Global Humanitarian Assistance

Uganda

Resources for crisis response, vulnerability and poverty eradication

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Global Humanitarian Assistance

A DEVELOPMENT INITIATIVE

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Uganda

Overview

Uganda was formerly a major recipient of humanitarian aid, but more recently has been emerging from decades of conflict between the Government of Uganda (GoU) and the Lord's Resistance Army (LRA) in the north of the country. It is entering a new phase of recovery and reconstruction with an increased emphasis on domestic investments in anticipating and preparing for disasters.

The LRA were active throughout the 1990s and early 2000s and the conflict forced hundreds of thousands to flee their homes. During protracted internationally-backed peace negotiations, the LRA moved out of Uganda and into the Democratic Republic of Congo (DRC) and later the Central African Republic (CAR) between 2006 and 2008. Although both the GoU and the LRA agreed to end hostilities in August 2006, negotiations broke down and no peace agreement was ultimately signed. Whilst the LRA is no longer operationally present in Uganda, they continue aggressive operations in Eastern DRC and CAR.

The exit of the LRA from Northern Uganda has dramatically improved security and economic prospects in that part of the country and in 2010 the Government and humanitarian actors concluded that the humanitarian crisis in Uganda was over and symbolically no longer warranted a Consolidated Appeals Process (CAP) appeal in 2011. By March 2011 the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) had closed its office in Gulu district.

Official development assistance (ODA) has been an important resource for both meeting humanitarian needs and enabling poverty reduction in Uganda. ODA has increased from US$1.1 billion in 2000 and has remained stable in volume terms at US$1.7 billion in 2010 (based on constant 2010 prices).

The politics of development in Uganda have changed significantly in recent years, moving away from a donor-driven poverty agenda towards a focus on growth and structural transformation. Uganda has moved from being one of the poorest countries in the world to having a fast growing economy. Between 2000 and 2011 its gross domestic product (GDP) grew at an average rate of around 7.9%. Revenues from natural resources potentially offer good prospects for economic growth with the discovery of oil in the Lake Albertine region in 2007. Related to this increased fiscal space, the relative importance and indeed the absolute volumes of domestic government revenues (in terms of taxes) have grown rapidly, from US$6 million in 1998 to US$3.5 billion in 2010.

Uganda has made impressive progress in terms of poverty reduction, despite having a rapidly growing population (which has nearly doubled between the early 1990s and 2010). Less than a quarter of the population now lives below the national poverty line, down from just under a third in 2006 and the country is on track to meet the Millennium Development Goals on hunger, gender equality, HIV/AIDS treatment and access to safe water (although recent evidence suggests that HIV infections are on the rise again).

However, not everyone has benefited from Uganda's development. Over seven and a half million people still live in absolute poverty and poverty levels in the North are twice that of the rest of the country. Life expectancy at birth is only 54.1 years (just below the sub-Saharan average of 54.4 years) and the under-5 mortality rate is 128 out of 1000 live births (the second lowest in the region after Burundi). Since the beginning of 2011 Uganda has experienced severe price increases for food crops, fuel and most consumer goods.[1] Inflation has been extremely unstable in recent years; in October 2011 it reached 30.5%, the highest rate for 20 years.[2] As of September 2012 it has fallen to 5.4%.[3] The government now faces a number of challenges in addressing regional disparities in basic services and economic development in the North as well as dealing with economic volatility and increasing frequency of natural disasters.

This briefing paper analyses a variety of resource flows to and within Uganda – which include humanitarian and other types of aid, domestic government resources, foreign direct investment and remittances. The analysis is situated within the context of Uganda's challenges in addressing humanitarian crises, vulnerability and poverty.

[1] Uganda Humanitarian Profile, Reliefweb, http://reliefweb.int/sites/reliefweb.int/files/resources/uganda_humanitarian_profile__2012.pdf

[2] "World Bank forecasts tight 2012/13 budget", Daily Monitor http://www.monitor.co.ug/Business/Prosper/-/688616/1369246/-/bomkpc/-/index.html

[3] UBOS: http://www.ubos.org/onlinefiles/uploads/ubos/cpi/cpiSeptember2012/FINAL_CPI_release_Sep.pdf

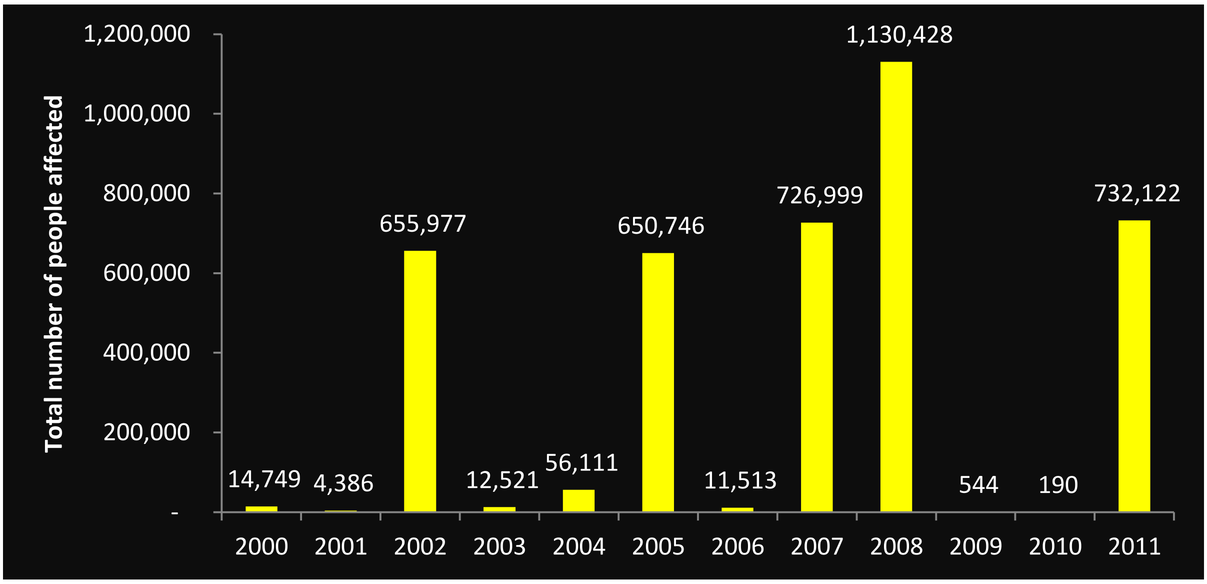
Crisis

Natural disasters

Uganda is emerging from decades of conflict in the North and continues to be vulnerable to disasters including floods and droughts. As a largely agricultural society, the impact of natural hazards increases its vulnerability.

In 2008 the largest numbers of people to date were affected by drought - approximately 1.1 million people. Major droughts have also occurred in 2002 (655,000 people affected), 2005 (600,000 people affected) and 2011 (669,000 people affected). In 2007, 721,045 people were affected by floods which also affected people in 2004 (30,000 people affected), 2008 (30,040 people affected) and 2011 (63,075 people affected). In June 2012 landslides caused by heavy rain killed hundreds of people in Bududa in Eastern Uganda.[4]

Figure 1: Number of people affected by disasters in Uganda, 2000-2011



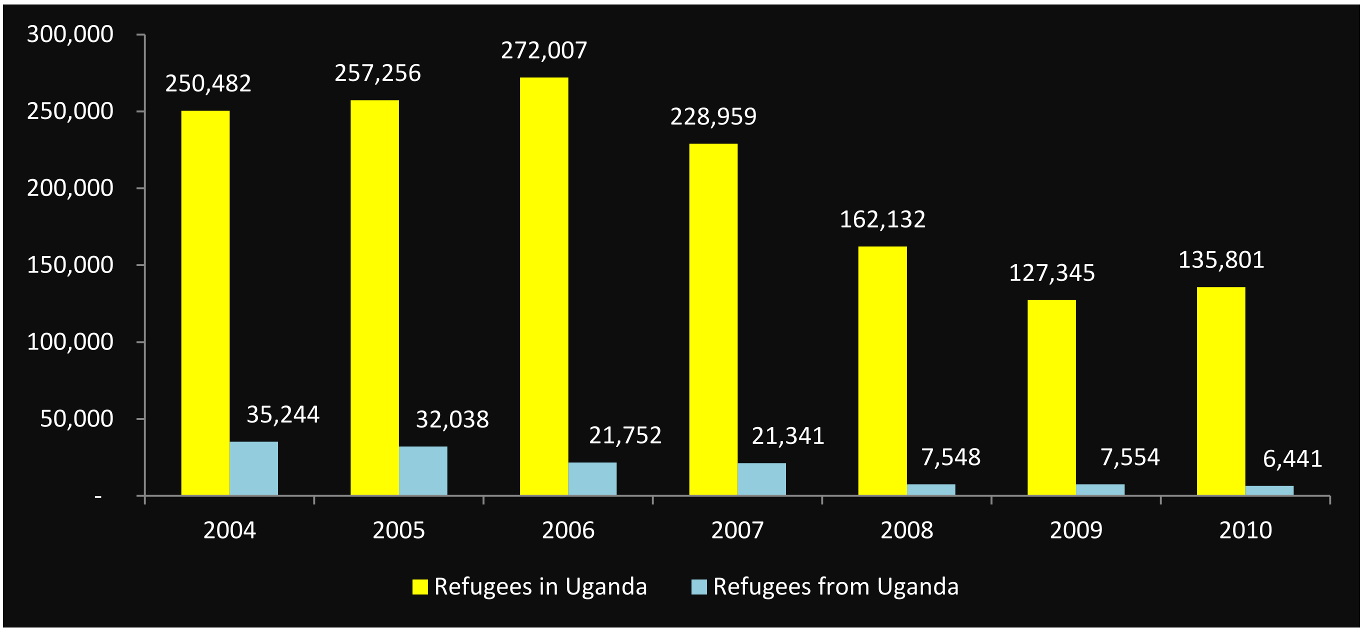
Source: Development Initiatives based on EM-DAT CRED data

[4] The Guardian http://www.guardian.co.uk/world/2012/jun/26/uganda-landslides-dead-villages-destroyed

Refugees and internally displaced people

Since 2006 the number of refugees hosted by Uganda has nearly halved from 271,007 to 135,801 in 2010. The number of refugees originating from Uganda has also declined.

Figure 2: Number of refugees hosted in and originating from Uganda, 2004-2010



Source: Development Initiatives based on UNHCR data

Uganda has hosted large refugee populations fleeing conflict in neighbouring countries for many years – hosting the largest number in 2006 (272,007 people), the majority of whom came from Sudan (approximately 253,000). Recently however, an increasing number of refugees from the Democratic Republic of Congo (DRC) have begun to arrive in Uganda as the conflict intensifies – in 2009 this was just under 76,500. Uganda also hosts refugees from Somalia and Rwanda.

Internal conflict in the country resulted in a significant proportion of Ugandans being internally displaced – with the Acholi sub-region being most affected by the LRA's activities. Whilst the conflict began in 1988, large-scale displacement did not start until 1996, when the government moved people in the Acholi region into camps under its "protected villages" policy. By the end of 2005, a total of 1.8 million people (approximately 6% of the population) across the country had been moved into Internally Displaced People (IDP) camps (UNHCR, 2012).

In November 2011, the United Nations (UN) Security Council estimated that there were around 80,000 people still living in six camps in Northern Uganda.[5] The Internal Displacement Monitoring Centre (iDMC) now believes there are around 30,000 IDPs still in camps. The majority of those still confined to camps lack financial resources to move home, are elderly, disabled or unwell, or have no land to return to. For those who have left the camps and returned to their villages, reintegration is a fragile process and conditions in the areas to which they return are often worse than in the camps.

[5] UN Security Council, Report of the Secretary-General on the Lord's Resistance Army-affected areas pursuant to Security Council press statement, 4/11/2011, http://www.un.org/ga/search/view_doc.asp?symbol=S/2011/693&referer=/english/&Lang=E

Ongoing problems for returnees include inadequate basic services and access to water; fragile food security; remote health and educational services; insufficient law and order structures in areas of return; disputes over land and property; limited support to rebuild livelihoods and cattle raids. The iDMC reports that some IDPs have gone back to camps in order to access basic services.

Poverty

Uganda has shown impressive progress in reducing national poverty rates, with the proportion of the population living in absolute poverty falling from 56.6% in 1992/1993 to 24.5% in 2009/2010. It is commendable that the number of people in poverty has reduced whilst at the same time population rates have grown. However, a more detailed analysis of multi-dimensional poverty (below) shows that poverty rates are still high in Northern Uganda.

Figure 3: Poverty status 1992-2010

Year	Total population (millions)	Population of absolute poor (millions)	Absolute poor (%)
1992/93	17.5	9.9	56.6%
1999/00	21.9	7.4	33.8%
2002/03	24.1	9.3	38.6%
2005/06	27.4	8.5	31.1%
2009/10	30.7	7.5	24.5%

Source: Development Initiatives based on Poverty Status Report 2012 and World Bank WDIs

Uganda's Vision 2040 draft paper is an ambitious government strategy outlining plans to "transform Ugandan society from a peasant to a modern and prosperous country within 30 years".[6] The key components of Vision 2040 focus are:

a. Independence and sovereignty
b. Democracy and the rule of law
c. Stability and peace
d. Knowledgeable and skilled
e. Able to exploit and use its resources gainfully and sustainably
f. A strong federated East Africa with an effective African Common Market and a strong African Defence Mechanism.

The Vision's poverty goals are equally ambitious - the number of people living below the national poverty line is targeted to fall from 25% in 2010 to 5% by 2040. Other social development targets include increasing the proportion of the population with access to electricity from 11% to 80% and increasing the percentage of the population with access to safe piped water from 15% to 80%.

[6] Vision 2040 draft http://www.npa.ug/docs/Visionzerodraft.pdf

Human Development Index (HDI)

In 2011 Uganda scored 0.446 in the Human Development Index (HDI) ranking it 161 out of 187 countries. Whilst this score has increased from 0.294 in the mid-1980s it is still well below the average for sub-Saharan Africa (0.463) and the average for 'low human development' (0.456).

Figure 4: Uganda's Human Development Index score, 1990-2011

Year	Uganda	Low human development	Sub-Saharan Africa	World
2011	0.446	0.456	0.463	0.682
2010	0.442	0.453	0.460	0.679
2009	0.438	0.448	0.456	0.676
2008	0.430	0.443	0.451	0.674
2007	0.420	0.437	0.445	0.670
2006	0.410	0.430	0.438	0.664
2005	0.401	0.422	0.431	0.660
2000	0.372	0.383	0.401	0.634
1995	0.321	0.363	0.395	0.613
1990	0.299	0.347	0.383	0.594
1985	0.294	0.334	0.374	0.576

Source: Development Initiatives based on UN HDI data

Multidimensional Poverty Index (MPI)

The multi-dimensional poverty index (MPI) complements income-based poverty measures by reflecting the multiple deprivations that people face at the same time. The MPI identifies deprivations across health, education and living standards, and shows the number of people who are multi-dimensionally poor and the deprivations that they face at the household level. It ranks countries and sub-national districts to demonstrate the percentage and number of the population in severe poverty as well as those vulnerable to poverty. Uganda's MPI rate is 0.367, ranking it 90 out of 109 countries in 2011. Around 72% of Uganda's population is MPI poor, approximately 21.2 million people.

Figure 5: Number and percentage of MPI poor people in Uganda

Rank	Country	% MPI poor
109	Niger	92%
108	Ethiopia	89%
107	Mali	87%
106	CAR	86%
105	Burundi	85%
104	Liberia	84%
103	Burkina Faso	83%
102	Guinea	83%
101	Somalia	81%
100	Rwanda	80%
99	Mozambique	79%

Rank	Country	Numbers of MPI poor (millions)
109	India	612.2
108	China	161.7
107	Bangladesh	83.2
106	Nigeria	81.5
105	Pakistan	81.2
104	Ethiopia	65.8
103	Indonesia	48.4
102	DR Congo	44.5
101	Tanzania	27.6
100	Uganda	21.2
99	Kenya	18.9

98	Angola	77%
97	Sierra Leone	77%
96	Comoros	74%
95	DR Congo	73%
94	Uganda	72%
93	Malawi	72%
92	Benin	72%
91	Timor-Leste	68%
90	Madagascar	67%

98	Mozambique	18.1
97	Nepal	18.0
96	Myanmar	14.3
95	Viet Nam	14.2
94	Madagascar	13.5
93	Niger	12.4
92	Philippines	12.1
91	Burkina Faso	12.1
90	Mali	11.8

Source: Development Initiatives based on MPI data

Interestingly, when Ugandan district-level MPI data is included, five districts score higher than the Uganda MPI value of 0.0367 and six districts are equal to or more than the national percentage of multi-dimensionally poor people, 72%. It is clear that the low MPI rates in Kampala (0.088 or 21%), which are comparable to Indonesia, bring down the national average of Uganda's already high MPI values and percentages. The percentage of MPI poor people in the North (86%) and West Nile (83%) districts of Uganda is higher than the national percentage for Somalia (81%). The North of Uganda is still the poorest district in the country and poverty eradication initiatives and social development programmes will need to prioritise these areas.

Figure 6: Sub-national analysis of MPI rates and proportions in Uganda

Rank	**Country**	**MPI**
117	Niger	0.642
116	Ethiopia	0.562
115	Mali	0.558
114	Burkina Faso	0.536
113	Burundi	0.530
112	Somalia	0.514
111	CAR	0.512
110	Mozambique	0.512
109	Guinea	0.506
108	Liberia	0.485
107	North	0.459
106	Angola	0.452
105	Sierra Leone	0.439
104	West Nile	0.431
103	Rwanda	0.426
102	Western	0.417
101	Benin	0.412
100	Comoros	0.408
99	DR Congo	0.393
98	Southwest	0.393
97	Senegal	0.384
96	Malawi	0.381

Rank	**Country**	**% MPI poor**
117	Niger	92%
116	Ethiopia	89%
115	Mali	87%
114	CAR	86%
113	North	86%
112	Burundi	85%
111	Liberia	84%
110	Burkina Faso	83%
109	Guinea	83%
108	West Nile	82%
107	Somalia	81%
106	Rwanda	80%
105	Western	80%
104	Mozambique	79%
103	Southwest	78%
102	Angola	77%
101	Sierra Leone	77%
100	Eastern	76%
99	Comoros	74%
98	DR Congo	73%
97	East Central	72%
96	Malawi	72%

95	Eastern	0.378	95	Benin	72%
94	Tanzania	0.367	94	Timor-Leste	68%
93	East Central	0.361	93	Madagascar	67%
92	Timor-Leste	0.360	92	Senegal	67%
91	Madagascar	0.357	91	Tanzania	65%
90	Cote d'Ivoire	0.353	90	Nepal	65%

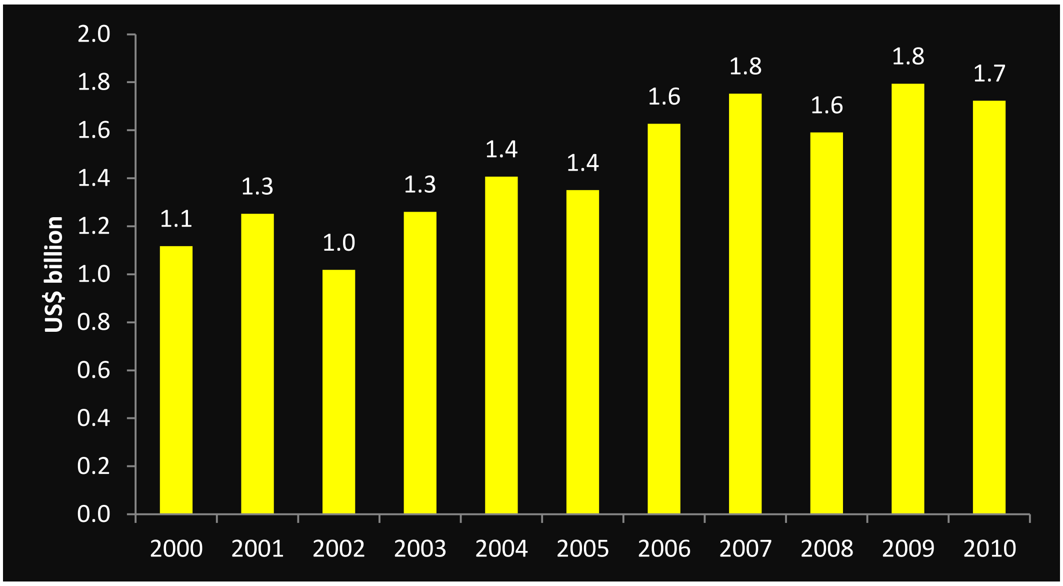
Source: Development Initiatives based on OPHI MPI data. Note: Highlighted yellow areas represent regions in Uganda

International response

Official development assistance (ODA)

ODA to Uganda has increased from US$1.1 billion in 2000 to US$1.7 billion in 2010 with peaks in 2007 and 2009. In 2010 Uganda was the 14th largest recipient of aid.

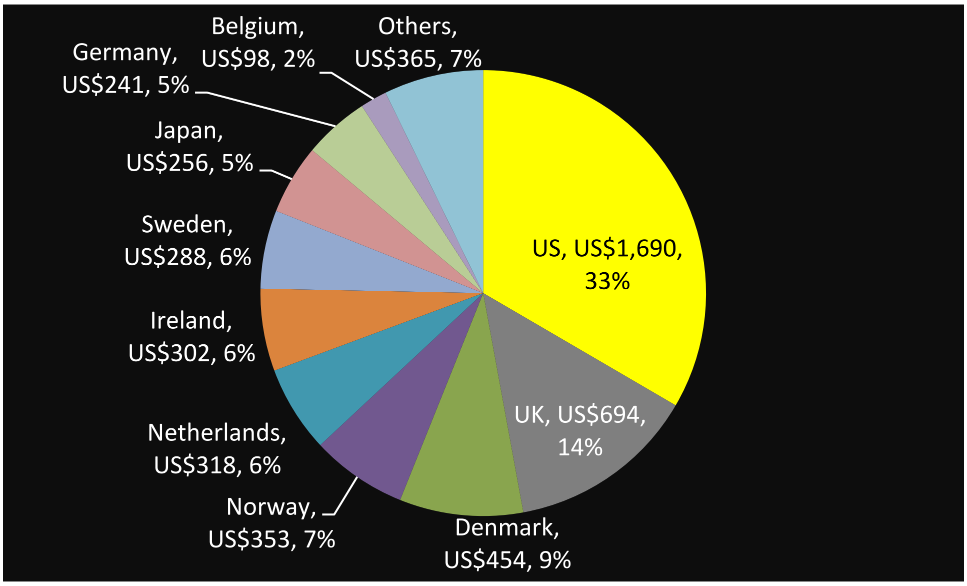
Figure 7: Official development assistance, 2000-2010, US$ billion



Source: Development Initiatives based on OECD DAC data, constant 2010 prices

Between 2006 and 2010 the United States (US) was the largest government donor giving US$1.7 billion, followed by the United Kingdom (UK), US$694 million. The largest US contribution was US$378 million in 2010.

Figure 8: Top 10 government donors, ODA to Uganda, 2006-2010, US$ million



Source: Development Initiatives based on OECD DAC data, constant 2010 prices

The United States Agency for International Development (USAID) is carrying out five programmes in Uganda which concentrate on peace and security; democracy and governance; health, HIV/Aids and education; economic growth and humanitarian assistance. The UK's Department for International Development (DFID) has committed to spend approximately £89 million every year in Uganda until 2015. Its priority focus areas will be to improve the quality of essential services; to support the recovery process in Northern Uganda; to improve maternal and reproductive health; to drive growth through training, job creation, financial services and trade and to improve government accountability and transparency so that future oil revenues are spent effectively.[7]

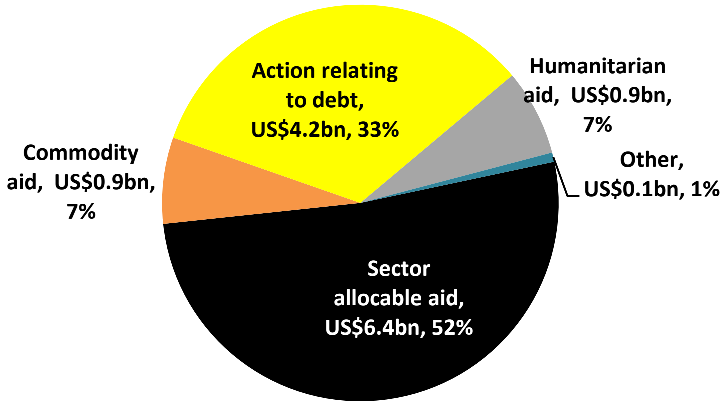
Sector spending

Between 2006 and 2010 over half of ODA to Uganda was spent on 'sector-allocable aid', US$6.4 billion (52%). However, Uganda has also received a significant proportion of its ODA as non-sector-allocable aid. For example, in this period, it received US$4.1 million in 'action relating to debt' of which US$3.4 billion was for debt forgiveness. Humanitarian aid – another type of non-sector-allocable aid - made up 7%.

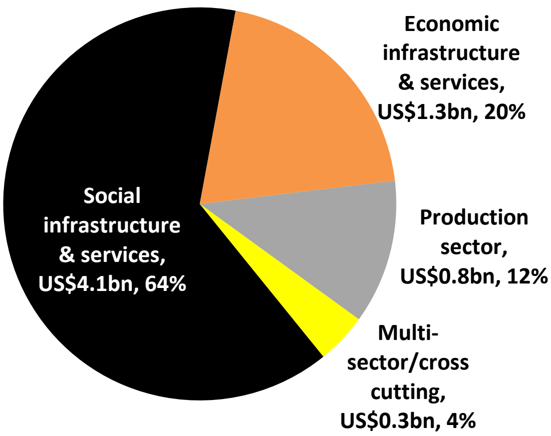
Within 'sector-allocable aid', the 'social infrastructure and services' subsector received the largest share of funds since 2006, 64% or US$4.1 billion, which peaked at US$950.1 million in 2010. Between 2006 and 2010 the largest donors to this sub sector were the US (US$1.2 billion) and the International Development Association, (IDA) (US$691.8 million). Within 'social infrastructure and services', 'population programmes and reproductive health' received the largest proportion of funding, 31% (US$1.3 billion). Within 'population programmes and reproductive health' funding for 'STD control including HIV/Aids' received the largest share, 93% (US$1.2 billion) – of which the US and the Global Fund were the largest donors, US$966.5 million and US$68.6 million respectively.

[7] DFID, Uganda policy http://www.dfid.gov.uk/uganda

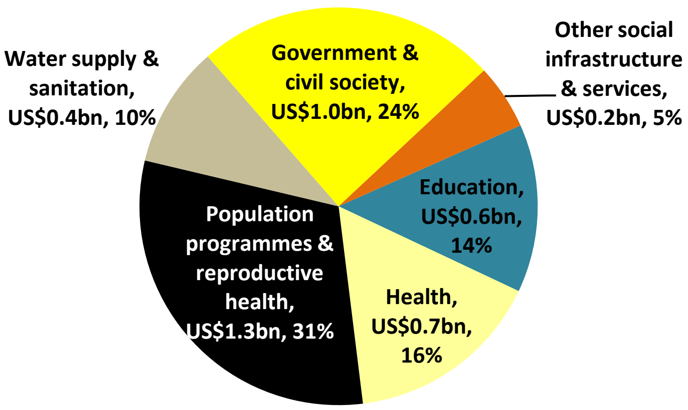
Figure 9: Types of aid, 2006-2010



Sector-allocable aid



Social infrastructure and services



Source: Development Initiatives based on OECD CRS data

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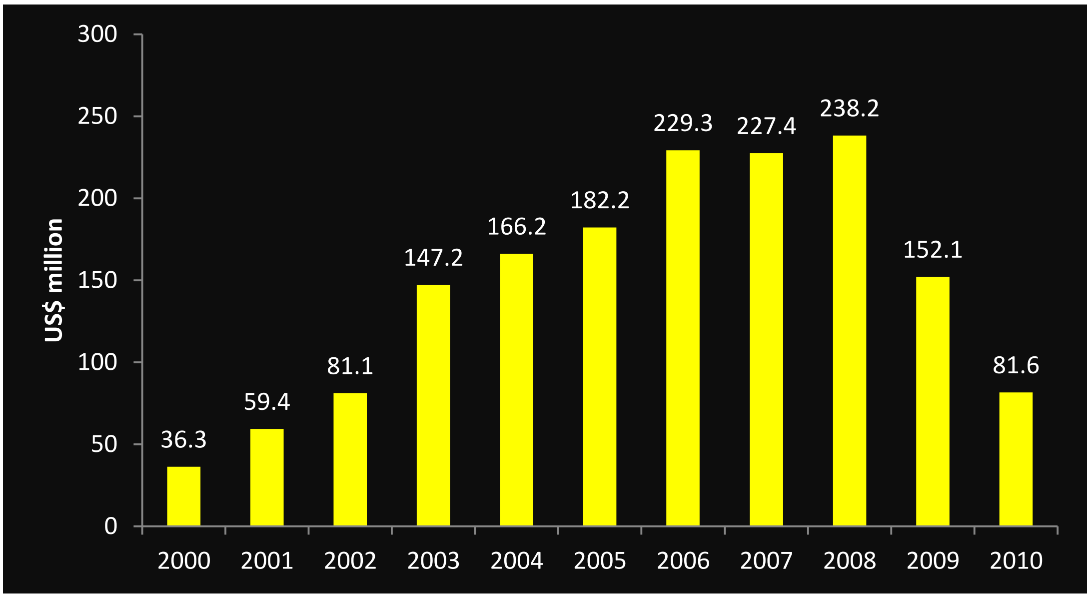
Humanitarian aid

In the last ten years, Uganda's proportion of total international humanitarian aid (which includes funding from OECD DAC donors, other governments, as well as private contributions) has been on average 1.8%, peaking at 2.9% in 2007. The majority of international humanitarian aid to Uganda consists of funding from OECD DAC members. Humanitarian aid grew significantly from US$36.3 million in 2002 to US$238.2 million in 2008. In 2004 Uganda ranked as the 9th largest recipient of international humanitarian aid but by 2010 had dropped to the 23rd.

Figure 10: International humanitarian aid to Uganda, 2000-2010



Source: Development Initiatives based on OECD DAC, UN OCHA and CERF data. Note: The international humanitarian aid calculation combines funding from DAC donors, non-DAC donors, private contributions and imputed CERF calculations.

From 2008 humanitarian aid fell; during this period the GoU began implementing the Peace, Recovery and Development Plan (PRDP) for Northern Uganda and the international humanitarian response began to shift into early recovery and development. By the end of 2010, all humanitarian coordination functions had been taken over by Uganda's national authorities.

The UNHCR closed its office in the North at the end of 2011.[8] Responsibility for the protection of IDPs was transferred to the Uganda Human Rights Commission. In line with the overall improvement of the humanitarian situation, OCHA Uganda was strategically phased down and reduced it staffing level over the past three years. In 2010 the cluster system closed, which was activated in 2005 to support humanitarian action. From the second quarter of 2011, the OCHA Country Office was to become a Humanitarian Support Unit within the Resident Coordinator's Office, with recovery and development programming gaining greater support and momentum. In 2011 Uganda did not feature as part of the Consolidated Appeals Process, for the first time in 11 years.

[8] iDMC http://www.internal-displacement.org/8025708F004BE3B1/%28httpInfoFiles%29/9FB09D064C776572C1257A0800352A30/$file/uganda-overview-may2012.pdf

Since 2006 the US has been the largest humanitarian aid donor to Uganda, and EU institutions have collectively been the second largest, giving a total of US$231.5 million and US$178.2 million respectively. Since 2008 there has been a significant drop in humanitarian contributions from donors as their priorities focus on post-conflict transition programmes, such as infrastructure development and cash for work, especially in the North.

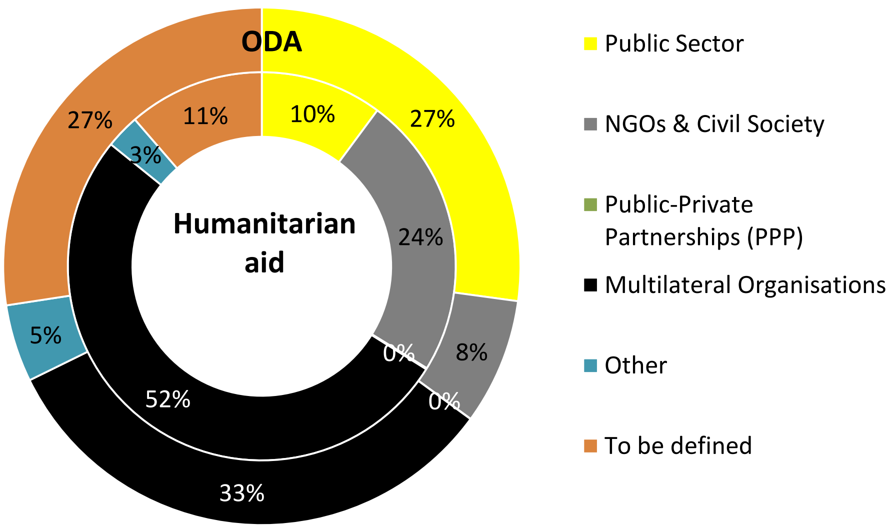
Figure 11: Top ten donors of humanitarian aid to Uganda, 2006-2010, US$ million

Rank	2006	US$m	2007	US$m	2008	US$m	2009	US$m	2010	US$m
1	US	59.0	US	66.9	EU	53.8	EU	34.8	EU	23.1
2	UK	50.2	EU	38.0	US	58.8	US	27.5	US	19.3
3	EU	28.5	UK	22.6	UK	36.2	UK	25.6	Germany	9.0
4	Netherlands	23.5	Sweden	18.1	Sweden	15.4	Sweden	13.5	Japan	7.1
5	Sweden	16.1	Norway	17.4	Spain	13.9	Spain	12.7	Spain	6.3
6	Germany	13.3	Netherlands	16.7	Germany	15.6	Germany	10.9	Sweden	6.1
7	Canada	9.9	Germany	14.4	Netherlands	21.7	Netherlands	10.4	France	4.6
8	Norway	9.1	Canada	10.6	Canada	7.0	Canada	8.6	UK	4.5
9	France	7.1	Denmark	9.8	Norway	11.9	Norway	8.1	Italy	3.9
10	Ireland	7.0	Italy	8.3	France	10.0	France	7.1	Belgium	3.9

Source: Development Initiatives based on OECD DAC and UN OCHA FTS

The largest proportions of both humanitarian aid and ODA are channelled through multilateral organisations. However, a higher proportion of ODA is channelled through the public sector (27%) and more humanitarian aid is channelled through NGOs and civil society (24%).

Figure 12: Channel of delivery: official development assistance and humanitarian aid, 2006-2010



Source: Development Initiatives based on OECD DAC CRS data

Figure 13: Consolidated Appeals Process (CAP), 2007-2011

Year	Requested	Funding	% of funding needs met
2007	US$350 million	US$279 million	79.7%
2008	US$374 million	US$265 million	70.9%
2009	US$247 million	US$188 million	76.2%
2010	US$184 million	US$99 million	53.9%
2011	No CAP		No CAP

Source: Development Initiatives based on UN OCHA FTS data

In 2008, when the focus of appeal requests began to shift from humanitarian crisis towards recovery and development, aid agencies complained of a funding gap for Northern Uganda. During the height of the crisis humanitarian funds were available relatively quickly. Donors then began to reduce humanitarian funding but recovery and development funds took a long time to arrive. The 2008 Consolidated Appeal Process (CAP), which included some recovery activities, was only 45% funded as of July that year, compared to the 2007 CAP which was funded at 71%.

Donors objected to funding recovery activities via the CAP and recovery activities were later largely removed.[9] The 2010 CAP requested US$184 million, of which only US$99 million (54%) was received, hampering the humanitarian community's efforts to meet collective goals.

Based on consultations with the Government of Uganda, the United Nations, the NGO community and donor representatives, OCHA's Humanitarian Country Team (HCT) decided in August 2010 that the humanitarian situation in Uganda would no longer warrant a CAP in 2011. Instead, it was agreed that an Inter-Agency Working Group, with participation of the Office of the Prime Minister (OPM), should develop a humanitarian profile for Uganda as a tool to guide decision on humanitarian action in 2011. The HCT further noted the opportunity to support the Government's Peace, Recovery and Development Plan (PRDP), thereby boosting the ongoing recovery and development efforts in Karamoja, Acholi and Teso regions that had been targeted by the CAP in previous years.[10]

Since the end of the CAP, OCHA argues that there is now diminishing donor support to humanitarian assistance in Uganda and that there is a gap in funding instruments that target early recovery/transition.[11]

Transition

In the past few years the region has been in a post-conflict recovery and transition phase with a large proportion of the population returning home from refugee camps and in need of a variety of services such as health and education as well as access to water, roads, land and production. A number of recovery programmes have been established under the Office of the Prime Minster (OPM), namely the Peace, Recovery and Development Plan (PRDP). Launched by the Ugandan

[9] Refugees International, http://reliefweb.int/node/274073
[10] http://www.ugandaclusters.ug/
[11] DG-ECHO, Linking relief and rehabilitation to development http://reliefweb.int/sites/reliefweb.int/files/resources/Full_Report_1619.pdf

Government in 2007 and implemented in 2009, PRDP's budget consisted of US$600 million for Northern Uganda. It had four strategic objectives: consolidation of state authority; rebuilding and empowering communities; revitalising the economy and peace-building and reconciliation. The first phase is coming to a close (2009-2012) and the second phase commenced in July 2012 for the period 2012-2015.

Other programmes under PRDP include Agricultural Livelihood Recovery Project for Northern Uganda (ALREP), Northern Uganda Social Action Fund (NUSAF), Northern Uganda Rehabilitation Programme (NUREP), Karamoja Livelihoods Programme (KALIP) and Northern Uganda Transition Initiative (NUTI). All development actors including government and non-government agencies are expected to align their interventions in Northern Uganda against the PRDP framework.

In June 2009 the UN launched a three-year Peacebuilding and Recovery Programme (UNPRAP) to align UN interventions with the PRDP and other government frameworks for Northern Uganda. According to UNHCR, important development initiatives, such as the Recovery and Development Initiative for Northern Uganda, have focused primarily on commercial agriculture and manufacturing.

The role of the government

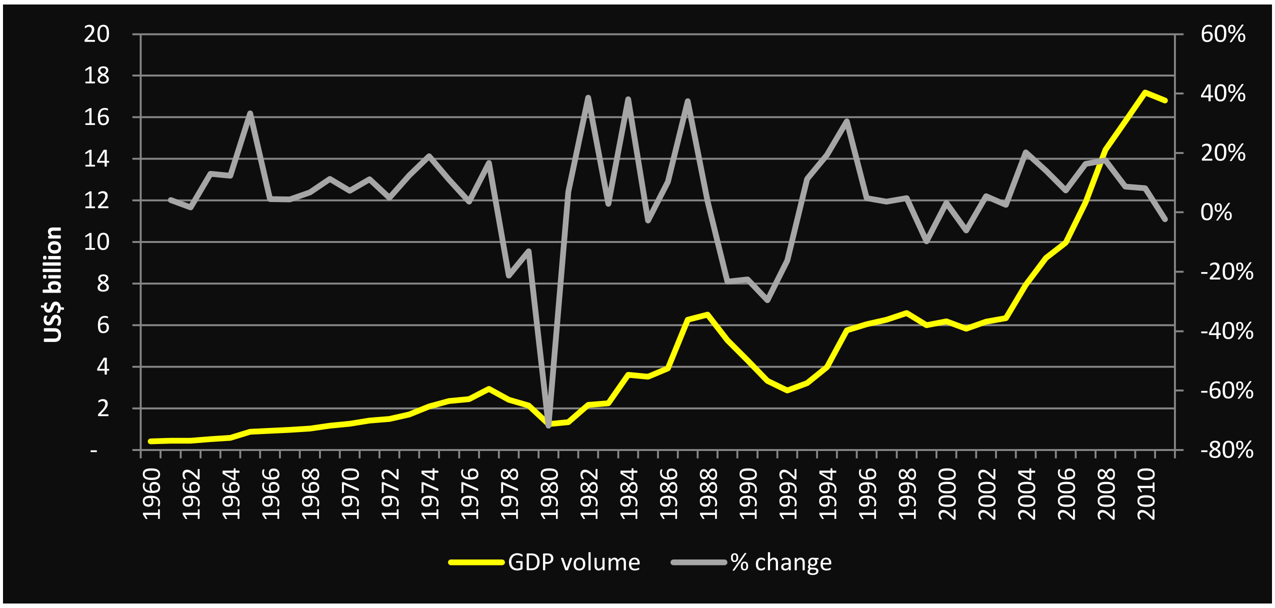
Uganda has seen impressive economic growth in recent years which has led to increased fiscal space for government spending on development. At the same time, the government has developed a number of important commitments and policies to address poverty, regional under-development and disaster risk reduction.

Gross domestic product

Uganda's gross domestic product (GDP) has grown from US$423.1 million in 1996 to US$16.8 billion in 2011 – however there have been dips in growth in 1980 (down 71.9% or US$894 million) and 1989 (down 23.4% or US$1.2 billion). More recently, between 2010 and 2011 GDP volumes fell by just under US$400 million from US$17.2 billion to US$16.8 billion, marking a 2.3% fall. The African Economic Outlook (AEO) correlates the 2011 slowdown to political protests in the lead up to elections, a rise in inflation, exchange rate depreciation and an increased trade deficit.

In 2011 GDP per capita was down to US$487 (from US$515 in 2010) ranking it the 11th lowest GDP per capita rate globally, just higher than Central African Republic (US$483) and just below Guinea (US$502). However GDP per capita is up from US$256 in 2002.

Figure 14: Uganda's gross domestic product (GDP), volume and percentage change

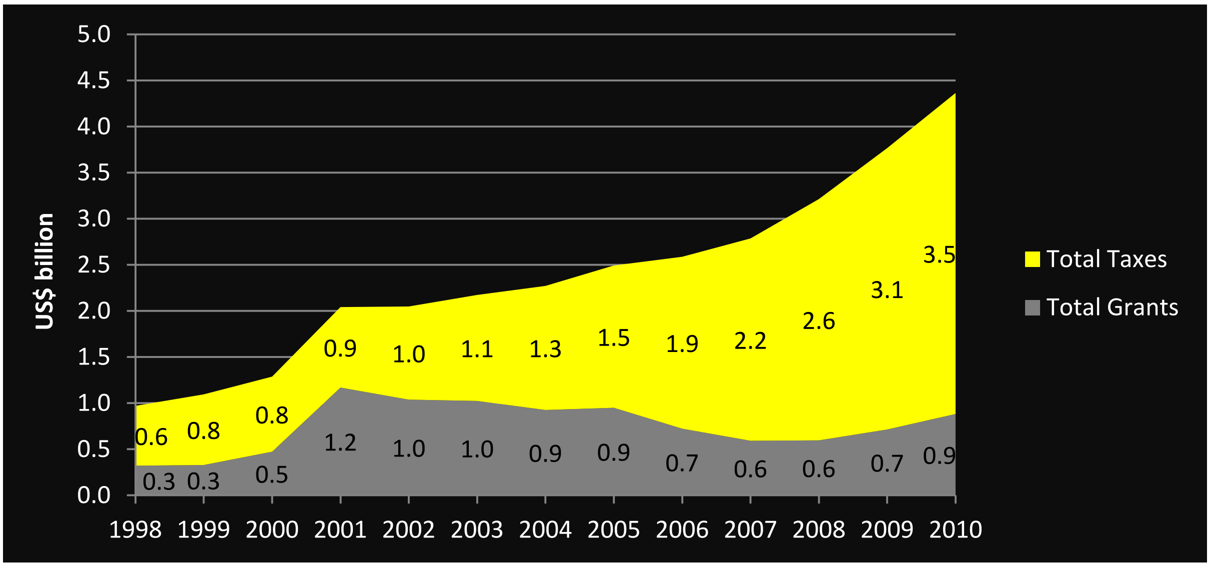


Source: Development Initiatives based on World Bank, World Development Indicators data

Government revenues

Uganda's tax body forms an integral part of domestic revenues and include taxes levied by the state and grants that are received by government units from foreign governments or organisations. Taxes have grown substantially from US$0.6 billion in 1998 to US$3.5 billion in 2010, marking an increasing amount of government revenues to address poverty within the country.

Figure 15: Government revenues 1998-2010



Source: Development Initiatives based on IMF Government Financial Statistics, Uganda

In early 2012 approximately 2.5 billion barrels of oil had been confirmed along the Albertine rift in western Uganda and the Government has plans to build the country's first oil refinery, which will be a key element of their strategy to maximise revenue. Oil is expected to generate more than US$2 billion per year (10-15% of current GDP) once commercial production begins in three to five years' time.[12]

Government expenditure

The politics of development in Uganda have changed significantly in recent years, moving away from a donor-driven poverty agenda towards a focus on growth and structural transformation. The underlying drivers of this shift include:

- Uganda's declining reliance on traditional sources of aid
- the return of multi-party politics
- the discovery of oil reserves.

These have significantly altered the relational basis of development policy-making in Uganda between government and donors, and also between the finance ministry and civil society. The National Development Plan (NDP) reflects and captures these shifts and exhibits significant differences to the earlier PEAP, in terms of both content and process. In essence, the NDP can be seen as a form of preparation for the expected arrival of serious levels of oil exploitation from 2015 onwards, the aim being to prepare the infrastructural and human resource capacities required to ensure that the oil reserves are fully exploited.[13]

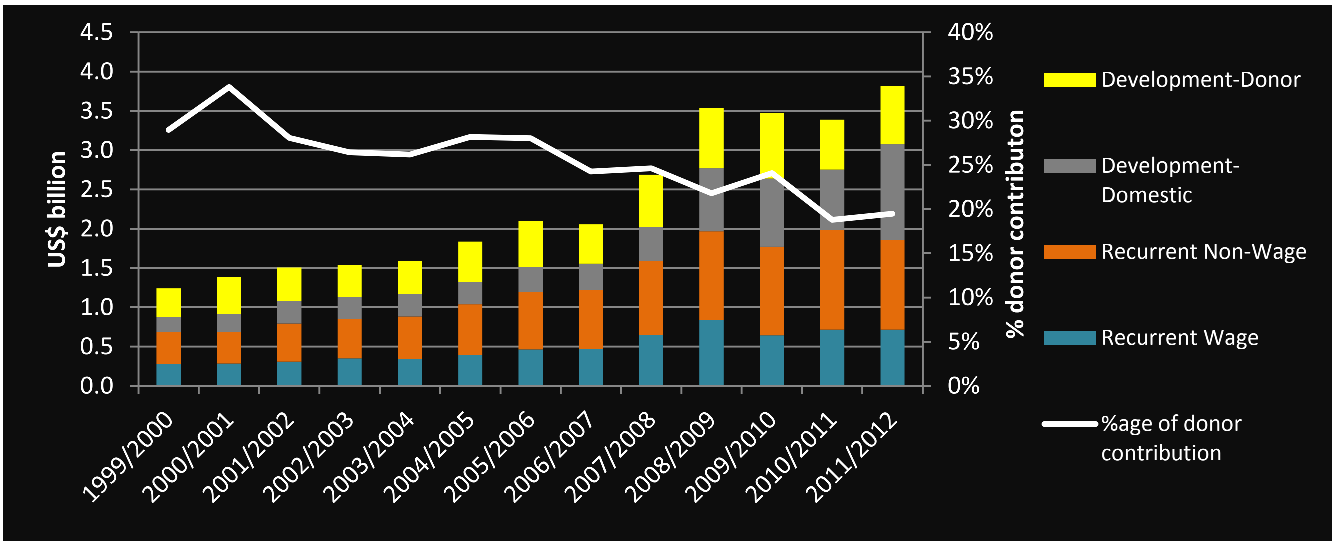
Uganda's national budget has grown from US$1.2 billion (UGX1.8 trillion) in 1999/2000 to over US$3.8 billion (UGX9.6 trillion) in 2011/2012. This increase in national budgets is marked by growth in domestic revenues as well as aid flows. Government expenditures are divided into two main categories: development expenditure (domestic and donor financed development) and recurrent expenditure (which includes wage and non-wage). Recurrent expenditures make up a larger percentage of budgeted resources than development. Donor resources captured in this analysis are multilateral and bilateral expenditures channelled through government units.[14]

[12] "Fresh calls for transparency on Ugandan oil", the Guardian, March 2012, http://www.guardian.co.uk/global-development/2012/mar/21/transparency-compensation-uganda-oil-sector

[13] Beyond the poverty agenda Insights from the new politics of development in Uganda, Chronic Povery Research Centre, http://www.dfid.gov.uk/r4d/PDF/Outputs/ChronicPoverty_RC/WP221-Hickey.pdf

[14] There are other donor funds spent outside the normal budget cycle such as expenditures through government special programs, non-government channels and humanitarian assistance. Such funds not registered in the main budgeting system have not been captured in this analysis.

Figure 16: Budget disaggregation and donor contribution



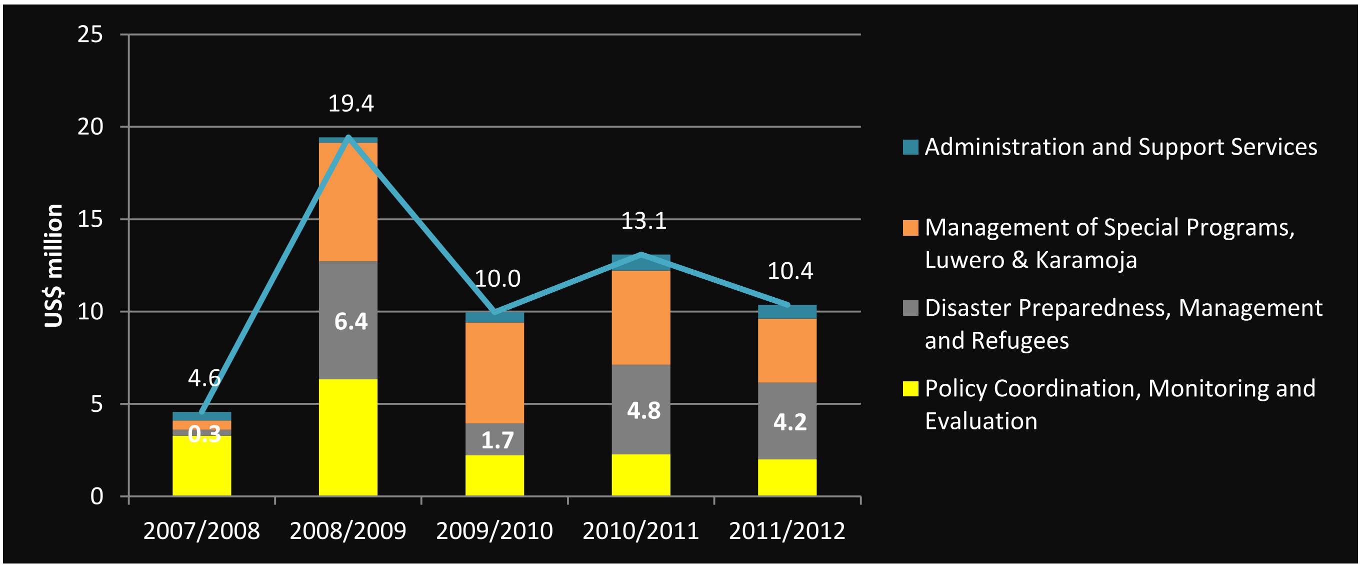
Source: Development Initiatives based on MFPED approved estimates of revenue and expenditures

From 1999 to 2012 the government has increased spending on domestic development activities from US$194 million to over US$ 1.2 billion. Donors have also increased development spending from US$359 million to US$743 million in the same period. However, the percentage of donor contributions has reduced from 34% in 2000/2001 to 19% in 2011/12.

Domestic responses to address vulnerability and respond to crises

Domestic government budgetary allocations towards disaster preparedness and response are reflected in the Office for the Prime Minister (OPM) budget for Disaster Preparedness, Management and Refugees.

Figure 17: Office for the Prime Minister (OPM) approved budget breakdowns, 2007-2012



Source: Development Initiatives based on OPM approved budget data, 2007-2012. Note: Original OPM data was in UGX but has been converted using World Bank exchange rate deflators.

Funding to OPM increased significantly between 2007/2008 and 2008/2009 from US$4.6 million to US$19.4 million (or UGX7.9 billion to UGX33.4 billion). Funding specifically for Disaster Preparedness, Management and Refugees reached US$6.4 million in 2008/2009 (UGX11.0 billion), falling to US$1.7 million in 2009/2010 (UGX3.5 billion). Up until 2010/2011 there was only one programme under OPM's Disaster Preparedness, Management and Refugees function – called Disaster Management and Refugees. In 2011/2012 this was split into Disaster Preparedness and Management and Refugee Management – of which Disaster Preparedness and Management received the largest proportion (see annex 1 for more disaggregated information).

The OPM, supported by OCHA and other agencies, assisted all districts in Karamoja and Acholi regions in the development of district-specific contingency plans based on scenarios for identified major natural hazards.[15] The process and methodology for contingency planning in Karamoja are being replicated by partners in other parts of Uganda, and it is thought this may signify the start of a common framework for contingency planning across the country.

The OPM currently relies on supplementary emergency releases from the Ministry of Finance for emergency funding, which must be authorised by a Cabinet sitting during an emergency. This process significantly delays the release of funds. There are calls for a bill to allow for a humanitarian response contingency fund that would provide for annual allocation of a minimum of 1.5% of the annual approved budget to the National Disaster Preparedness and Management Fund.[16]

Disaster risk reduction

Uganda has made a series of significant commitments towards disaster risk reduction and contingency planning for disasters.

- In January 2010 it became the first state to ratify the African Union Convention for the Protection and Assistance of IDPs in Africa (the Kampala Convention).
- In August 2010, the OPM convened a Joint Emergency Preparedness and Response Planning Workshop facilitated by various UN agencies that agreed on a number of recommendations to be implemented over the coming year in order to significantly enhance the preparedness and response capacity of the Government.
- In May 2011 the State adopted a National Policy for Disaster Preparedness and Management, underscoring the need to tackle disasters in a holistic manner with more emphasis on disaster risk reduction.[1] With the implementation of the new policy ministries are expected to plan and budget for DRR activities within their respective ministerial mandates, and districts to integrate disaster preparedness and management into their development plans and budgets. The policy reflects a shift of focus from disaster response to disaster reduction.
- On 17 August 2011 The Uganda Parliamentarians Forum on Disaster Risk Reduction was launched [to] increase legislators' knowledge of disaster risk reduction in the process of building national- and community-level resilience.

Source: iDMC and Uganda Humanitarian Profile, Reliefweb

[15] Uganda humanitarian profile 2011, OCHA, http://ochadms.unog.ch/quickplace/cap/main.nsf/h_Index/2011_Uganda_HP/$FILE/2011_Uganda_HP_SCREEN.pdf?openElement

[16] Uganda Humanitarian Profile, Reliefweb, http://reliefweb.int/sites/reliefweb.int/files/resources/uganda_humanitarian_profile__2012.pdf

Other resource flows

Remittances

Remittances represent an important, and growing, private capital flow in Uganda, more than tripling from US$238 million in 2000 to US$773 million in 2010. In 2010 remittances were approximately 4.5% of Uganda's GDP.

Figure 18: Remittances inflows, Uganda, 2000-2010, US$ million

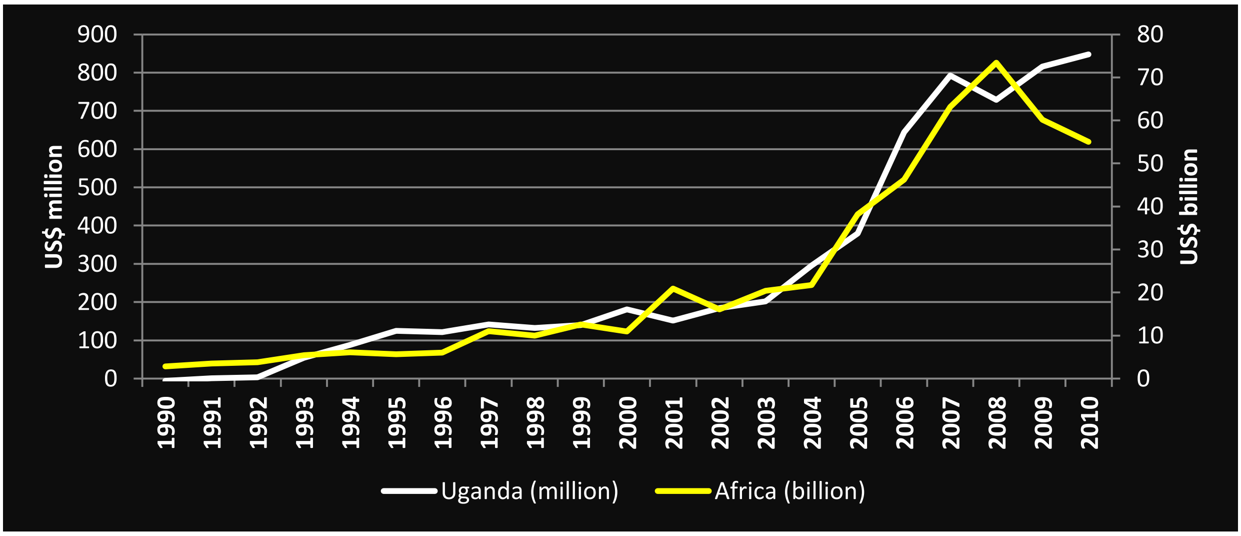
2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
238	349	423	299	311	322	411	452	724	694	773

Source: Development Initiatives based on World Bank data

Foreign direct investment

Inward foreign direct investment (FDI) in Uganda and Africa has grown rapidly in the last decade. FDI in Uganda rose from US$1.0 million in 1991 to US$847.6 million in 2010 compared to Africa which rose from US$2.9 billion to US$55.0 billion in the same period. In 2008 FDIs in Africa peaked at US$73.4 billion compared to Uganda which dropped to US$728.9 4 million; the peak is marked by a resource boom in the continent. However, the following year the reverse happened, with FDI in Uganda increasing to US$815.9 million and in Africa decreasing to US$60.1 billion. Between 2009 and 2010 Africa's FDI fell by 9% whereas Uganda's rose by 4%. East Africa is the only region in Africa not to witness a fall in FDI since 2008 which could be linked to recent natural resource discovery.

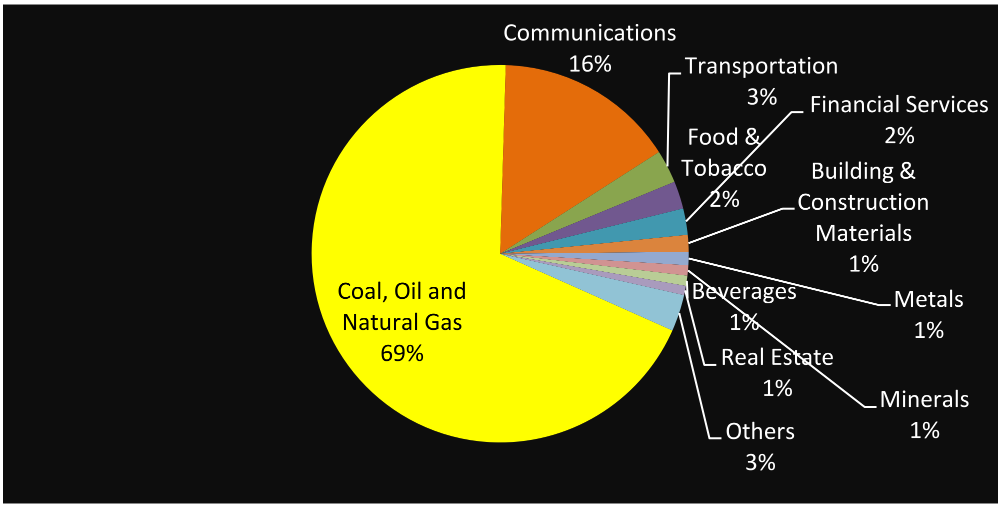
Figure 19: Inward foreign direct investment, Uganda and Africa



Source: Development Initiatives based on UNCTAD data

It is unsurprising that natural resource extractive industries dominate Uganda's inward foreign investment and job creation in Uganda. East African oil and gas potential is set to rival or exceed reserves in West Africa and the Middle East.[17] In September 2012 The Daily Monitor reported that an additional US$1 billion of oil had been discovered in Uganda, making viable deposits close to 3.5 billion barrels.[18]

Figure 20: Top ten industry sectors by capital expenditure, 2003-2012



Source: Development Initiatives based on Financial Times data

Between 2003 and 2013 natural resources represented the largest capital expenditure sector in Uganda (69%), followed by communications (16%) and transportation (3%). The largest proportion of 'other sectors' (21%) was for hotels and tourism. The coal, oil and natural gas sector generated the largest number of jobs in Uganda in the same period.

Figure 21: Top ten industry sectors creating jobs in Uganda, 2003-2012

Rank	Industry sector	Jobs created
1	Coal, oil and natural gas	3,771
2	Food and tobacco	2,647
3	Consumer electronics	1,586
4	Communications	1,536
5	Financial services	965
6	Minerals	558
7	Consumer products	440
8	Metals	435
9	Building and construction materials	416
10	Hotels and tourism	382
	Other	4,372

Source: Development Initiatives based on Financial Times data

[17] East Africa's emerging natural resource revenues and what it means for the region's poorest, Development Initiatives, 2012 http://www.devinit.org/wp-content/uploads/Africacounts-Roundtable-paper.pdf
[18] Daily Monitor, Uganda confirms more oil deposits, 18 September 2012 http://www.monitor.co.ug/News/National/Uganda+confirms+more+oil+deposits/-/688334/1510090/-/11p8ohmz/-/index.html

However, despite the coal, oil and natural gas sector generating the largest number of jobs and highest capital expenditure it generates a relatively low number of jobs per dollar invested. For example, figure 22 shows that between 2003 and 2012, the coal, oil and gas sector had the most amount invested in it per job (US$3,290.9) compared to the food and tobacco sector which was just US$161.2 invested per job. This demonstrates that the natural resource sector requires high capital investment for fewer jobs when compared with other industries.

Figure 22: Amount invested per top ten capital expenditure sectors, 2003-2012, US$ million

Top ten CAPEX sectors	Amounted invested per job
Coal, oil and natural gas	3,290.9
Communications	1,816.1
Transportation	1,408.8
Food and tobacco	161.2
Financial services	422.1
Building & construction materials	623.8
Metals	472.4
Minerals	285.1
Beverages	493.4
Real Estate	2,666.7

Source: Development Initiatives based on Financial Times data

Ways forward

Uganda has shown impressive progress in terms of economic growth and poverty reduction strategies. In less than two decades, from the early 1990s, the proportion of people living below the national poverty line nearly halved from 57% in 1992 to 25% in 2010. At the same time tax revenues have grown from US$600 million in 1993 to US$3.5 billion in 2010 and oil has been discovered that has the potential to generate significant quantities of both resources and revenue (estimated at US$2 billion per year), if managed properly.

The country has emerged from decades of conflict in the North which forced thousands of Ugandans into refugee camps both internally and across the borders. Uganda is now in a phase of relative peace and stability – but poverty rates in the North still remain high and access for some to basic services is still limited. Aid has remained consistent at around US$1.8 billion per year – ranking Uganda the 13th largest aid recipient in 2010. On the other hand, humanitarian aid financing and programmes are winding down and there is greater emphasis on recovery and development – with the government taking more responsibility and ownership for these types of programmes.

Whilst Uganda's progress is to be commended, government resources and revenues are not always prioritising and targeting the poorest. GDP per capita is still low, and ranked the 11th lowest in the world in 2011 (US$487), just higher than Central African Republic. The amount of resources available per person is not sufficient.

A recent paper by Development Initiatives on resource flows in and to Uganda highlights that, while some social development indicators have shown progress in recent years, spending on education, health and agriculture by the government is becoming a decreasing share of total budget expenditures. It also states that the Ugandan Government has failed to fulfil its commitments to the Maputo Declaration, 2003 (that 10% of all government resources will be spent on agriculture) and the Abuja Declaration, 2001 (that 15% of all government resources will be spent on health).

If Uganda is to reach its ambitious target of reducing the percentage of people living below the poverty line to 5% by 2040, it will need to ensure that more resources (both donor and government) are targeted at reducing poverty in the North, increase the proportion of budget expenditure that is allocated to health, education and agricultural programmes and make sure that revenues from oil and natural resources are invested in social development programmes. Finally, it is imperative that all financial flows, both public and private, are transparent, enabling more effective targeting of resources and making key players accountable to commitments and investments they have made.

Annex 1:

OPM budget breakdown, UGX

VOTE FUNCTION	PROGRAM	2007/2008 Approved Budget UGX	2008/2009 Approved Budget UGX	2009/2010 Approved Budget UGX	2010/2011 Approved Budget UGX	2011/2012 Approved Budget UGX
VF 1301: Policy Coordination, Monitoring and Evaluation	Program-01 Executive Office	1.4	2.1	1.5	0.8	0.8
	Program-03 Coordination and Monitoring	0.5	0.6	0.5	1.5	-
	Program-16 Monitoring and evaluation	-	-	-	-	1.4
	Program-17 Policy implementation and coordination	-	-	-	-	0.2
	Program-08 General Duties	1.4	0.2	0.1	0.1	0.1
	Program-09 Government Chief Whip	0.2	0.3	0.2	0.2	0.2
	Program-14 Information and National Guidance	2.3	7.8	2.3	2.4	2.4
VF 1302: Disaster Preparedness, Management and Refugees	Program-05 Disaster Management Refugee	0.6	11.0	3.5	10.5	-
	Program-18 Disaster Preparedness and Management	-	-	-	-	9.4
	Program-19 Refugee Management	-	-	-	-	1.1
VF 1303: Management of Special Programs, Luwero & Karamoja	Program-04 Northern Uganda Rehabilitation	0.5	0.6	0.4	0.5	0.4
	Program-06 Luwero-Rwenzori triangle	0.2	9.9	10.2	10.2	8.0
	Program-07 Karamoja HQs	0.2	0.5	0.4	0.4	0.4
VF 1349: Administration and Support Services	Program-02 Finance and Administration	0.8	0.5	1.0	1.7	1.7
	Program-15 Internal Audit	-	-	0.2	0.2	0.2
	Total	**7.9**	**33.4**	**20.2**	**28.5**	**26.1**

Source: Development Initiatives based on OPM approved budget data, 2007-2012, Ugandan Shillings (UGX)

Global Humanitarian Assistance

A DEVELOPMENT INITIATIVE

About us

Global Humanitarian Assistance is a Development Initiatives programme that works to improve the efficiency, effectiveness and coherence of humanitarian response by further increasing access to reliable, transparent and understandable data on humanitarian assistance.

In addition to the role we play in collating, analysing and communicating 'humanitarian' flows reported in the official aid statistics reported to the Development Assistance Committee (DAC) and UN OCHA Financial Tracking Service (FTS), our work allows us to provide insight and assistance on aid architecture and financing mechanisms; fragile states, human security and vulnerability; transparency and accountability.

Development Initiatives is an independent organisation that sees improving aid effectiveness as part of its commitment to the elimination of absolute poverty by 2025.

Global Humanitarian Assistance

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