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Iceland's Development Cooperation in Uganda

Country Strategy Paper 2023-2026

Ministry for Foreign Affairs

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Embassy of Iceland Kampala

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1. Introduction

This Country Strategy Paper (CSP) presents the development cooperation strategy for Iceland's partnership with Uganda 2023-2026, guiding the implementation of bilateral development cooperation between the two countries.¹ The CSP is anchored on two decades of friendly and productive cooperation between the partners and it draws from lessons learned during implementation of the first CSP.

The CSP intertwines the partners' development strategies and priorities as spelled out in Uganda's Comprehensive National Development Planning Framework (CNDPF), operationalised in Uganda Vision 2040 and the Third National Development Plan 2020/21-2024/25 (NDP III) and Iceland's Policy for International Development Cooperation 2019-2023.² A new policy will be in effect from 2024 and subsequently this CSP may be reviewed.

The CSP has been developed through a dialogue and consultations with key stakeholders in government and partner district local governments, and involved participation of civil society, private sector, other development partners as well as community members in partner districts. The agreed strategic priorities follow the principles of local ownership, mutual accountability, working in partnership, harmonization and focus on results, underpinned by a human rights-based approach in programming.

Uganda has made progress in reducing poverty and improving access to basic services, but the country still faces several constraints that slow down its progress towards attaining middle-income status. These include low levels of human capital development, high population growth, low capacity for governance, environment degradation and climate change.

The CSP will focus on areas where the partners' development policy objectives and priorities are aligned, mainly: human capital development through provision of basic services; environment, including natural resources and climate change; and gender equality. This CSP follows a path charted by the first CSP from 2014-2020 focusing on fishing communities, with emphasis on vulnerable and marginalised groups, including women, children, and persons with disabilities. The aim is to reduce poverty, improve livelihoods and living conditions in underserved fishing communities, underpinned by human rights, gender equality and protection of environment, in line with the Sustainable Development Goals (SDGs), national priorities and local needs.

¹ Iceland concentrates its bilateral efforts in low-income countries in the African region, the three countries selected for bilateral development cooperation are Malawi, Uganda and Sierra Leone.

² See: [Iceland's Policy for International Development Cooperation 2019-2023](#)

The main implementation modality will continue to be a programme-based approach at the sub-national level, with district local governments taking responsibility for ownership and implementation of programmes. During this CSP, support will be provided to two partner districts: Buikwe in central region which has been supported since 2014, and a new partner district, Namayingo, in eastern region where collaboration started in 2021. Analysis of a new potential partner district may commence during this CSP.

Iceland will also explore strategic partnerships with other development partners, including United Nations (UN) organisations, Icelandic, and local civil society organisations (CSOs), universities and academia, and private sector, especially to identify and implement potential innovations focusing on human rights, gender equality and environment and climate issues.

Iceland will continue to be a reliable partner in supporting actions to respond to crisis and contribute to strengthening the triple nexus of humanitarian assistance, peace efforts, and long-term development, focusing on areas affected by conflicts, internal displacement and refugees, natural disasters, climate change and epidemics.

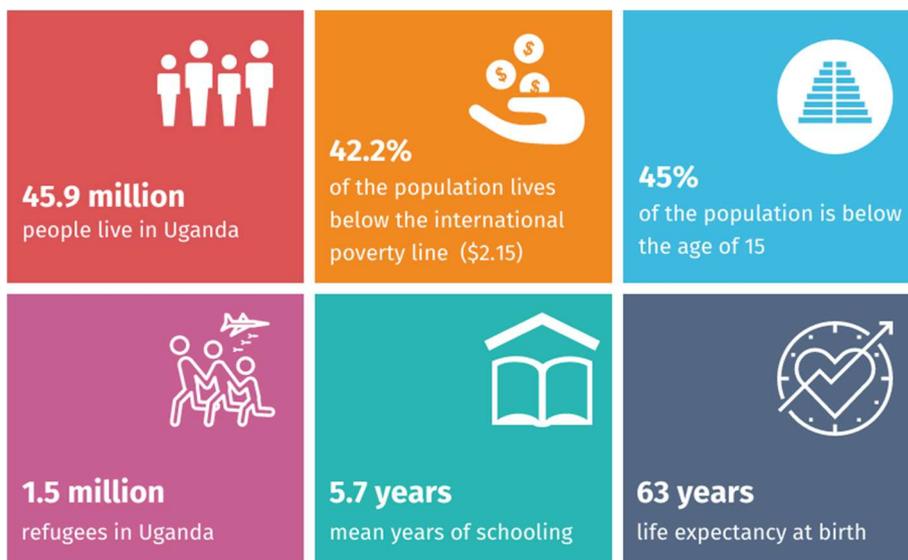
1.1 Vision and Guiding Principles

The partnership between Uganda and Iceland contributes to improved living conditions of rural communities and strengthened local governance underpinned by internationally agreed agreements, principles of aid and development effectiveness, the Agenda 2030 for Sustainable Development, in line with national strategies and local needs.

Iceland seeks to be a transparent, reliable, and flexible partner to the Government of Uganda and its people. Respect for human rights, diversity, fairness, democracy, and inclusion of the most marginalized are the core values of Icelandic development cooperation. As a small development partner, Iceland encourages innovation through its development cooperation and efforts will be made to identify and apply new approaches for efficient and sustainable solutions.

2. Background and Context

Uganda has made notable progress in reducing poverty and improving basic services and social infrastructure. However, the country still faces several constraints that slow down its economic progress, thus leaving a significant proportion of the population in poverty and vulnerability.



Key Statistics ³

2.1 Socio-Economic Context

2.1.1 Economic Development

Uganda is ranked a low-income country on account of low levels of income and human development. The growth trends remain inadequate for Uganda's goal to achieve lower middle-income status, especially when considering the country's high population growth rates and the medium-term ramifications of the Covid-19.⁴ Uganda's per capita income was estimated at US\$840 per person in June 2021, which was below the threshold of US\$1,035 for lower-middle income countries.⁵ Uganda has a human development index (HDI) of 0.525 and was ranked 166 out of 191 countries on the HDI index for 2021/2022, which is below its East African peers, Rwanda, Tanzania, and Kenya.⁶

³ UNHCR (2023), World Bank (2022)

⁴ Unless otherwise specified, the references for data used in this subsection is following source: World Bank (2021). Uganda Systematic Country Diagnostic Update 2021

⁵ World Bank (2021). Fiscal Sustainability through deeper reforms to Public Investment Management, Uganda Economic Update, 19th Edition, 2021

⁶ United Nations Development Programme (2020). Human Development Report 2021/2022

2.1.2 Population and Urbanisation

Rapid population growth and urbanisation are key demographic trends in Uganda. The population stands at approximately 45.9 million. It is growing at an annual rate of over 3% attributed to high fertility of five children per woman. Uganda's population is projected to increase to 48.3 million by 2025 and reach 69.7 million by 2040.⁷ Currently, 73% of the population live in rural areas with growing urban population at 27% in 2019/2020.⁸ This high rate of population growth and urbanisation are putting a major strain on national and local governments' ability to deliver basic services. It also implies a rapidly growing young population, with a high dependence ratio of 92% and youth bulge faced with high and rising unemployment levels.⁹

2.1.3 Human Capital Development

Human capital development is recognised as one of the fundamentals for harnessing growth opportunities. It is one of the 18 priority programmes under NDP III aimed at improved productivity of the population for increased competitiveness and better quality of life.¹⁰ Despite past improvements, human capital development in Uganda remains low, with human capital index (HCI) of 38%, which ranks the country 137 out of 157.¹¹ This low performance is largely attributed to low foundations for human capital development characterised by low quality of basic education and skills development; low quality of basic health services and poor nutrition; low access and utilisation of safe WASH services; high burden of diseases and disability prevalence; and high levels of gender inequality.

- **Health and Nutrition:** Uganda has made progress in improving health conditions of the population and registered improvements in key health indicators, namely: reduction in maternal mortality rates, infant mortality and under 5 mortality rates and stunting levels among children. The aggregate impact of these improvements is that life expectancy at birth improved from 58 years in 2011 to 63 years in 2020.¹² Despite the progress, only 93 out of 100 children born survived to age 5, and maternal mortality rates (MMR) have remained high at 375 per 100,000 live births, with a wide gap to reach the NDP III targets for 2025 of 299.¹³ Though the fertility rate has fallen, it is still high at five children per woman and has fallen less than in neighbouring countries and is one of the key drivers for the high population

⁷ Uganda Bureau of Statistics (UBoS) based on National Population and Housing Census (NPHC), especially the 2014 NPHC.

⁸ Uganda Bureau of Statistics (2020). Uganda National Household Survey (UNHS) 2019/2022 Report.

⁹ Ibid.

¹⁰ Uganda Vision 2040, op.cit.

¹¹ The human capital index (HCI) of 38% means that a child born in Uganda today will only be 38% as productive as she could be (or less than half of her human capital potential) if she had completed her education and maintained full health when growing up.

¹² [World Bank data, 2020](#)

¹³ Human Development Report 2021/22

growth. Finally, nutrition and food insecurity are still a big challenge with high rates of stunting at 29% and anaemia at 52% among under 5-year children.¹⁴

- **Basic Education and Skills Development:** Uganda has registered progress in improving access to basic education, since the introduction of universal primary education in 1997 and universal secondary education in 2007, but significant challenges remain. The completion rates have dropped slightly since 2015 and survival rates by grade in primary education are particularly low for poor and vulnerable population, especially in remote rural districts. Access to secondary education remains low, and insufficient to meet the growing demand of the rapidly growing young population. The gross enrolment ratio (GER) and net enrolment ratio (NER) for secondary education has stagnated at 25% and 22% respectively since 2010. Transition rates from primary to lower secondary education have also declined from 72% in 2013 to 61% in 2017.¹⁵

Learning outcomes have continued to deteriorate, with marked geographic and gender disparities, especially in secondary education. A child who starts schooling at the age of 4 years is only expected to complete about 7 years of school by their 18th birthday, compared to the Sub-Saharan average of 8.3.¹⁶ This drops to only 4.5 years of schooling if learning performance is considered, implying that students lose 2.5 years of schooling due to poor quality of learning.¹⁷ Significant inequities persist by gender, region, location, wealth, and refugee status and have been exacerbated by school closures resulting from Covid-19. Moreover, learning outcomes for girls tend to be worse than for boys in science, technology, engineering and mathematics (STEM) subjects at secondary education level. These inequalities in education translate into inequality of future opportunities, access to jobs, and potential for upward mobility.

The above challenges call for high and continuous investment in education infrastructure, not only to improve access, equity and quality of education and learning outcomes, but also to meet the demand of rising number of students due to the high rate of population growth.

- **Water, Sanitation and Hygiene (WASH):** Uganda successfully achieved the Millennium Development Goal (MDG) target for 72% access to improved water by 2015, but it fell short of meeting the MDG of 70% access to improved

¹⁴ GoU-UBOS (2016). Uganda Demographic and Health Survey (UDHS, 2016)

¹⁵ GoU-NPA, NDP III (op.cit.)

¹⁶ World Bank (2021). Uganda Systematic Country Diagnostic Update 2021.

¹⁷ Uganda Systematic Country Diagnostic Update 2021. The low quality in education outcome is corroborated by the result of National Assessment of Progress in Education (NAPE), which show that literacy proficiency declined from 64.2% in 2014 to 49.9% in 2018. Similarly, numeracy proficiency declined from 72.7% to 55.2% in the same period (Uganda National Examinations Board, NAPE Report, 2018).

sanitation. Uganda faces considerable challenges of providing basic safe WASH services to rapidly expanding population, and to meet targets and standards for safely managed water and sanitation and improved hygiene as defined in SDG6. The low level of WASH coverage poses a significant challenge in rural areas and is more accentuated in hard-to-reach communities. Access rates to improved or piped water supply within a 30-minute walking distance have not improved since 2013 and have declined in rural areas. The prospects for realising the SDG6 goal of universal access to sanitation by 2030 seems unlikely. Population with access to basic improved and not shared sanitation services declined from 35% in 2013 to just 31% of urban and 17% of rural residents. Supporting increased access and utilisation of improved WASH services is therefore a critical part of promoting human rights and a preventative health agenda. As of 2016, the mortality rate attributed to inadequate access to WASH was 31.6 per 100,000 people.¹⁸

- **Gender Equality:** Uganda has made efforts to promote gender equality and empower women to participate as equal partners in society. Uganda's Constitution guarantees equality between women and men before the law. However, despite some progress, Uganda's gender inequality index is still high at 0.530, ranking 131 out of 191 countries, behind their East African neighbours, Kenya (0.506) ranked 128 and Rwanda (0.388) ranked 93.¹⁹ Salient challenges to gender equality include high maternal mortality rate at 375 deaths per 100,000 live births, high birth rates among adolescents of 108 births per woman, low participation in politics by women whereby they held only 33.8% of parliamentary seats in 2021, low proportion of women with at least some secondary education of 29.3% compared to 36.3% for men, and low rates of labour force participation for women at 64.2% compared to men at 71.3%.²⁰ Other critical gender disparities include limited access to and control by women over productive resources like land, limited share of women in wage employment in non-agricultural sectors and limited participation in decision-making. Furthermore, sexual and gender-based violence is persistent and widespread in society. It is therefore paramount to reduce gender inequalities as a prerequisite for accelerating and sustaining socio-economic transformation.

2.1.4 Natural Resources, Environment and Climate

Uganda's varied environmental endowment are facing increasing challenges and rapid deterioration, mainly due to increased pressure from high population growth and economic activities. Climate change affects all sectors of the

¹⁸ World Development Indicator (WDI), cited Uganda Systematic Country Diagnostic Update 2021 (op.cit.)

¹⁹ UNDP Human Development Report 2021/2022

²⁰ UNDP Human Development Report 2021/2022

economy and fishing communities are more vulnerable to the impacts of flooding of lake shores which affects settlements, social infrastructure and fish production infrastructure and activities. This calls for climate change preparedness, response plans and actions for adaptation to mitigate their impacts and strengthen the resilience of communities.

2.1.5 Political and Governance Context

Uganda's Vision 2040 recognises tenets of good governance, which include constitutional democracy; protection of human rights and application of the principle of human rights-based approach to development; and rule of law as the foundation of a free society that places limits on government authority. However, despite the provisions in the Constitution and policy instruments, emerging weaknesses in governance and corruption remain a major and intransigent issue. Political dynamics have diminished the government's ability to fight cases of high-level corruption that continue to put into question accountability of executive and political leadership.²¹ There is also fast expansion in the cost of public administration coupled with increasingly centralised decision-making within the headquarter and ruling NRM party. The dynamics of a weakening political and governance environment need to be recognised, so that efforts are made to improve decentralisation, local governance capacity and build strategic partnerships for effective service delivery implementation.²²

2.2 Uganda Development Policy Context

Development in Uganda is guided by the Comprehensive National Development Planning Framework (CNDPF) which was adopted by Government in 2007.²³ The CNDPF is operationalised through the long-term vision statement, medium term national development plans and corresponding sector development plans and local government development plans, as well as short-term planning frameworks (annual budgets and work plans).

Uganda's Vision 2040 defines the shared vision statement as "Transformed Ugandan Society from a Peasant to a Modern and Prosperous Country within 30 Years".²⁴ This implies a change from a predominantly peasant low income to middle income country. It is conceptualised around strengthening fundamentals of the economy, including infrastructure and human capital development, to harness the growth opportunities, which include agriculture, tourism, water resources, and oil and minerals, among others.

Uganda is currently implementing the NDP III for 2020/21-2024/25, which provides a reference for support by development partners. The NDP III stipulates

²¹ 2020 Ibrahim Index of African Governance Index Report

²² Uganda Systematic Country Diagnostic Update 2021 (ibid)

²³ Government of Uganda, National Planning Authority (2013): The Uganda Vision 2040.

²⁴ Uganda Vision 2040, Ibid

the country's medium-term strategic direction, development programmes and priorities and implementation strategies, government-development partner relations, alignment of development assistance, and accountability for development results. It incorporates the sector development plans (SDPs) and local government development plans (LGDPs). The goal of NDP III is to increase household income and quality of life of Ugandans, with the target of propelling the economy into middle income status with GDP per capita of 1,300 USD.²⁵

2.3 Lessons Learned from Previous CSP

The previous programmes supported under CSP I, focused on improved access and quality of basic services covering basic education, health, and WASH services, as well as capacity strengthening of partner districts. Significant achievements have been registered and key lessons were learned during its implementation. These have been documented in detail in mid-term and final external evaluation reports of ongoing and completed programmes and projects.²⁶ The following are the key lessons learned:

Overall, the district development approach coupled with long term partnerships has resulted in successful programme results with demonstratable impacts. The district approach is in line with and supports the decentralisation policy which promotes good governance through increased local ownership, participation, monitoring, democracy, and accountability leading to improved service delivery. The long-term partnerships have contributed to learning and knowledge building, capacity development, including for operation and maintenance (O&M) of infrastructure and facilities which are necessary for sustainability of improved service delivery. Furthermore, long term partnerships have allowed for change in socio-cultural mindsets that hinder development which requires more time to achieve. However, it is important to avoid the danger of creating financial dependencies in partner districts through agreements that require partners to contribute to financing of O&M of infrastructure developed.

²⁵ The NDP II (2015/16-2019/20) target of propelling economy to a lower middle income with GDP per capita of 1,035 USD was missed.

²⁶ Final External Evaluation Report of Support to Kalangala District Development Programme 2006-2015 (GOPA, 2018); and External Final Evaluation BDFCDP Partnership (Cardno, 2022), available on this link: <https://www.government.is/topics/foreign-affairs/international-development-cooperation/evaluations>

3. Programmes, Priorities and Objectives

In line with the partners' development policies and priorities, the goal of the Uganda CSP is:

To reduce poverty and hunger, and improve well-being of poor and vulnerable communities, underpinned by SDGs and cross-cutting themes of human rights, gender equality and environment.

The objectives of the CSP align with Iceland's International Development Cooperation Policy 2019-2023 and will provide guidance for the programmes supported by Iceland in Uganda:

1. Enhancing social infrastructure and peace efforts:

Enhanced inclusive access to quality basic services and strengthened institutions to reduce poverty and inequality, improve living standards and increase opportunities for those who live in poverty and those affected by conflict through a triple nexus approach.

2. Protection of the earth and sustainable use of natural resources:

Increased resilience of poor and vulnerable societies and enhanced economic growth through sustainable use of natural resources and supporting climate change adaptation/mitigation.

These goal and objectives will be achieved through the below priority thematic areas and cross-cutting themes of enhanced gender equality, human rights, environment, and climate.

3.1 Social Infrastructure and Basic Services

The development collaboration will to a large extent be implemented through partnership with local authorities at sub-national level. Under Uganda's decentralisation policy²⁷, local authorities have the mandate and duty to deliver a wide range of basic public services. Iceland will provide financial and technical support across focus sectors to enable partner district local governments to enhance delivery of basic public services to citizens under their jurisdiction, and to strengthen institutional and human capacity for operation and maintenance, which enhances sustainability of investments.

²⁷ The policy of decentralisation is enshrined in Uganda's Constitution of 1995 and the Local Governments Act CAP 243, which define services reserved for the central government and decentralised services under the mandate and responsibility of local governments.

The selection of sectors supported is based on strategic priorities in the NDP III and corresponding SDPs, as well as significant local priorities in LGDPs. Water, sanitation, and hygiene (WASH), basic education, and economic empowerment and job creation are priority themes. These sector priorities are further elaborated below:

3.1.1 Water, Sanitation and Hygiene (WASH)

The provision and inclusive access to safe WASH leads to improved livelihoods for all individuals, particularly children, women, and girls. For instance, safe WASH facilities for boys and girls in schools, including facilities for menstrual hygiene management such as washrooms and incinerators, contribute to improved school attendance of girls. Clean water and sanitation are also particularly important in fish landing areas for fish production and marketing. It improves food safety and quality of fish, and it increases the value and income from fish marketed.

The focus will be on increasing access to basic WASH services to underserved fishing communities before scaling up the higher service level of safely managed WASH as set out in SGD6 for Agenda 2030.

Expected outcome:

- *Increased access and utilisation of at least basic WASH facilities and services for improved public health of population in targeted communities.*
- *Reduced frequency of waterborne diseases, especially diarrhoea among children.*

3.1.2 Basic Education and Skills Training

The focus will be on inclusive basic education covering primary and lower secondary education to enhance numeracy and literacy. Opportunities will also be explored to support technical and vocational training to enhance technical skills for self-employment and job market.

Holistic approach will be applied to education interventions to promote equitable access, improved quality of education service delivery and improved learning outcomes. The approach attempts to address all pillars of quality basic education. These include school infrastructure and provision of water and sanitation facilities for boys and girls; training of teachers and provision of relevant and adequate teaching and learning materials; addressing direct needs of learners for nutritious meals at school and school-based health. Capacity strengthening of the education support systems at the level of district authorities to manage and deliver quality education services is also of key importance, and at the level of parents and communities to engage and support schools.

Gender equality and a rights-based approach guides all efforts in education and includes promoting the access of girls to education and advancing girls' sexual and reproductive health through the educational system. It also applies the principle of leaving no one behind and promoting education of the ones furthest

behind by working in rural and marginalised communities and giving special attention to orphans and vulnerable children (OVCs), including children with disabilities and special learning needs.

Expected outcomes:

- *Enhanced quality of basic education service and improved learning outcome of all children in targeted communities.*
- *Enhanced levels of technical and vocational skills among youth relevant to their needs and livelihoods of targeted communities, especially in fishing communities.*

3.1.3 Economic Empowerment of Fishing Communities

In targeted communities, the support to economic empowerment and job creation will focus on fisheries resource-based production and business enterprises employing the concept of blue economy and innovative sustainable resource utilisation practices, with linkages to environment and climate actions, as well as diversification of economic opportunities. Other opportunities for economic empowerment and job creation will include support to entrepreneurship skills training and development of small and medium scale enterprises, applying the principle of green jobs.

Expected outcome:

- *Increased women's income and control over financial and productive assets.*
- *Increased youth employment and earning of incomes at least above the poverty line.*

3.1.4 Local Government General Capacity Building

As an integral part of supporting the provision of basic social infrastructure the focus also rests on building and strengthening institutional and human resource capacity for local governance to facilitate efficient, effective, and sustainable delivery. This will be done through training in performance skills, provision of basic working tools and equipment and development of basic administrative infrastructure in partner districts.

Expected Outcome

- *Better performance of partner districts on Local Government Performance measures for governance and improved service delivery.*

3.2 Sustainable Use of Natural Resources

Sustainable use of natural resources, on land and in water, is a priority under the CSP. Sustainable management of renewable natural resources is a foundation for sustained, inclusive and green growth. The principle of sustainable use of natural resources will be applied in all areas of the development partnership with Uganda, with a key focus on the blue economy. Iceland has a comparative advantage in this area and is in position to enrich partnerships by providing technical assistance and capacity building.

3.2.1 Fisheries and Blue Economy

Healthy lakes and sustainable use of their resources can provide opportunities for improved livelihoods and poverty reduction. The focus will be on applying a holistic and integrated approach for sustainable use of lake ecosystems, while sustaining livelihoods and creating jobs and value for economic growth. To ensure the future of a sustainable blue economy, serious actions are required in dealing with the impact of climate change and pollution in lakes, which represent major threats to lake ecosystems and thus posing a risk to livelihoods of millions of people. Work on the blue economy aims applying innovative and climate smart solutions, including support to efforts addressing lake plastic pollution.

Expected Outcome

- *Proportion of population (women, youth and men) benefiting from increased household income attributed to interventions in fisheries development.*

3.2.2 Climate Change Actions

The strategic focus areas will be guided by national and significant local priorities in the context of partner districts as formulated in District Climate Change Action Plans (DCCAPs).

Expected Outcome

- *Innovative and climate change smart solutions piloted and scaled-up for impact in fishing communities.*

3.3 Cross-Cutting Priorities

Throughout the collaboration under this CSP a focus will be on enhanced gender equality, human rights and environment and climate.

3.3.1 Gender Equality

Gender equality and women's empowerment, based on human rights principles, are at the heart of development and in line with the partners' priorities, and with SDG 5. Iceland plays an active role as a global gender equality advocate, and this is strongly reflected in its bilateral development cooperation and under this CSP.

1. Better health outcomes for women and girls, with a particular reference to the promotion of sexual and reproductive health and rights and contributing to the reduction of gender-based violence.
2. Increased access to better quality basic education, with a focus on the girl-child, including a focus on the synergies between WASH and education.
3. Economic and political empowerment of women and their active participation in all fields of society, including peace and security and in environmental and climate discussion.

Opportunities for strategic partnerships and collaboration with partners outside focus districts will be explored and innovative initiatives to advance gender equality encouraged.

3.3.2 Human Rights

The CSP applies the principles of human rights and leaving no one behind, which underpin improved well-being and prosperity of vulnerable and marginalised communities. The human rights-based approach will guide programming in all thematic areas to assist duty bearers to provide basic services focusing on basic education and WASH to fulfil the rights of their respective rights holders. Strategic partnerships with other development partners, civil society and grass-root organisations will be explored to advance human rights. Three strategic areas for human rights will be prioritised:

1. *Rights of the people living in the most under-served areas, and the poor and vulnerable population groups*, including people with disability, social groups facing discrimination and persons affected by conflict and disaster.
2. *Rights of the child*, including the rights to education, nutrition, water, and health services.
3. *Democracy building and governance* including a strong civil society, freedom of speech, access to justice and the right to vote.

3.3.3 Environment and Climate

The focus will be on linking development efforts with sustainable management of natural resources and ecosystems to improved livelihoods and shared well-being. The interventions supported, including infrastructure works, will follow best environmental practices in partner countries, such as environmental laws, rules and regulations in force.

The focus areas will include the following:

1. *Climate change mitigation, adaptation and resilience measures*: These will be integrated into programmes, including climate smart infrastructure, sustainable energy use, and access to and use of water resources.
2. *Land degradation and ecosystem restoration*: The focus is on reducing use of firewood and reforestation initiatives, and support to resilient and sustainable food production.

The partners under the CSP will encourage innovation and circular economy and nature-based solutions. Support will be provided to strengthen institutional mechanisms for environmental sustainability, including partner local, mainstream efforts and provide support to dedicated programme components.

4. Implementation

4.1 District Development Programme – Support for Decentralization

The development partnerships and programme-based approach at district local government will be the main implementation modality, which will be augmented by strategic partnerships. Two district development programmes are currently being supported. The support to Buikwe District Fishing Community Development Programme (BDFCDP) has been extended from 2022-2025 and the support to the new Namayingo District Development Programme for Fishing Communities (NDDP-FC) 2021-2023 is on-going. Analysis of new potential partner districts may commence during this CSP.

Resources in terms of capacity development and funding will be provided to district authorities and funds channelled through local systems for direct support to the implementation of district development plans. These long-term partnerships are based on a collective pursuit of national development goals while service delivery is tailored to the local context.

The approach supports the national decentralisation policy and locally led development, with emphasis on the use of country and local government structures, systems, and processes following accepted good international practices.

The Embassy of Iceland in Kampala, will work closely with Ministry of Finance, Planning and Economic Development (MoFPED) and other relevant line ministries to coordinate and support effective and sustainable implementation of development programmes and projects supported in selected partner districts.

4.2 Partnerships and Partnership Agreements

Partnership agreements will be signed by the authorised representatives of the bilateral partners for each district development programme that they agree to undertake. The Partnership Agreement will formally establish the programme and spell out the framework and specific details for technical, financial, and other appropriate conditions for the partnership, as well as conditions relating to the partners' roles and responsibilities. The Partnership Agreement will provide for preparation of detailed programme and project documents, which will be jointly developed and approved by partners before any implementation commences.

4.3 Strategic Partnerships

Iceland aims to further integrate strategic partnerships in its bilateral cooperation in Uganda to increase synergies and impact. This will include exploring synergies in working with international organisations and other

development partners, local and Icelandic CSOs, universities and academia, the UNESCO-GRO training programmes, and the private sector. An important role for such partnerships will be to identify and implement potential innovations for impact, focusing on areas of gender equality, human rights and environment and climate change, and in priority thematic areas.

4.4 Responding to Crisis

Uganda has received a significant number of refugees. Providing them with security and basic services is a challenge, nationally and in the districts most affected. Under this CSP, Iceland will continue to work in partnerships, mainly with the appropriate international organisations (UN agencies), where development support can be deployed in situations of development, humanitarian and peace contexts. Support will focus on districts that have received large inflows of refugees, focusing on assisting both the refugee population and the host communities.

Iceland will remain a reliable partner in supporting efforts to respond to crisis that may emanate from natural and climate disasters and pandemics, including the on-going response to addressing the impact and challenges posed by Covid-19 and other pandemics on health, education and gender-based violence, among others.

5. Results, Monitoring, Evaluation and Learning

Iceland is committed to pursuing tangible development results in the implementation of all development activities. Transparency, mutual accountability, and results-based management are fundamental for Iceland's bilateral development cooperation. Underlying principles rely on strong accountability mechanisms, including up-to-date monitoring and independent evaluations for learning and accountability purposes.

Iceland will work with its partners in Uganda to develop programme indicators and follow local monitoring systems to the extent possible. Indicators are linked to the SDGs as well as the results frameworks of the respective partner district or organisation. Iceland will support its partners in Uganda to effectively carry out monitoring efforts.

The Results and Evaluation Unit of the Ministry for Foreign Affairs has the mandate to conduct evaluations and may conduct other evaluations, whether thematic, impact evaluations, financial audits, or other types at its discretion. Local stakeholders shall have formal channels for engaging in evaluations, such as through evaluation reference groups.

Iceland will work closely with its partners in Uganda to collect and disseminate information on results from programme implementation, directed to stakeholders as well as the public.

6. Risks and Mitigations

6.1 Main Risks

The main risks that are likely to affect successful implementation of this CSP have been analysed and categorised under contextual risks, programmatic and institutional risks, and natural and climate disasters and disease pandemics.²⁸

6.1.1 Contextual Risks

These risks relate to developments and events in Uganda's country context that are likely to have an impact on governance and stability of the country and may negatively affect the implementation of this CSP. These include the following:

- Political and social instability risks arising from political disagreements, contested elections, political transition and succession struggles, and discontent from corruption, tribalism and nepotism, youth bulge and unemployment, land grabbing and evictions, and abuse of human rights and rule of law.
- Economic risks arising from economic downturns and slowing economic growth, high inflation affecting prices of essential commodities and fuel, debt crisis, decline in real household income, and reduced revenue base and availability of funding by government for delivery of basic services to citizens thus exacerbating poverty levels in Uganda.
- Major policy shifts in development priorities including re-centralisation tendencies that could threaten the logic of decentralisation policy and undermine the basis of the bilateral development partnership using programme-based approach at district level.
- Significant changes in Iceland's foreign policy affecting bilateral development cooperation with Uganda, including changes in foreign assistance levels and composition.
- Rise in insecurity both in form of rampant crime and return to conflict or wars in neighbouring counties which worsen the humanitarian risks such as internal displacement and high refugee flows.

6.1.2 Programmatic and Institutional Risks

These are risks that may lead to failure of achieving programme goals and immediate objectives under the CSP:

- Institutional, management and operational weaknesses could lead to failures of planning and coordination, implementation and utilisation of

²⁸ The references for this section are mainly from the following sources: GoU-NPA (2020). NDP III 2020/21-2024/25; GoU - National Environment Management Authority (NEMA) (2019). National and District Capacity Assessment for Monitoring, Reporting and Awareness Raising for Rio Conventions in Uganda; World Bank Group (2021). Uganda Economic Update, 17th Edition, June 2021)

committed funds that may contribute to not meeting the expected outcomes and impacts of the programme and their sustainability.

- Fiduciary risks include that funds may not be used for the intended purposes, will not achieve value for money, or not be properly accounted for, may jeopardise programme results and undermine trust. This may be exacerbated by weak capacities, corruption, bureaucratic inefficiency, and weaknesses in public financial management systems and accountability mechanisms.
- Risk of overdependence on donor assistance with regards to service delivery and technical expertise, which may temporarily substitute rather than build sustainable local civil service capacity.

6.1.3 Risks of Natural and Climate Disasters

Uganda is prone to natural disasters, mainly in the form of heavy and stormy rains, floods, droughts, which are further exacerbated by climate change. The extreme weather events negatively impact the economy through the disruption of agricultural production and threaten food security.

6.1.4 Risks of Pandemics

Diseases and pandemics continue to be a significant risk to Uganda's development with negative impacts affecting mostly disadvantaged population groups and communities. The Covid-19 pandemic continues to be a significant risk with negative impacts on economic performance and education and health sectors. Other diseases that continue to pose threats include periodic outbreak of Ebola and the high incidence of HIV/AIDS, especially in fishing communities.

6.2 Risk Mitigations

- The contextual risks will be mitigated through dialogue and consultations aimed at promoting political, economic, and social reforms working with other development partners.
- The programmatic and institutional risks will be mitigated through careful planning and monitoring efforts, strengthening internal and external procedures, checks and controls, strengthening institutional and human resource capacity of partners at all levels, and sensitisation of key stakeholders for mindset change.
- The risks of vulnerability to natural and climate disasters shall be addressed through interventions that increase resilience of vulnerable communities. These will be informed by climate change actions plans at national and subnational levels.
- Diseases and pandemics will be mitigated by following preparedness plans as well as flexibility in programming to be able to respond to the evolving risks; as well as supporting recovery efforts by providing assistance to vulnerable communities for investments in green and resilient pathways for economic growth, raising household income for women and youth, and through measure to promote food security and other poverty reduction strategies.

7. Financing Framework of CSP

The financing framework for Iceland's development cooperation is aligned with Iceland's policy for international development cooperation 2019-2023, dependent on the Government of Iceland's five-year fiscal plan on contribution to official development assistance (ODA). The 2022 approved allocation for Uganda was around 7.5 million USD and subject to parliamentary and administrative approvals of fiscal plan and annual budgets in Iceland, it is expected that as a minimum this level of funding will be maintained through the CSP period.

