

Base for economic take-off set

By Paul Busharizi

In the last three decades of the NRM administration, the economy has grown more than fivefold. Poverty levels have been halved, the general wellbeing of the population has improved and donor dependence is significantly reduced, suggesting that the country is well-poised for a take-off, leading to economic transformation.

However, a huge informal sector, a largely subsistence agricultural sector and continued export of raw commodities points to the fact that a lot of work still has to be done.

According to World Bank figures Uganda's GDP currently stands at \$21b, while in 1986, it was at \$4b. At the time, six in 10 Ugandans lived on less than a dollar a day, a figure that is considerably down to less than three in 10 (24%). And while the population has more than doubled to 35 million, from 15 million in 1986, per capita GDP has doubled as well to \$571 from \$258 in 1986.

From doldrums

When the NRM came to power in 1986, they found the economy was a shell of its former self.

The economy had shrunk by almost half from its 1970 peak and regressed into subsistence as the industrial and service sectors had been gutted by years of chaos and under-capitalisation.

Faced with empty coffers, but with urgent social and economic needs, the NRM government relied heavily on western donors to reconstruct and rehabilitate key infrastructure. In addition, the Government moved to liberalise the economy and unsaddle itself of non-performing government companies in order to unlock the private sector potential.

As a result, the country enjoyed the longest stretch of uninterrupted economic growth in its history, averaging an annual growth of 7.1% between 1992 and 2011, making it the third fastest growing economy on the continent, behind Liberia and Gabon, the first coming off a low base and the second fuelled by its oil reserves.

However, the challenge has been to spread the love all around. Two things previously held back the majority of Ugandans from the enjoyment of these boom years; the two-decade long civil war in



Wandegeya market in Kampala. A lot of infrastructure has been set up since 1986

northern Uganda and the anaemic growth in the agricultural sector.

The Lord's Resistance Army (LRA) insurgency in northern Uganda, which started in the early 1990s and ended with the fleeing of rebel leader, Joseph Kony, brought the region's economy to its knees, killing production and displacing more than two million people from their homes.

However, in the last decade, with people returning home, the north is beginning to enjoy a revival in economic fortunes.

Already while northern Uganda's Human Development Index (HDI) as measured by the United Nations Development Programme (UNDP) is now at 0.431, lagging behind the national measure of 0.48, the gap is narrowing.

The HDI measures welfare developments in relation to longevity, healthy life, standard of living and gender equality. Poverty levels which stood at 61% of people living below a dollar a day in 2005/2006, fell to 44% in the 2012/13 financial year.

The country's prodigious growth was attributed to growth in the industrial and services sector, which have, in some years, registered double-digit growth. But between them, these sectors do not employ even a third of the workforce.

It is estimated that at least seven out of 10 Ugandans derive a livelihood

from agriculture, whose output has struggled to grow by 5% in any given year, which is the second reason the economic growth benefits have not been more evenly spread.

Enhancing productivity

A campaign pledge by President Yoweri Museveni to distribute 18 million hoes was met with derision in some quarters, but an agriculture ministry report in 2011 points to the same deficit.

According to the report of the four million households nationwide, only 3.5 million have hoes. In availing this most basic of implements to all the agricultural households alone, should see some increases in productivity.

Increased productivity of our farms is essential even critical, to not only raise household incomes but also to jump start our agro-processing industries.

Our low farm productivity is due to our rudimentary farming practices and low application of inputs. And

it is not hard to see why. The same agriculture ministry report showed that just under 700,000 agricultural households or under a fifth of the four million agricultural households had ever interacted with an extension services officer.

This is particularly disturbing because beyond improving farming practices this deficit means that new innovations and discoveries in agricultural research will not trickle down to the farmer.

A continued commitment to and a restructuring of the National Agricultural Advisory Services should help in that direction. All that being said, Uganda finds itself on the cusp of transformation.

It is hard to talk about the economy without making reference to the literacy rates that have jumped to 75% today, from 43% in 1986. This comes on the back of a government drive towards increased school enrolment that started in 1997. Primary school enrolment jumped to 8.4 million in 2013, from 2.2 million in 1986.

There remain questions about the quality of Universal Primary Education (UPE) and the entire education system, but the improvement in literacy levels means we are setting up for a qualitatively better workforce than in previous years that will be important in

managing our planned industrial sector.

Access to markets

A massive investment in roads around the country should ease access to market for our goods. The Uganda National Road Authority was last year overhauled and plans to lay down 1,000km of tarmac road annually.

In addition, Uganda is in advanced stages of starting construction of the \$10b Standard Gauge Railway. Uganda's leg of the railway, which starts in Malaba will link up with the Kenyan one which will end in Mombasa.

The Ugandan section will go on to the Rwanda border in the south and the South Sudan border in the north. It is hoped that the project, while lowering the cost of cargo transportation, will reduce transit times as it can move faster on the wider railway tracks.

As an indicator of potential development power generation or access to power is one of the best. Billions of dollars in planned investments in electricity generation should lay the stage for industrialisation.

The Karuma power dam, which will bring 600MW, is expected to come on line in 2023 and 183MW Isimba line in 2018. An additional 210MW from smaller dams are in various stages of development. Currently, the installed capacity is about 800MW and there is an estimated 2,000MW of untapped potential on the Nile alone. Uganda lags behind Kenya, 2,500MW, Ethiopia, 1,845MW and Tanzania, 1500MW in power generation in the East African Community.

And finally, a 6.5 billion barrels of oil reservoir in western Uganda should not only boost our power generation capacity, but will provide the revenue to finance the bridging of our infrastructure deficit.

Expectations are that oil production will begin by the end of the decade with an initial 20,000 barrels per day, before scaling it up to peak production of 220,000 barrels a day.

An improving human resource, enhanced physical infrastructure and continued peace and security means that the next decades will see a transformation of Uganda from a producer of raw materials to an industrial hub.

UGANDA'S GDP CURRENTLY STANDS AT \$21B WHILE IN 1986 IT WAS AT \$4B.

By Gilbert Kidimu

By 1986, all social service sectors, including health, were beginning to look more like an immense pile of filth due to neglect, political instability and bankruptcy.

The barbarity and incivility of the pre-1986 period had dogged any investment in the health sector, recalls Henry Mayega, ambassador and deputy head of mission in Beijing, China

Given that background, the achievements of the NRM

resonate with the theme of this year's celebrations: "30 years of NRM's Committed Stewardship: A remarkable legacy".

"NRM has led this country on an uphill journey from the unflattering reputation as the 'sick nation of Africa' to a nation of 'hope and opportunities,'" says government spokesperson and Uganda Media Centre head, Ofwono Opondo.

"NRM's leadership

has had two historical tasks — liberation and transformation," he adds. Currently, more than 50% of the population is expected to live to see Uganda at this stage.

Opondo adds that leadership at all levels has been widened and liberalised as local government has more than 50,000 elected leaders.

The overwhelming challenges notwithstanding, Opondo highlights the

friendliness of Police and Prisons services. the idea of crime preventers, besides helping to demystify the police work, brings the police nearer to the people which improves the efficiency.

Opondo explains that Ugandans are enjoying a relatively better quality of life. There are improved living conditions; for example, provision of safe drinking water has improved from 10% and 17% in 1986, to 95% and

71% in urban and rural areas, respectively.

The Infant mortality rate has reduced to 54 deaths per 1,000 live births from 137 deaths per 1,000 live births in 1986. HIV prevalence is currently at 7.3%, from 36% in 1986.

More than 75% of Ugandans live within 5km of medical services, thanks to the NRM leadership policy of taking services nearer to the people. "The aggregate result of all these and many more efforts

in the health sector is that life expectancy stands at 56 years up from 48 years in 1986.

Given all the development projects in this sector, it is small wonder that Uganda Vision 2040 envisages life expectancy for Ugandans to rise to 80 years in the next few decades," predicts Opondo.

The future

In order to widen employment creation and speed up modernisation, the NRM leadership is emphasising electricity generation.

Three decades of a remarkable legacy