

# 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 addition.

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. Ugandan 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.