

EU commits sh2 trillion

Today Uganda joins all 28 European Union member states to celebrate Europe Day, an annual celebration of peace and unity in Europe. The EU and Uganda have enjoyed strong bilateral relations beginning 2009. The European Union and Uganda signed the 11th European Development Fund (EDF) in the sum of 578m euros for the period 2014 to 2020. The non-repayable grant worth sh2.2 trillion goes to three identified principal areas of transport infrastructure, food security and agriculture, as well as good governance. Gilbert Kidimu spoke to the EU Ambassador to Uganda, Kristian Schmidt about the EU's present and future development activities in Uganda

Q What are your focus areas in the 11th European Development Fund? We had agreed to three sectors with the Government. I signed with the then Minister of Finance. The three sectors are transport infrastructure, agricultural development in northern Uganda and good governance.

The Northern Bypass extension is part of a greater plan to connect all of East Africa. What do you want to realise once the project is finalised?

We all would like to see easier, less congested urban traffic. The five flyovers hopefully will ease life for people living in Kampala.

Over the long term it will be supported by better urban transport in Kampala, using not just cars but also developing rail. This is one objective of decongesting Kampala and separating the regional traffic from Kampala's.

The main objective here is supporting regional integration and the northern corridor as the spinal cord of Uganda's economy. That is why it is part of our next 11th EDF. That we will continue with Kampala-Jinja, hopefully ending up with a public-private partnership to continue work towards the east.

And then we will also go into inter-modal transport, using other modes of transport. Along the way, the Northern Corridor should link up with rail traffic. You can get some of the containers off the roads as they are damaging the roads, are costly, polluting and they are dangerous. Bulk traffic should be through rail or ports on Lake Victoria, the less polluting modes of transport. That's the long-term vision.

Your activities have concentrated a lot on northern Uganda especially Karamoja. What do you want effected in the area? We want to see the success of peace validated and made sustainable. It was hard work for the European Union and the Government of Uganda to drive out (LRA rebel leader) Joseph Kony and to stop the cattle rustling.

But we are also very aware that these are not irreversible achievements unless there is also development.

People who were uprooted had to start from scratch with mental scars and losing a generation of schooling; so, it is clear to us that this is something that continues to deserve close attention.

We hope to move from charity and emergency NGO-based development to treating northern Uganda and Karamoja as a region that is fully integrated into the normal system of governance. We don't want to see huge stand-alone projects that are driven from Kampala. We would like to see the Karimoja local governments empowered to become



EU Head of Delegation Ambassador Kristian Schmidt during the interview at his office on Crested Towers. Photo by Miriam Namutebi

actors of their own development, to move from passive beneficiaries to active citizens, where there are local leaders who set priorities and start the development of their region. These things take time.

In Karamoja, to move from pastoralism to agriculture, you cannot get results in just three years. We are there for a longer period knowing that these results are good.

Uganda has for decades been christened a potential top tourist destination. How can we realise its true potential?

If you keep talking about potential for decades, there is something worrying. Why is Uganda not moving from potential to actual success? Part of the problem is tourists.

Tourism is potentially very profitable but also very risky and volatile. It means that tourists, certainly those who come from Europe, are unpredictable. They are scared and worried about things such as conflict, security deployment, ebola because they are ignorant. They don't know that Uganda wasn't affected. The terrorism next door in Kenya. It is not just Uganda's fault.

Having said that, Uganda can do a lot to



President Yoweri Museveni and Ambassador Schmidt commissioning extension work on the Northern Bypass in 2014

avoid these headlines that are destroying the potential. European clients are sensitive to any human rights issues. They don't want to go to a country to look at beautiful animals if they think human beings are not respected. A perception of human rights violations and democracy under threat will hurt tourism.

The European Union has mostly been of great benefit to its member states regarding trade. Do you think the same is likely in the East African Community? Absolutely; the size of your regional market matters. It matters for your domestic producers but it also matters for potential foreign investors. To know that if they invest in a factory in Uganda, they will potentially export to the rest of the region.

But real integration is hard work. It is not just summits. Behind that there is a lot of nitty-gritty work of harmonising legislation, which must be done by strong and accountable institutions in-between summits. It is not done once and for all but something that needs to continue.

IF YOU LOOK BEYOND THE EAST AFRICAN MARKET, EUROPE IS UGANDA'S BIGGEST MARKET. IT IS OPEN IN TERMS OF NO QUOTAS, NO TARIFFS AND NO LIMITATIONS, BUT THERE ARE CERTAIN STANDARDS THAT ARE REQUIRED

to developing Uganda



First Lady Janet Museveni and Ambassador Schmidt commissioning a valley tank in Karamoja sub-region in June 2014



We had a single market in the European Union but then we had to move to a digital single market. You need to update and address the challenges that change brings. And when you do that, you cannot afford to lose sight of the people. You must explain what you're doing to the people because when you integrate, there are costs also. You need to explain that it is good in the long run. For example Ugandans can go work in Kenya and Tanzania.

All Uganda's exports to the European market are agricultural. What can Uganda do to diversify its exports?

There are exclusively raw agricultural commodities. You can directly export flowers, raw coffee and pineapples to Europe, but Uganda, of course, is losing out on value added.

Uganda's next step of the value chain should

be in agribusiness. To diversify you have to look at a series of issues. One, of course, is land tenure and making sure that investors have certainty on land tenure and land property. This seems to be an important issue across Uganda. But then also, if you want to go into agribusiness, you will immediately face the questions of inputs. You need energy that is affordable; roads of course and then also, and I think here the focus is less obvious; you need institutions like the European Business Forum.

You need potential exporters to come together with people already present in the markets in Europe and can help lead the way so that a Ugandan businessman, hand-in-hand with the European importer, can go through the window of opportunity that is there.

For that to happen, all these exporters need to know the realities of the EU market. They need to satisfy the safety standards of health,

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veterinary and there, institutions in Uganda still have work to do in terms of strengthening that so that exports are labelled and satisfy those standards.

What should Ugandan exporters know regarding standards in the European market?

They need to know that the European market is open, wealthy, with strong consumers but it is also rule-based. It is 508 million consumers, an integrated market of 28 member states; so the standards are completely harmonised.

So it means a Ugandan exporter needs to understand those rules. Uganda exports to Europe have increased by 13% over the last three years. Trade is becoming increasingly balanced in the sense that Uganda has a decreasing trade deficit with Europe.

If you look beyond the East African market, Europe is Uganda's biggest market. It is open in terms of no quotas, no tariffs and no limitations in terms of Ugandan exports in Europe, but there are certain standards.

What key steps do you suggest ought to be taken to tackle the mile high unemployment rates in Uganda?

Europe has also gone through periods of high unemployment. We are emerging from a very serious recession. It started in 2008 and now we are starting to see its end.

I would say for Uganda there are some structural issues that will require patience. The high unemployment rate in Uganda will not be solved over the next five years. It will take about 20 years.

A combination of urgency but also realism, is fine. There are structural issues in Uganda. One of course is the demographic development. The youth bulge should not be seen as a problem, but it is a reality that the economy is not creating jobs fast enough to absorb the graduates.

For those graduates, you need to go back to school and consider what they are learning. Are they preparing for public jobs or are they learning to be creative entrepreneurs? There is no doubt that the public sector in Uganda could never generate the jobs that are necessary for all these new graduates.

It is imperative that the curriculum in schools in following vocational training is preparing people to become creators of their own jobs. It sounds easy but it is not. So there needs probably to be easier conditions.

Easy access to credit and lower interest rates are necessary for the private sector to take off. You cannot create jobs for all locals around the country even if all the Chinese,

European and American investors came together and invested as much as they could. It would be probably in sectors that are not labour intensive. It would be with modern technologies and wouldn't be generating enough of the kind of jobs that the average Ugandan is qualified for.

We should do it but many of the millions of jobs that are necessary would be in agriculture, agribusiness, perhaps textiles. And for that there needs to be space for Uganda's own entrepreneurs and that comes back to skilling, credit and also to corruption.

As a potential entrepreneur having a good idea but thinking about taking a risk to pay off a, b and c to get started; it is very demoralising. Corruption is not only a violation of your rights; it is also a strong impediment to economic growth.

You had a team overseeing the recent elections. What were your conclusions on democracy in this country?

The Election Observation Mission has released its final report. It was a conclusion on the elections, not democracy as a whole. It talks about a powerful ruling party, it mentions how the playing field in the elections was uneven, and draws attention to certain institutions which could and should have played a stronger role to make the playing field even, but failed to do so. The observers were clear about the Electoral Commission, Police.

What do you think of the state of human rights in Uganda?

Uganda has a Human Rights Commission and their last report was pretty clear that there are challenges. Uganda will now go through the UN Universal Periodic Review, a process where the whole human rights record is being screened on the basis of a report from the Government against universal standards. I think that process is important and I would appeal to the Government and to civil society to take that process seriously and to look at the challenges that remain.

Uganda, as a developing country, depends mostly on donor funds. How do you rate the manner in which government spends the money?

The long-term objective is that aid becomes unnecessary. How the Government spends Uganda's taxpayers' money is even more important. The current policy emphasises large infrastructure projects. They are often financed with loans, meaning that they have to be paid back.

My observation is that the implementation of these infrastructure projects is often deficient with procurement procedures that are questionable and with technical quality and design that often leads to problems. I think that area of strengthening the ability of the public sector to implement these projects is of greater concern.

Our support is grants not loans. They are implemented hand-in-hand and the collaboration goes very well. And broadly speaking, EU development projects are meeting their objectives. My concern would be on behalf of Ugandan tax payers and the loans.

What plans do you have for the EU-Uganda relations?

We hope that our relationship is a partnership, not one of donor-recipient. We hope that it is a partnership in which you are allowed to exercise scrutiny, one that has trade and investments growing, but also a partnership that comes with confidence and mutual respect.