and 5 (health and gender equality). UNFPA will make use of existing structures such as farmer and youth groups and thereby give impetus to other development programmes focusing on social and economic change in Northern Uganda. In particular, UNFPA will work closely with and support the planned SRHR interventions under the NURI engagement.

The Danish support of DKK 85 million for UNFPA will be based on the detailed design spelled out in the 'Women, Adolescent and Youth Rights and Empowerment Programme' and underlying annual work plans agreed between UNFPA Uganda and the RDE. An international senior advisor is expected to be deployed under the programme to enhance UNFPA's capacity to strategic planning of activities at all levels, financial management and monitoring and documentation of results. Furthermore, RDE will pursue additional capacity support to UNFPA through the Danish JPO programme based on needs identified.

Support to UNFPA is pending final quality assurance later this year.

#### *Support to the Inspectorate of Government (IG)*

The IG is mandated with the responsibility of leading the GoU actors in the fight against corruption alongside the Ombudsman task in handling mal-administration in public offices.

Building on Danish financial support to the IG since the 1990s, UPGRADE will contribute to *a stronger role of key duty-bearers in strengthening good governance, accountability and the rule of law in public office*. The IG is part of the Accountability Sector, one of the enabling sectors identified in NDP II.

A 2015 review of previous support concluded that the IG was performing a critical role as watchdog and ombudsman, but recommended strengthening local outreach. While some DPs provide technical support, Denmark is the only one providing core funding. The Danish Ombudsman and the Director of Public Prosecution (Rigsadvokaten) are expected to complement the partnership by providing technical assistance to the institution through twinning agreements (*myndighedssamarbejde*).

The rationale for Danish support to the IG is to strengthen the institution and its role in the Ugandan society in order to promote a more conducive environment for economic and social development. The engagement will revolve around support to IG's strategic plan for 2015-2020, which provides an in-depth analysis of lessons learnt, challenges, weakness as well as opportunities and strengths, and is fully aligned to the NDP II.

The strategic plan highlights that the IG is determined to engage with a broad range of stakeholders, including civil society and the private sector. This outreach stands prominent in making the case for continued Danish support. Such engagement is essential not only to enhance handling of corruption cases but also as a preventive measure in a society where corruption is endemic and systemic. Further, the IG's focus on strengthening the role of the Ombudsman is seen as a strong commitment to take essential steps to develop more efficient procedures and work processes to curb corruption and abuse of authority.

Denmark will support strategic priorities of the IG such as prevention, detection and elimination of corruption. In particular, focus will be on 1) enhanced *public awareness* about the functions of the IG and strengthened partnerships with strategic partners, including local communities and the private sector, 2) stronger *local presence*, including more efficient procedures and work processes, in order to reinforce and build on the establishment of a number of decentralised offices, which has resulted in an increased number of complaints and cases, and 3) *maximizing the IG's ombudsman role* by peer learning through the partnership with the Danish Ombudsman.

Support to the IG is provided as project support, however aligned to the IG's activities. Annual work plans for the use of Danish funds will be developed based on the IG's strategic plan and the above-mentioned Danish priorities. Denmark will furthermore provide assistance to strengthen M&E and learning within the institution. The total contribution to IG is DKK 35 million equalling approximately seven percent of the total annual budget. The RDE and the IG will ensure close coordination with other DPs to maximise synergies.

#### *Support to the Financial Management and Accountability Programme (FINMAP)*

FINMAP is the primary implementation framework for the Ugandan Public Finance Management (PFM) Reform Strategy. The programme was established in 2006 with a mandate to address the whole public financial management cycle, including economic planning and management, budget preparation and execution, accounting and reporting, and oversight and scrutiny – all at both central and local government level.

On the basis of Danish support since 2013, the engagement with FINMAP will promote *more efficient, effective and accountable use of public resources at central and local level and enhanced resource mobilisation in local governments*.

The programme feeds directly into the NDP II objectives of the Accountability Sector. Apart from Denmark, also Norway, UK, EU, Germany and GoU currently fund the third phase (FINMAP III) through a basket arrangement.

FINMAP has been found to contribute significantly to achievements in PFM reforms over the last decade and to poverty reduction and inclusive growth by reinforcing macroeconomic

stability and strengthening accountability and transparency at central and local government levels. A 2015 review of Danish support noted that FINMAP in particular had become an active player in support of improved local service delivery. Amongst the most visible achievements identified as results of FINMAP is the roll out of an integrated finance management system, which together with capacity building for accounting professionals has improved financial management in central and local governments. However, challenges remain with the system such as the lack of a coherent integration of various PFM systems and weak management of public procurement.

The rationale for support to FINMAP is to maintain the impetus for improvement and full implementation of Uganda's legislative and institutional mechanisms for expenditure and revenue management. This will strengthen the efficient, effective and accountable use of public resources, and thereby ideally improve performance and service delivery across all sectors, which in turn is fundamental for inclusive economic and social development.

A Management Support Unit within the MoFPED coordinates FINMAP, while actual implementation of reforms is undertaken by ministries, departments and agencies as well as district local governments. FINMAP employs additional contract staff to facilitate the reforms, of which the vast majority works within partner institutions, where they provide technical assistance and support, capacity building and training and implement new systems.

The next phase (FINMAP IV) is currently under formulation and Denmark and other DPs are closely engaged with Ministry of Finance, Planning, and Economic Development (MoFPED) in the design process. Hence, support to FINMAP will undergo final quality assurance in 2018.

The total contribution to FINMAP under UPGRADE is DKK 35 million.

#### *Support to Acholi Religious Leaders Peace Initiative (ARLPI)*

Denmark has provided support for ARLPI since the very early days of the organisation and will under UPGRADE build on this long-standing partnership with the aim of contributing to create *a conducive environment for sustainable peace and development in Northern Uganda*. This is in line with ARLPI's objectives as stated in the Strategic Plan.

ARLPI is a local inter-faith peace-building and conflict transformation organization that was formed in 1997 to provide a proactive response to the armed conflict in Northern Uganda. The mission of ARLPI is to work for sustainable peace, justice, and development through mediation, conflict resolution and advocacy using non-violent means.

The rationale for this engagement is that if local communities are supported by ARLPI to enhance their capacity to settle conflicts and grievances in a peaceful manner, and if ARLPI as an organisation improves its capacity to transform its interventions into evidence-based advocacy at both local and national level, then a more conducive environment for sustainable peace will be created – not only within the communities in Northern Uganda but the wider country.

Despite its limited size, ARLPI enjoys a high level of legitimacy by bringing together the main religious leaders of the major denominations and their respective constituencies. ARLPI

participates effectively in promoting sustainable peace in the Acholi sub-region, a former stronghold of the Lord's Resistance Army (LRA), as well as at national level, where the religious leaders engage in conflict resolution and advocate for enhanced transitional justice efforts.

ARLPI has demonstrated capacity and successes with defusing community level conflicts and has achieved recognition at local, national and international levels, as well as contributed significantly to international awareness of the past conflicts in Northern Uganda. Under UPGRADE, ARLPI will continue the local sensitization through engagements with communities. Relevant parties will be brought together for practical reconciliation and peaceful co-existence and ARLPI will seek to contribute to avoiding a reoccurrence or escalation of conflicts in a vulnerable, post-conflict situation. ARLPI will furthermore work to strengthen its engagement in high-level political dialogue regarding transitional justice and local conflict resolution measures.

Strengthened national advocacy will be explored e.g. through collaboration with Gulu University under the Danish funded BSU, which has a research focus on peace and reconciliation in Northern Uganda.

The Danish support of DKK five million for ARLPI will be provided within the framework of ARLPI's strategic plan and will be based on annual work plans to be agreed between ARLPI and the RDE. Denmark is the only major DP of ARLPI, and Danish support will therefore also focus on strengthening the organisation's capacity to reinforce the results of the organisation's work and to make the organisation more attractive to other DPs, and thereby less dependent on Danish support.

#### 4.5. Results framework

<b>Thematic Programme</b>		<b>Uganda Programme for Governance, Rights, Accountability and Democracy (UPGRADE)</b>	
Thematic Programme Objective		<i>Enhance accountability and stability and to deepen democracy and respect for human rights</i>	
Impact Indicator		<ol style="list-style-type: none"> <li>1. Political Pluralism and Participation (Freedom House)</li> <li>2. Social inclusion and equity (Country Policy Institutional Assessment, WB)</li> <li>3. Freedom of Expression and Belief (Freedom House)</li> <li>4. Associational and Organizational Rights (Freedom House)</li> <li>5. Rule of Law (Freedom House)</li> </ol>	
Baseline	Year	2016	<ol style="list-style-type: none"> <li>1. 5</li> <li>2. 3.5</li> <li>3. 9</li> <li>4. 4</li> <li>5. 5</li> </ol>

Target	Year	2022	Slight improvement expected for all of the five
<b>Engagement Title</b>		<b>Democratic Governance Facility (DGF)</b>	
Outcome		<i>A Uganda where citizens are empowered to engage in democratic governance and the state upholds citizens' rights</i>	
Outcome indicator		<p>1.1 pct. of population satisfied with the way democracy works in Uganda</p> <p>1.2 pct. of population who think (1) men make better political leaders than women, and should be elected rather than women, and (2) women should have the same chance of being elected to political office as men.</p> <p>2.1 Civil Society Sustainability Index Score</p> <p>2.2 Governance Accountability Score</p> <p>3.1 World Justice Project, Fundamental Rights Score</p> <p>3.2 Global Gender Gap Report Score</p> <p>4. Rule of Law Score</p>	
Baseline	Year	2014-16	<p>1.1: 50% (Source: Afrobarometer 2015)</p> <p>1.2: 1) 25% agree 2) 73% agree (Source: Afrobarometer 2015)</p> <p>2.1: 4.2 (Source: Civil Society sustainability index for Uganda, USAID 2014)</p> <p>2.2: 31.1 (Source: Mo Ibrahim Index, 2016)</p> <p>3.1: 0.39 (Source: World Justice Project)</p> <p>3.2: 0.704 (Source: Global Gender Gap Report Data Set, World Economic Forum 2016)</p> <p>4: 53.5 (Source: Mo Ibrahim Index, 2016)</p>
Target	Year	2022	Slight improvement for all.
<b>Engagement Title</b>		<b>United Nations' Population Fund (UNFPA)</b>	
Outcome		<i>Enhanced utilization of SRHR and GBV services among women and young people in Northern Uganda, including refugees, in order to realise their right to live healthy and productive lives</i>	
Outcome indicator		<p>1. Percentage of women age 15-19 who have begun childbearing in the target regions (UDHS)</p> <p>2. Age at first marriage for women and men 15-49 years in target regions (UDHS)</p> <p>3. Mean ideal number of children for women 15-49 years in target regions (UDHS)</p> <p>4. Women's participation in decision making on health care and household economy among 15-49 years (UDHS).</p>	
Baseline	Year	2015/16	1. 26.4% West Nile and 25.6% in North.

			<ol style="list-style-type: none"> <li>2. 18.1 years among women and 22.3 among males in West Nile; 16.9 among women and 21.4 among males 25-54 years in North.</li> <li>3. 5.1 in West Nile and 4.6 in North</li> <li>4. 44.6% in West Nile and 61.9% in North.</li> </ol>
Target	Year	2022	<ol style="list-style-type: none"> <li>1. Below 29.6%<sup>2</sup> in West Nile and 14.7% in North.</li> <li>2. 18.8 among women and 24.4 males in West Nile; 16.5 among women and 20.93 among males in North.</li> <li>3. 5 in West Nile and 3.7 in North</li> <li>4. 57.5% in West Nile and 72.2% in North.</li> </ol>
<b>Engagement Title</b>		<b>Inspectorate of Government (IG)</b>	
Outcome		<b><i>A stronger role of key duty-bearers in strengthening good governance, accountability and rule of law in public office</i></b>	
Outcome indicator		<ol style="list-style-type: none"> <li>1. Conviction rate of high profile corruption cases</li> <li>2. Conviction rate of other corruption cases</li> <li>3. Increase in ombudsman complaints referred and resolved by Ministries, Departments, Agencies and Local Governments</li> <li>4. Increase in public awareness (4.1) of and trust (4.2) in IG disaggregated by gender.</li> </ol>	
Baseline	Year	2015/16	<ol style="list-style-type: none"> <li>1. 60%</li> <li>2. 78%</li> <li>3. 20%</li> <li>4.1 TBD</li> <li>4.2 TBD</li> </ol>
Target	Year	2022	<ol style="list-style-type: none"> <li>1. 75%</li> <li>2. 90%</li> <li>3. 45%</li> <li>4.1 TBD</li> <li>4.2 TBD</li> </ol>
<b>Engagement Title</b>		<b>Financial Management and Accountability Programme (FINMAP)</b>	
Outcome		<b><i>More efficient, effective and accountable use of public resources at central and local level and enhanced resource mobilisation in local governments</i></b>	
Outcome indicator		<ol style="list-style-type: none"> <li>1. % of clean audit reports in Central Government (CG)</li> <li>2. % of clean audit reports in Higher Local Government</li> <li>3. % of internal audit recommendations in Ministries, Agencies and Local Government implemented</li> <li>4. Local Government local revenue as % of LG budget</li> </ol>	

<sup>2</sup> Trend estimated comparing UDHS 2006 and UDHS 2011 data which results in a negative trend. In those cases the programme will seek to slow down this trend. In addition the trend will be recalculated once 2016 UDHS full report is published.

Baseline	Year	2015/16 2014/15	1. 77% 2. 85.7% 3. 63.3% 4. 2.1%
Target	Year	2022	1. TBD 2. TBD 3. TBD 4. TBD
<b>Engagement Title</b>		<b>Acholi Religious Leaders Peace Initiative (ARLPI)</b>	
Outcome		<i>A conducive environment for sustainable peace and development in Northern Uganda</i>	
Outcome indicator		1. Number of ARLPI initiated local conflict-mediation actions leading to solving conflict in a non-violent way 2. Number of times ARLPI have addressed national level stakeholders on the issue of conflict resolution	
Baseline	Year	2016	1. 100 mediation actions per year 2. 4 times per year
Target	Year	2022	1. 128 mediation actions per year 2. 5 times per year

#### 4.6. Budget at outcome level

Implementation will start in 2018. Funds for communication, studies and reviews are allocated at overall country programme level. The table below shows the preliminary disbursement budget for UPGRADE at outcome level:

<b>UPGRADE</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>Total</b>
DGF	30.00	30.00	30.00	30.00	25.00	<b>145.00</b>
UNFPA	20.00	20.00	15.00	15.00	15.00	<b>85.00</b>
IG	7.00	7.00	7.00	7.00	7.00	<b>35.00</b>
FINMAP	7.00	7.00	7.00	7.00	7.00	<b>35.00</b>
ARLPI	1.00	1.00	1.00	1.00	1.00	<b>5.00</b>
Unallocated		10.00	5.00	5.00		<b>20.00</b>
<b>Total</b>	<b>65.00</b>	<b>75.00</b>	<b>65.00</b>	<b>65.00</b>	<b>55.00</b>	<b>325.00</b>

#### 4.7. Summary of risk analysis and risk responses

##### *Programmatic Risks*

<b>Risk Factor</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Risk response</b>
The space available to civil society for activism and advocacy is substantially reduced.	Likely	Major	Together with other DPs (incl. through DGF and EU forums), Denmark will continue the dialogue with the GoU on the need for a vibrant and critical civil society in order to consolidate democracy.
GoU partner institutions cease their roles as champions of change due to political interference.	Unlikely	Major	DPs have very little influence on GoU appointments to leadership positions, including within the IG and Ministry of Finance. In the event of change in leadership, the Embassy will re-assess the institutional capacity of the partners and if necessary, provide additional organisational support to ensure they remain strong agents of change. If operation of the institutions are gravely curtailed, despite capacity building efforts, RDE will reconsider its support to the institutions.
Increased impunity due to lack of convictions in high-level corruption cases.	Likely	Minor	Together with other DPs, Denmark will continue to raise the issue of independence of the Judiciary and retain pressure for improved accountability and transparency through collaboration with relevant government institutions, civil society and media.
Lack of political support at national and district levels for SRHR services.	Likely	Minor	UNFPA will continue to dialogue with key stakeholders on perceived controversial interventions that have inadequate political backing in order to get buy-in. UNFPA will partner with relevant line ministries in the implementation of the programme to ensure support and national ownership of the programmes within the GoU health services and will through the civil societies complement the services being provided in health centres.

Engagement partners do not deliver expected results.	Unlikely	Major	In the individual Development Engagement Documents with the partners, a defined annual cycle of work spelling out the reporting requirements, monitoring visits etc. has been agreed upon. All partners will receive at least one joint programmatic and financial monitoring visit every year, which will focus on results, value for money and sound financial management. In addition, the Embassy will strengthen its internal processes for scrutinizing financial and narrative reports, budgets and annual audits.
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### *Institutional Risks*

<b>Risk Factor</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Risk response</b>
Danida is associated with a major corruption case within one or more of the development engagements.	Unlikely	Major	The Embassy will continue and further strengthen its existing anti-corruption measures and profile. All partners will receive an induction to the Danida anti-corruption policy, including clear guidance on prevention, detection and reporting requirements when implementing with Danida funds. Further, the Embassy will continue to actively communicate to its partners and the public about its zero tolerance towards corruption.

## **5. Overview of management set-up**

### **5.1. Overall management, risk management, monitoring and reviews**

The RDE will sign a bilateral Government to Government agreement with MoFPED covering the entire Country Programme. Throughout the Country Programme implementation period, the RDE will continue its dialogue with GoU at both political and technical level – the latter through so-called Portfolio Review meetings, which normally are organized on an annual basis by MoFPED. The political dialogue will continue to primarily be conducted together with the EU partners and multilateral agencies with the relevant ministers – especially with the Prime Minister and occasionally with the President. Issues concerning progress of the NDP II and obstacles to this, such as corruption and lack of good governance and human rights, will also be addressed.

In addition to the dialogue with GoU, the RDE will continue its active participation in the relevant fora for coordination among DPs and with the GoU. This will be done both at national and sector level in order to improve harmonization and alignment to the national

development agenda of GoU. Most of the identified development engagement partners already have a joint DP programme management frameworks. Where such mechanisms do not exist, such as for NURI, the RDE will continue to coordinate closely with other DPs and actors in the sector, including humanitarian agencies.

The RDE is responsible for the overall monitoring of the Country Programme. Desk officers are designated responsibility for specific engagements and are responsible for both management and monitoring. Desk officers will review annual work plans, budgets and reports, participate in steering groups/DP coordination meetings and carry out at least semi-annual dialogue meetings to discuss areas of interest and any emerging issues. The RDE will carry out both programmatic and financial monitoring visits to all partners on a regular basis, jointly whenever possible and with a focus on value for money. The chief financial officer of the RDE has overall responsibility for financial monitoring and is the anti-corruption focal point.

It will be the responsibility of each development engagement partner to report at least bi-annually on progress to the RDE on the basis of the jointly agreed results frameworks included in the Development Engagement Documents (DED). This reporting, together with a discussion on risks identified in the DEDs, will form the basis of the RDE's continuous dialogue with the partners.

In addition, an annual partners meeting with the eight development engagement partners, as well as MoFPED representatives, will be organised to discuss progress in the overall Country Programme and within the two thematic programme areas. It will also be an occasion for mutual learning, strengthening of coordination, sharing of experiences and for exploring possible synergies and cooperation between partners.

Information on each partner's progress will together with conclusions from the annual partner meeting be consolidated by the RDE at thematic programme level, discussed and reviewed in the RDE's Local Programme Committee and subsequently reported on through the appropriate OpenAid channels. The mandatory Annual Country Report will be derived from this information and form the basis for the Embassy's annual results dialogue with the Under-Secretary for Global Development and Cooperation.

The RDE will also continue its regular meetings with Danish NGOs represented in Uganda in order to exchange information and experiences and explore possible synergies on political, economic and social issues such as support to civil society in Uganda, the humanitarian-development nexus, youth, gender and climate change.

A mid-term review of the country programme is planned in order to assist in planning the second half of the programme period and adapt the programme to changing circumstances, including possible new activities. If deemed relevant, this will be supplemented by more technical *ad hoc* reviews, as far as possible in collaboration with other DPs.

## **5.2. Summary of anti-corruption measures applied**

The corruption level in Uganda combined with a widespread lack of capacity at partner level, heightens the risk of mismanagement of development funds and/or corruption at development

engagement level. Building on lessons learnt and best practices, each engagement will have its own management arrangement aimed at mitigating this risk.

All development engagement partners will receive an induction to the Danida anti-corruption policy, including clear guidance on prevention, detection and reporting requirements when implementing activities with Danida funds. The RDE will also invite all partners to an anti-corruption workshop as well as offer online training courses in anti-corruption.

The eight development engagement partners have undergone a thorough pre-grant assessment, which has identified potential capacity gaps, risk areas as well as anti-corruption measures applied by the partner. The RDE has a rolling joint financial monitoring plan that builds on a detailed and prioritised risk assessment of the engagements, and joint programmatic and financial monitoring visits will be conducted to each partner at least once every year.

All engagements will undergo an annual financial audit, which will include elements of compliance and performance audit in accordance with International Standards of Auditing. Furthermore, the need for value for money studies, as well as specialised audits such as procurement audits, will be determined each year in connection with the planning of the annual audits.

Additional engagements envisaged under unallocated funds will be established with due consideration to the capacity of partners to effectively contribute to the relevant thematic outcomes, as well as their capacity to manage funds in a sound and accountable manner.

### **5.3. Communication of results**

Communication of the results of the country programme will be an important priority for the RDE and a dedicated budget (part of programme costs) has been set aside for this. An overall communication plan outlining the objective, target groups, communication platforms, timing and resources is outlined in Annex G. The RDE will with stories relating to its activities in Uganda contribute to the overall communication efforts of *The World 2030*, in particular within the thematic areas of youth, the humanitarian-development nexus, gender equality, employment and entrepreneurship, human rights and democracy, anti-corruption and green growth.

The objective is to increase awareness of Denmark's development cooperation with Uganda and make it more understandable by exemplifying its relevance and impact, so as to contribute to the overall Danida communication on results. This also involves contributing to strengthening Denmark's reputation, including the Danida brand, in Uganda by communicating contributions by all parts of Danish society (NGOs, research institutions, the private sector, and public authorities) to development results.

The Embassy will *primarily* be communicating in English to an audience interested in Uganda and Denmark's engagement in Uganda mostly using the Embassy's own social media platforms. Where relevant, the Embassy will contribute to the overall Danida communication strategy using the MFA's social media platforms.

## 6. Overall Country Programme Budget

Allocations on the Danish Finance Act for the Country Programme are expected to be DKK 225 million in 2018 and DKK 525 million in 2019. An additional DKK 75 million for NURI and DKK 85 million for UNFPA as well as DKK 35 million from the CCE are expected to be allocated on the Danish Finance Act for 2017.

Since the main commitment frame for the Country Programme has been divided over two years, and due to different end dates of existing sector programmes, the commitment under the Country Programme will be phased with the 2018 commitment frame being allocated to UPGRADE and most of the 2019 commitment frame being allocated to UPSIDE.

The Country Programme is flexible and can be adapted to emerging needs and unforeseen strategic priorities, while at the same time being as lean as possible. A total of DKK 50 million has been set aside as *unallocated funds* constituting less than six percent of the overall budget. The unallocated funds are intended to be used for possible new emerging areas within the two thematic programmes, initiatives that can strengthen synergies, or to scale up existing development engagements based on positive initial results.

The budget line for *programme costs* includes funds for communication, reviews, studies, annual Country Programme Meeting and formulation of the next Country Programme. The *programme costs* will in the Finance Act, for technical reasons, be included as part of the UPSIDE programme. However, the *programme costs* relate to the entire country programme.

The limited *LGA* budget is for engagements for emerging politically strategic priorities.

*Danida advisors* will be funded through the engagement budgets. It is envisaged that advisors will be deployed under NURI, aBi, DGF and possibly UNFPA.

<b>Preliminary disbursement budget for the Uganda Country Programme (DKK million)</b>						
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>Total</b>
<b>UPSIDE</b>	<b>3.00</b>	<b>101.50</b>	<b>168.50</b>	<b>168.00</b>	<b>164.00</b>	<b>605.00</b>
NURI		38.00	70.00	70.00	72.00	250.00
CCE	3.00	8.50	8.50	8.00	7.00	35.00
aBi		40.00	65.00	65.00	60.00	230.00
TMEA		15.00	15.00	15.00	15.00	60.00
Unallocated			10.00	10.00	10.00	30.00
<b>UPGRADE</b>	<b>65.00</b>	<b>75.00</b>	<b>65.00</b>	<b>65.00</b>	<b>55.00</b>	<b>325.00</b>
DGF	30.00	30.00	30.00	30.00	25.00	145.00
UNFPA	20.00	20.00	15.00	15.00	15.00	85.00
FINMAP	7.00	7.00	7.00	7.00	7.00	35.00
IG	7.00	7.00	7.00	7.00	7.00	35.00

ARLPI	1.00	1.00	1.00	1.00	1.00	5.00
Unallocated		10.00	5.00	5.00		20.00
<b>Programme costs</b>	<b>1.00</b>	<b>2.50</b>	<b>2.50</b>	<b>2.50</b>	<b>1.50</b>	<b>10.00</b>
<b>LGA</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>5.00</b>
<b>Total budget</b>	<b>70.00</b>	<b>180.00</b>	<b>237.00</b>	<b>236.5</b>	<b>221.50</b>	<b>945.00</b>